

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



In accordance with Article 228 of the Securities Market Act (*Ley del Mercado de Valores*), FERROVIAL EMISIONES, S.A. (the Company, or FERROVIAL EMISIONES), hereby communicates the following:

Pursuant to article 9.4 of Order ECC/461/2013, of the 20th of March, which determines the content and structure of the annual corporate governance report, of the annual report on remuneration and other informational instruments of listed public companies, of savings banks and other entities which issue securities accepted for trading on official securities markets, FERROVIAL EMISIONES, an entity domiciled in Spain, has not undertaken the preparation of its own Annual Corporate Governance Report, because Ferrovial, S.A. holds, directly or indirectly, all the voting rights in the Company and has prepared, pursuant to the regulations in force, the corresponding Annual Corporate Governance Report for the financial year 2017, which was communicated to the CNMV (Spanish Securities Market Commission) on the 28th of February 2018 (registered number 262,355).

In compliance with the aforementioned provision, it is attached to a copy of the Annual Corporate Governance Report for the financial year 2017 prepared by Ferrovial, S.A.

You are hereby informed of the above for all pertinent purposes.

Madrid, 15th of March 2018

Mr. Ernesto López Mozo, joint Director of FERROVIAL EMISIONES, S.A.

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## **APPENDIX I**

### **ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES**

#### ISSUER'S PARTICULARS

FINANCIAL YEAR END: 31/12/2017

COMPANY TAX ID No (CIF): A81939209

CORPORATE NAME: FERROVIAL, S.A.

REGISTERED OFFICE: PRÍNCIPE DE VERGARA, 135 MADRID

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR LISTED COMPANIES**

**A. OWNERSHIP STRUCTURE**

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

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
01/12/2017	146,453,094.40	732,265,472	732,265,472

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

Yes  No

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

Name or corporate name of shareholder	Number of direct voting rights	Voting rights held indirectly	% of total voting rights
BLACKROCK INC.	0	22,129,937	3.02%
MR. LEOPOLDO DEL PINO Y CALVO-SOTELO	100	37,005,145	5.05%

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of voting rights
BLACKROCK INC.	CONTROLLED COMPANIES AND COLLECTIVE INVESTMENT INSTITUTIONS UNDER MANAGEMENT	22,129,937
MR. LEOPOLDO DEL PINO Y CALVO-SOTELO	SIEMPRELARA S.L. SOCIEDAD UNIPERSONAL	37,005,145

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
BLACKROCK INC.	21/03/2017	Exceeded 3% of share capital
BLACKROCK INC.	17/03/2017	Fell below 3% of share capital
BLACKROCK INC.	08/02/2017	Exceeded 3% of share capital
BLACKROCK INC.	26/01/2017	Fell below 3% of share capital
BLACKROCK INC.	20/01/2017	Exceeded 3% of share capital
BLACKROCK INC.	16/01/2017	Fell below 3% of share capital
BLACKROCK INC.	10/01/2017	Exceeded 3% of share capital
MR. RAFAEL DEL PINO Y CALVO-SOTELO	01/12/2017	Exceeded 20% of share capital
MR. RAFAEL DEL PINO Y CALVO-SOTELO	21/11/2017	Fell below 20% of share capital

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

Company shares.

Name or corporate name of director	Number of direct voting rights	Voting rights held indirectly	% of total voting rights
MR. ÓSCAR FANJUL MARTÍN	19,382	0	0.00%
MR. SANTIAGO FERNÁNDEZ VALBUENA	22,982	0	0.00%
MR. SANTIAGO BERGARECHE BUSQUET	2,467,663	1,934	0.34%
MR. JOAQUÍN AYUSO GARCÍA	132,938	0	0.02%
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	171,673	0	0.02%
MS. MARIA DEL PINO Y CALVO-SOTELO	22,757	59,660,343	8.15%
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	40,751	18,645,636	2.55%
MR. JUAN ARENA DE LA MORA	72,771	42,000	0.02%
MR. RAFAEL DEL PINO Y CALVO-SOTELO	417,200	147,993,560	20.27%
MR. IÑIGO MEIRÁS AMUSCO	326,154	0	0.04%
MR. PHILIP BOWMAN	21,009	0	0.00%
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	0	0	0.00%

Name or corporate name of indirect shareholder	Through: name or corporate name of direct shareholder	Number of voting rights
MR. SANTIAGO BERGARECHE BUSQUET	ROSARIO MENDOZA SOLANO	1,934
MS. MARIA DEL PINO Y CALVO-SOTELO	MENOSMARES S.L.	59,660,343
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	ADDITION SICAV, S.A.	100,000
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	SOZIANCOR S.L. SOCIEDAD UNIPERSONAL	18,545,636
MR. JUAN ARENA DE LA MORA	ARANE SICAV, S.A.	14,000
MR. JUAN ARENA DE LA MORA	MARIA BARBARA PAN DE SORALUCE MUGUIRO	28,000
MR. RAFAEL DEL PINO Y CALVO-SOTELO	RIJN CAPITAL B.V.	147,993,560
<b>% of total voting rights held by the Board of Directors</b>		<b>31.42%</b>

Complete the following tables on share options held by directors, who hold rights over shares in the Company:

Name or corporate name of director	Number of direct voting rights	Voting rights held indirectly	Equivalent number of shares	% of total voting rights
MR. RAFAEL DEL PINO Y CALVO-SOTELO	220,650	0	220,650	0.03%
MR. IÑIGO MEIRÁS AMUSCO	220,650	0	220,650	0.03%

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

Related-party name or corporate name
MR. RAFAEL DEL PINO Y CALVO-SOTELO
MS. MARIA DEL PINO Y CALVO-SOTELO

**Type of relationship:** Family

**Brief description:**

Mr. Rafael and Ms. María del Pino Calvo-Sotelo are siblings.

Related-party name or corporate name
MR. RAFAEL DEL PINO Y CALVO-SOTELO
MR. LEOPOLDO DEL PINO Y CALVO-SOTELO

**Type of relationship:** Family

**Brief description:**

Mr. Rafael and Mr. Leopoldo del Pino Calvo-Sotelo are siblings.

Related-party name or corporate name
MS. MARIA DEL PINO Y CALVO-SOTELO
MR. LEOPOLDO DEL PINO Y CALVO-SOTELO

**Type of relationship:** Family

**Brief description:**

Ms. María 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
MS. MARIA DEL PINO Y CALVO-SOTELO
FERROVIAL, S.A.

**Type of relationship:** Corporate

**Brief description:**

Ms. María del Pino Calvo-Sotelo is a Director of Ferrovial, S.A.

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

**Type of relationship:** Corporate

**Brief description:**

Mr. Rafael del Pino y Calvo-Sotelo is the Chairman and Chief Executive Officer of Ferrovial, S.A.

- A.6 Indicate whether the Company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Limited Liability Companies Law (Ley de Sociedades de Capital, hereinafter "LSC"). 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

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

None.

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

Yes  No

<b>Remarks</b>
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A.8 Complete the following tables on the Company's treasury stock:

**At year-end:**

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
2,167,237	0	0.30%

**(\*) Through:**

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

<b>Explain any significant changes.</b>
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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% (regardless of the percentage of equity that the issuer holds at the time notification is required).

On 28 August 2017, the CNMV was informed of (i) the acquisition of 7,474,989 direct shares by the Company, accounting for 1.011% of share capital, and (ii) the transfer of 14,561 direct shares, accounting for 0.002% 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 12 June 2017, the CNMV was informed of (i) the acquisition of 1,857,339 direct shares by the Company, accounting for 0.251% of share capital, and (ii) the transfer of 957,150 direct shares, accounting for 0.129% of share capital.

On 29 November 2017, the CNMV was informed of (i) the acquisition of 7,175,816 direct shares by the Company, accounting for 0.958% of share capital, and (ii) the transfer of 46,430 direct shares, accounting for 0.006% of share capital.

On 5 December 2017, the CNMV was informed of (i) the acquisition of 334,500 direct shares by the Company, accounting for 0.046% of share capital, and (ii) the transfer of 17,000,192 direct shares, accounting for 2.322% of share capital.

**A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer 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 LSC, subject to the following conditions:

1. Delegation of power to increase capital. The Board of Directors is hereby authorised to increase share capital on one or more occasions 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 seventy-three million three hundred and fifty-one thousand and twenty-five euros and fifty cents (€73,351,025.50), accounting for one-half of the share capital of the Company, by issuing new ordinary or preference shares, or shares of any other type permitted by law, including redeemable shares, with or without a share premium, with or without voting rights, with the consideration consisting of the equivalent value in cash contributions. The Board of Directors may set the terms and conditions for the share capital increase and freely offer new shares that are not subscribed within the period or periods for the exercise of the preferential 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 Spanish Limited Liability Companies Law, 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 LSC. 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 Spanish Limited Liability Companies Law 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. Form 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 acquisition price: the minimum acquisition price of shares shall be equivalent to 75% of the market price and the maximum acquisition price shall be 120% of the market price on that same date.

4. Duration of the authorisation: five (5) years from the date of this resolution.

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 LSC.

Continued in Section H.

A.9 bis Estimated free-float:

	%
<b>Estimated free float</b>	59.04

A.10 Give details of any restriction on the transfer of securities and/or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the Company by means of share purchases on the market.

Yes  No

A.11 Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

Yes  No

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

A.12 Indicate whether the Company has issued securities not traded in a regulated market of the European Union.

Yes  No

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

**B. GENERAL SHAREHOLDERS' MEETING**

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

Yes  No



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

Yes  No

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

	<b>Qualified majority other than that established in article 201.2 of the LSC for general cases described in article 194.1 of the LSC</b>	<b>Other cases requiring a qualified majority</b>
<b>% set by the Company for adopting corporate resolutions</b>	0.00%	66.66%

**Describe the differences**

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

For the General Shareholders' Meeting to give instructions to the Board on management matters, and for the Board to seek authorisation from the General Shareholders' Meeting for it to adopt decisions, article 22.4 of the Bylaws sets down the same requirements in terms of majorities and information to shareholders as for alterations to the Bylaws themselves.

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 LSC.

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

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 LSC, 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 LSC, 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 LSC).

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

Date of General Shareholders' Meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Others	
04/05/2016	11.57%	43.21%	0.00%	1.34%	56.12%
05/04/2017	11.71%	50.64%	0.01%	2.04%	64.40%

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

Yes  No

Number of shares required to attend the General Shareholders' Meetings	100
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B.6 Repealed section.

B.7 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 included in the Bylaws:

Maximum number of directors	15
Minimum number of directors	5

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

Name or corporate name of director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. ÓSCAR FANJUL MARTÍN		Independent	DIRECTOR	30/07/2015	04/05/2016	General Shareholders' Meeting resolution
MR. SANTIAGO FERNÁNDEZ VALBUENA		Independent	DIRECTOR	03/12/2009	04/05/2016	General Shareholders' Meeting resolution
MR. SANTIAGO BERGARECHE BUSQUET		Other external	DEPUTY CHAIRMAN 1	03/12/2009	04/05/2016	General Shareholders' Meeting resolution
MR. JOAQUÍN AYUSO GARCÍA		Other external	DEPUTY CHAIRMAN 2	04/03/2002	04/05/2016	General Shareholders' Meeting resolution
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS		Independent	DIRECTOR	27/10/2004	04/05/2016	General Shareholders' Meeting resolution

Name or corporate name of director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MS. MARIA DEL PINO Y CALVO-SOTELO		Proprietary	DIRECTOR	03/12/2009	04/05/2016	General Shareholders' Meeting resolution
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO		Proprietary	DIRECTOR	29/10/2015	04/05/2016	General Shareholders' Meeting resolution
MR. JUAN ARENA DE LA MORA		Other external	DIRECTOR	03/12/2009	04/05/2016	General Shareholders' Meeting resolution
MR. RAFAEL DEL PINO Y CALVO SOTELO		Executive	CHAIRMAN AND CEO	15/07/1998	04/05/2016	General Shareholders' Meeting resolution
MR. IÑIGO MEIRÁS AMUSCO		Executive	CHIEF EXECUTIVE OFFICER	03/12/2009	04/05/2016	General Shareholders' Meeting resolution
MR. PHILIP BOWMAN		Independent	DIRECTOR	28/07/2016	05/04/2017	General Shareholders' Meeting resolution
MS. HANNE BIRGITTE BREINBJERG SØRENSEN		Independent	DIRECTOR	05/04/2017	05/04/2017	General Shareholders' Meeting resolution

<b>Total number of directors</b>	12
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Indicate any Board members who left during this period:

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

#### EXECUTIVE DIRECTORS

Name or corporate name of director	Position held in the Company
MR. RAFAEL DEL PINO Y CALVO-SOTELO	Chairman and CEO
MR. IÑIGO MEIRÁS AMUSCO	Chief Executive Officer

<b>Total number of executive directors</b>	2
<b>% of the Board</b>	16.67%

#### EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing his/her appointment
MS. MARIA DEL PINO Y CALVO-SOTELO	MS. MARIA DEL PINO Y CALVO-SOTELO
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	MR. JOAQUÍN DEL PINO Y CALVO-SOTELO

<b>Total number of proprietary directors</b>	2
<b>% of the Board</b>	16.67%

## INDEPENDENT EXTERNAL DIRECTORS

### **Name or corporate name of director:**

MR. ÓSCAR FANJUL MARTÍN

### **Profile:**

Professor of Economic Theory on leave of absence.

Director of Ferrovial since 2015.

Vice-Chairman of Omega Capital. Vice- Chairman of LafargeHolcim and Director of Marsh & McLennan Companies; Vice-Chairman of the *Museo Nacional Centro de Arte Reina Sofía* 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.

### **Name or corporate name of director:**

MR. SANTIAGO FERNÁNDEZ VALBUENA

### **Profile:**

Degree in Economics (Universidad Complutense de Madrid); PhD and Master' 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.

### **Name or corporate name of director:**

MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS

### **Profile:**

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 Museo de la Minería y la Industria and of the Board of Círculo de Empresarios.

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.

**Name or corporate name of director:**

MR. PHILIP BOWMAN

**Profile:**

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; Non-executive Chairman of Majid Al Futtaim Properties; 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; Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.

**Name or corporate name of director:**

MS. HANNE BIRGITTE BREINBJERG SØRENSEN

**Profile:**

MSc. in Business Economy from the University of Aarhus (Denmark).

Director of Ferrovial since 2017.

Director of LafargeHolcim and Delhivery; member of the Supervisory Board of Koninklijke Vopak.

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 and Director of Axcel and INTTRA.

<b>Total number of independent directors</b>	5
<b>% of the board</b>	41.67%

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.

MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS: 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 Ferrovial group for approximately €437 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

MR. ÓSCAR FANJUL MARTÍN: Mr. Fanjul is a Director of LafargeHolcim. Companies of that group sold cement and related materials to Ferrovial group companies for approximately €11,796 thousand. Taking into account the type of operation and the business volume of the companies involved, the Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

MR. ÓSCAR FANJUL MARTÍN: Mr. Fanjul is a Director of Marsh & McLennan Companies. Companies of this group provided insurance services to Ferrovial group companies in the amount of approximately €5,229 thousand. Taking into account the type of operation and the business volume of the companies involved, the Board does not consider the relationship described to be sufficiently important so as to affect the

independence of the Board member.

MR. PHILIP BOWMAN: Mr. Bowman was a Director of the Board of Burberry Group for part of the financial year 2017. Companies of the Ferrovial group provided comprehensive management services to Burberry Group companies in the amount of approximately €5 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

MS. HANNE BIRGITTE BREINBJERG SØRENSEN: Ms. Sorensen is a Director of LafargeHolcim. Companies of that group sold cement and related materials to Ferrovial group companies for approximately €11,796 thousand. Taking into account the type of operation and the business volume of the companies involved, the Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

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

MR. JOAQUÍN AYUSO GARCÍA

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

FERROVIAL, S.A.

#### **Reasons:**

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

Furthermore, article 529 xii.4.i of the Spanish Limited Liability Companies Law 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. Ayuso was appointed Director of Grupo Ferrovial S.A. (a defunct company having been absorbed by Ferrovial, S.A.) on 22 March 2002.

#### **Name or corporate name of director:**

MR. SANTIAGO BERGARECHE BUSQUET

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

FERROVIAL, S.A.

#### **Reasons:**

Article 529 xii.4.i of the Spanish Limited Liability Companies Law 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. (a defunct company having been absorbed by Ferrovial, S.A.) on 23 February 1999.

**Name or corporate name of director:**

MR. JUAN ARENA DE LA MORA

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

FERROVIAL, S.A.

**Reasons:**

Article 529 xii.4.i of the Spanish Limited Liability Companies Law 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. Arena was appointed Director of Grupo Ferrovial, S.A. (a defunct company having been absorbed by Ferrovial, S.A.) on 26 June 2000.

<b>Total number of other external directors</b>	3
<b>% of the board</b>	25.00%

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

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

	Number of female directors				% of total directors of each type			
	2017	2016	2015	2014	2017	2016	2015	2014
<b>Executive</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Proprietary</b>	1	1	1	1	50.00%	50.00%	33.33%	33.33%
<b>Independent</b>	1	0	0	0	20.00%	0.00%	0.00%	0.00%
<b>Other external</b>	0	0	0	0	0.00%	0.00%	0.00%	0.00%
<b>Total:</b>	2	1	1	1	16.67%	9.09%	8.33%	8.33%

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

<b>Explanation of measures</b>
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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:

- To include in the final shortlist at least one person of the least represented gender.
- Wherever the professional assessment of candidates is similar in terms of aptitude, competence and professional performance, to choose the candidate of the least represented gender.
- To consider and adopt, if appropriate, an annual action plan to correct any detected shortfalls as to the composition of the Board in terms of diversity.

In addition, on 15 December 2015, the Board approved the Ferrovial, S.A. Director Selection Policy.

The Policy aims to identify candidates who provide a diversity of knowledge, experience, nationalities and gender to the Board, and will avoid any implicit bias that might imply any form of discrimination. In addition, it sets a target that the number of female directors will account for at least 30% of the entire Board by 2020. For this purpose, the Policy provides that instructions must be given to the external advisor who, as the case may be, assists in candidate selection to seek and present candidacies of the least represented gender who satisfy the requirements set out in the Policy.

In accordance with the Policy, in the director selection processes concluded in 2017, the external advisor was given express instructions that they should present candidacies of the least represented gender that satisfy the requirements in terms of qualifications, ability and compatibility, which they did.

- C.1.6 Explain the measures taken, if applicable, by the Appointments 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.

**Explanation of measures**

The measures described in section C.1.5, adopted by the Nomination and Remuneration Committee, are intended to achieve the aims set out in this section.

A selection process for one Director was completed in 2017. A leading external advisor was contracted to make this process more objective and extend its scope. The external advisor was briefed on the measures set out in section C.1.5 and the Company's commitment to best practices in terms of diversity.

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

**Explanation of the reasons**

The General Shareholders' Meeting held on 5 April 2017 agreed the appointment of Ms. Hanne Birgitte Breinbjerg Sørensen as an Independent Director, covering the vacancy resulting from the resignation of Mr. Leopoldo del Pino y Calvo-Sotelo on 21 January 2016.

There were no other vacancies on the Board in 2017.

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 available, the latter will be chosen.

C.1.6.bis Explain the Appointments Committee's conclusions on the checks carried out to ensure that the Director Selection Policy is being complied with. Particularly regarding whether the Policy pursues the goal of having, at least, 30% of total Board places occupied by female directors by 2020.

**Explanation of conclusions**

At its meeting of 13 December 2017, 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 2017 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). In terms of the objective to have at least 30% of female directors on the Board of Directors by 2020, the external advisor was instructed during the selection process to present candidacies of the least represented gender who satisfied the qualifications, ability and compatibility requirements.

As stated in the answer to section C.1.6, this process concluded with the appointment of Ms. Hanne Birgitte Breinbjerg Sørensen as an Independent Director at the General Shareholders' Meeting held on 5 April 2017.

At its meeting on 13 December 2017, 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.

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

Mr. Rafael and Ms. María del Pino y Calvo-Sotelo were directors at 31 December 2017, and they were also the indirect holders of significant shareholdings in the Company's capital.

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 the shareholder:**

MR. JOAQUÍN DEL PINO Y CALVO-SOTELO

**Reason:**



At 31 December 2017, he held a 2.552% share of the Company's capital directly and through Soziancor, S.L.U. and Adittion, SICAV, S.A.

In addition, together with his sister María, he held 1.218% of the share capital at 31 December 2017 jointly and indirectly, through Casa Grande de Cartagena, S.A.U. 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  No

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

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

**Name or corporate name of director:**

MR. RAFAEL DEL PINO Y CALVO-SOTELO

**Brief description:**

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

**Name or corporate name of director:**

MR. IÑIGO MEIRÁS AMUSCO

**Brief description:**

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

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

Name or corporate name of director	Corporate name of the group entity	Position	Do they have executive functions?
MR. JOAQUÍN AYUSO GARCÍA	AUTOPISTA DEL SOL, S.A.	Chairman	NO
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL INTERNATIONAL LTD	Chief Executive Officer	YES
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL AGROMAN, S.A.	Chairman	YES
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL SERVICIOS, S.A.	Chairman	YES
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL AEROPUERTOS ESPAÑA, S.A.	Chairman	YES
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL FISA, S.L.	Chairman	YES
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL INTERNACIONAL, S.L.U.	Chairman and CEO	YES

C.1.12 List any company board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain,

insofar as these have been disclosed to the company.

<b>Name or corporate name of director</b>	<b>Corporate name of the group entity</b>	<b>Position</b>
MR. ÓSCAR FANJUL MARTÍN	LAFARGEHOLCIM LTD	DIRECTOR
MR. ÓSCAR FANJUL MARTÍN	MARSH & MCLENNAN COMPANIES, INC.	DIRECTOR
MR. SANTIAGO BERGARECHE BUSQUET	VOCENTO, S.A.	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. JOAQUÍN AYUSO GARCÍA	HISPANIA ACTIVOS INMOBILIARIOS S.A.	DIRECTOR
MR. JUAN ARENA DE LA MORA	ALMIRALL, S.A.	DIRECTOR
MR. JUAN ARENA DE LA MORA	MELIÁ HOTELS INTERNATIONAL, S.A.	DIRECTOR
MR. PHILIP BOWMAN	BETTER CAPITAL PCC LTD	DIRECTOR
MR. PHILIP BOWMAN	KATHMANDU HOLDINGS LIMITED	DIRECTOR
MR. SANTIAGO FERNÁNDEZ VALBUENA	AEDAS HOMES, S.A.	CHAIRMAN
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	LAFARGEHOLCIM LTD.	DIRECTOR
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	KONINKLIJKE VOPAK N.V.	DIRECTOR

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

Yes  No

C.1.14 Repealed section.

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

<b>Board remuneration (thousands of euros)</b>	11,685
<b>Amount of accumulated pension rights of current directors (thousands of euros)</b>	0
<b>Amount of pension rights accumulated by former directors for pensions (thousands of euros)</b>	0

C.1.16 List any members of senior management who are not executive directors and

indicate the total remuneration paid to them during the year:

<b>Name or corporate name</b>	<b>Position</b>
MS. MARÍA DIONIS TRENOR	HEAD OF HUMAN RESOURCES
MR. ÁLVARO ECHÁNIZ URCELAY	HEAD OF REAL ESTATE
MR. JUAN FRANCISCO POLO MARTÍN	HEAD OF COMMUNICATION AND CORPORATE RESPONSIBILITY
MR. ALBERTO FERREIRO PRADO	HEAD OF INTERNAL AUDIT
MR. FEDERICO FLÓREZ GUTIÉRREZ	HEAD OF INFORMATION SYSTEMS AND INNOVATION
MR. ERNESTO LÓPEZ MOZO	CHIEF FINANCIAL OFFICER
MR. ENRIQUE DÍAZ-RATO REVUELTA	HEAD OF MOTORWAYS
MR. SANTIAGO ORTIZ VAAMONDE	GENERAL SECRETARY
MR. JORGE GIL VILLÉN	HEAD OF AIRPORTS
MR. SANTIAGO OLIVARES BLÁZQUEZ	HEAD OF SERVICES
MR. ALEJANDRO DE LA JOYA RUÍZ DE VELASCO	HEAD OF CONSTRUCTION
MS. MARÍA TERESA PULIDO MENDOZA	HEAD OF CORPORATE STRATEGY

<b>Total remuneration received by senior management (thousands of euros)</b>	15,822
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C.1.17 List, if applicable, the identity of those directors who are likewise members of the boards of directors of companies that own significant holdings and/or group companies.

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

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

Yes  No

<b>Description of amendments</b>
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At its meeting on 14 December 2017, the Board of Directors agreed to modify article 21 of its Regulations.

The rewording of this article includes as competencies of the Audit and Control Committee: (i) oversight of the functioning and efficiency of the compliance model; and (ii) ensuring that the Compliance Department has sufficient resources to perform its functions.

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

Composition of the Board

The Bylaws require the Board of Directors to do its utmost to ensure that it is made up of a majority of External or Non-Executive Directors. Independent Directors should, in any event, represent at least one third of all Board members.

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.

- 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.

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.

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 appointment of members for each of the Committees, taking into consideration the knowledge, skills and experience of the Directors and the requirements of each Committee.

Evaluation of the Board of Directors

The Board of Directors in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct any deficiencies detected in:

- a) The quality and efficiency of its operations.
- b) The performance and composition of its Committees.
- c) The diversity of its composition and competencies.
- d) The performance of the Chairman and of the Chief Executive Officer of the Company.
- e) The performance and contribution of individual Directors, with particular attention paid to the chairmen of the various Board Committees.

The results of the assessment are recorded in the minutes of the session or appended to them.

The evaluation of the various Board Committees should start from the reports they send the Board of Directors, while that of the Board itself should start from the report of the Nomination and Remuneration 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 Nomination and Remuneration Committee.

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

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

The Chairman of the Board of Directors will organise and coordinate the periodic evaluation of the Board, if deemed necessary with the assistance of the Chairman of the Nomination and Remuneration Committee.

The periodic assessment of the Chairman will be led by the Lead Director, if there is one.

Removal of Directors

The removal of Directors from office is detailed in section C.1.21.

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

Description of amendments
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The annual evaluation of the Board has not prompted significant changes to its internal organisation or procedures.
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Notwithstanding this, based on the conclusions and recommendations of the external consultant who assisted with the evaluation process, the Board resolved:

- To continue with the progressive renewal of its composition, continuing the search for candidates who provide diversity of experience, knowledge, nationality and gender.

- To increase monitoring of innovation, given its increasing importance to the development of the business. To this end, the regular reports submitted by each business division to the Board will include a section on innovation. In addition to this and the reports that the General Directorate of Information Systems and Innovation regularly submits to the Board, this subject has been specifically added to the schedule of issues to be considered by the Board in 2018.

**C.1.20.bis Describe the evaluation process and the areas assessed as performed by the Board of Directors assisted, where applicable, by an external consultant, with regard to the diversity of its composition and responsibilities, the operation and composition of its committees, the performance of the Chairman of the Board of Directors and of the company's chief executive and the performance and contribution of each director.**

The assessment process for the Board of Directors is carried out every year with the support of a leading external consultant. In 2017 the following were examined (pursuant to article 27.1 of the Regulations): (i) the quality and efficiency of the Board's operation; (ii) the performance and membership of its committees; (iii) the diversity of Board membership and competencies; (iv) the performance of the Chairman of the Board of Directors and the CEO; and (v) the performance of each Director, paying particular attention to those responsible of each of the Committees. Each Director completes a questionnaire prepared by an external advisor, who processes and assesses the information in the answers, presenting their conclusions based on their experience.

Progress on compliance with certain recommendations from assessment processes in previous years was also assessed.

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

**C.1.20.ter Breakdown, if applicable, of business dealings that the consultant or members of its corporate group maintain with the Company or members of its corporate group.**

The business relationship consisted exclusively of performance of the annual assessment of the Board of Directors.

**C.1.21 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.
- If there is a significant change in their employment situation or in the conditions relevant to their appointments as Directors.
- When their continuing presence on the Board might jeopardise the interests of the Company, or negatively affect its credit or 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 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.1.22 Repealed section.

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

Yes  No

If applicable, describe the differences.

Description of differences
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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.1.24 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.1.25 Indicate whether the Chairman has the casting vote:

Yes  No

Matters where the Chairman has the casting vote
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In a vote on any matter where there is a tie, the Chairman has the casting vote.

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

directors:

Yes  No

Age limit for Chairman: 72 years

Age limit for CEO: 72 years

Age limit for directors: 72 years

C.1.27 Indicate whether the Bylaws or the Board regulations set a limited term of office for independent directors, different from that stipulated by Law:

Yes  No

C.1.28 Indicate whether the by-laws or internal board regulations establish any specific rules for voting by proxy at board meetings, the attendant procedures, 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 delegation of representation shall be communicated to the Chairman or the Secretary to the Board. A single Director may hold more than one delegation. Non-Executive Directors may only delegate their representation to another Non-Executive Director.

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

<b>Number of Board meetings</b>	6
<b>Number of Board meetings held without the Chairman's attendance</b>	0

If the Chairman is an Executive Director, please indicate the number of meetings held, without attendance or representation of any executive director and under the chairmanship of the Lead Director.

<b>Number of meetings</b>	1
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Indicate the number of meetings of the various Board committees held during the year.

<b>Committee</b>	<b>No of meetings</b>
EXECUTIVE COMMITTEE	6
AUDIT AND CONTROL COMMITTEE	5
NOMINATION AND REMUNERATION COMMITTEE	4

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

instructions.

<b>Number of meetings with the attendance of all directors</b>	6
<b>% of attendances of the total votes cast during the year</b>	100.00%

C.1.31 Indicate whether the consolidated and individual financial statements submitted for approval by the Board 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:

<b>Name</b>	<b>Position</b>
MR. RAFAEL DEL PINO Y CALVO-SOTELO	CHAIRMAN OF THE BOARD OF DIRECTORS
MR. IÑIGO MEIRÁS AMUSCO	CHIEF EXECUTIVE OFFICER
MR. ERNESTO LÓPEZ MOZO	CHIEF FINANCIAL OFFICER

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being 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.1.33 Is the Secretary to the Board also a Director?

Yes  No

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

<b>Name or corporate name of secretary</b>	<b>Representative</b>
MR. SANTIAGO ORTIZ VAAMONDE	

C.1.34 Repealed section.

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

Among the functions of the Audit and Control Committee are those of: (i) submitting proposals for selection, appointment, re-election and substitution of the external auditor to the Board of Directors; (ii) proposing the scope of the work to be performed by the external auditor to the Board; (iii) ensuring that the remuneration of the external auditor does not compromise its quality or independence; (iv) ensuring that the Company and the external auditor respect the applicable standards on the provision of services aside from auditing, the limits on the auditor's business concentration, and more generally, other standards relating to the independence of auditors; and (v) establishing appropriate relations with the auditor in order to receive information on any issues that may undermine their independence, for the purpose of examining the accounts, where relevant.

The Audit and Control Committee must receive 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 related thereto pursuant to audit legislation. 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 must include the assessment, supported by reasons, of the provision of each additional service referred to in the above section, considered individually and as a whole, aside from the legal audit services, in relation to the independence regime and regulatory standards for auditing services.

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. The General Finance Department will submit the following to the Audit and Control Committee on a regular basis: (i) a summary of all such operations authorised to date; and (ii) an estimate of the costs that will be incurred in the rest of the period.

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

Yes  No

Explain any disagreements with the outgoing auditor and the reasons:

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

Yes  No

	Company	Group	Total
<b>Amount of non-audit work (in thousands of euros)</b>	0	299	299
<b>Amount of non-audit work as a % of the total amount billed by the audit firm</b>	0%	5.66%	5.33%

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

Yes  No

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

	Company	Group
<b>Number of consecutive years</b>	8	8
<b>Number of years audited by current audit firm/Number of years the Company's financial statements have been audited (%)</b>	36.36%	36.36%

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

external advice:

Yes  No

**Procedures**

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

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

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

Yes  No

**Procedures**

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.1.42 Indicate and, where appropriate, give details of whether the Company has established rules obliging directors to inform the Board of any circumstances that might harm the Company's name or reputation, tendering their resignation, where relevant:

Yes  No

**Details of rules**

Under the Regulations of the Board of Directors, Directors are required to tender their resignation to the Board 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 the Company's 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. - 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. - If there is a significant change in their employment situation or in the conditions relevant to their appointments as 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.1.43 Indicate whether any Director has notified the Company that they have been indicted or tried for any of the offences stated in article 213 of the LSC.

Yes  No

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

C.1.44 List 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 January and May 2013, Ferrovial Emisiones, S.A., a wholly-owned subsidiary of Ferrovial, S.A., completed two note issues maturing in 2018 and 2021, respectively, admitted for trading on the London Stock Exchange, guaranteed by Ferrovial, S.A. among others. In July 2014, September 2016 and March 2017, Ferrovial Emisiones, S.A., a wholly-owned subsidiary of Ferrovial, S.A., also completed bond issues maturing in 2024, 2022 and 2025, respectively, admitted for trading on the AIAF Fixed Income market, guaranteed by Ferrovial, S.A. Section 7(c) of the Terms and Conditions contained in the five prospectuses includes as grounds for total or partial early redemption, at the bondholders' choice, the occurrence of a change in control of Ferrovial, S.A. that also produces the loss of, or a reduction in, its rating. For these purposes, a change of control is understood to have occurred in the event of acquisition of ownership of more than 50% of the voting rights of the Company at the General Shareholders' Meeting, or the right to appoint the majority of the members of the Board of Directors, by a person or persons not linked to Portman Baela, S.L., for the 2013 and 2014 issuances, and not linked 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 issuances.

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.1.45 Identify, in aggregate form and provide detailed information on agreements between the Company and its directors, executives and employees that provide compensation, guarantee clauses or protection, when they resign or are unfairly dismissed or if the contractual relationship is terminated as a result of a public takeover bid or other type of transaction.

**Number of beneficiaries: 1**

**Type of beneficiary:**

Senior management

**Description of the Agreement:**

Maximum of 2 annual payments in the case of unfair dismissal

Indicate whether these agreements must be reported to and/or authorised by the

governing bodies of the Company or its group:

	<b>Board of Directors</b>	<b>General Shareholders' Meeting</b>
<b>Body authorising the clauses</b>	<b>No</b>	<b>No</b>

	<b>Yes</b>	<b>No</b>
Is the General Shareholders' Meeting informed of such clauses?		X

## 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:

### **EXECUTIVE COMMITTEE**

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

<b>% of executive directors</b>	28.57%
<b>% of proprietary directors</b>	14.29%
<b>% of independent directors</b>	28.57%
<b>% of other external directors</b>	28.57%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

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 Executive Committee shall be validly held when more than one-half of its members are present 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.

Resolutions shall be adopted by absolute majority vote of those in attendance. 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 the meetings held during the year, the Executive Committee approved the operations that, under the Company's internal regulations, lie within its responsibility, and was informed of the operations approved by other competent delegated bodies. Likewise, the Executive Committee: (i) monitored the development of the main business indicators; (ii) drew up a report for the evaluation of the Committee by the Board of Directors; and (iii) was kept informed of issues relevant to the functioning of the Group.

Indicate whether the executive or delegated composition of the Executive Committee reflects the participation within the Board of the different types of directors:

Yes  No

### **AUDIT AND CONTROL COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Category</b>
MR. SANTIAGO FERNÁNDEZ VALBUENA	CHAIRMAN	Independent
MR. JUAN ARENA DE LA MORA	DIRECTOR	Other external
MR. ÓSCAR FANJUL MARTÍN	DIRECTOR	Independent

<b>% of proprietary directors</b>	0.00%
<b>% of independent directors</b>	66.67%
<b>% of other external directors</b>	33.33%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Functions

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

In relation 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 appropriate relations with the auditor in order to receive information on any issues that may undermine their independence and any others related to the auditing of the accounts.
- The Audit Committee shall act as a communication channel between the Board of Directors and the external auditor. It will receive regular information from the Board about its work and assess the results of each audit and the responses of the senior management team to the audit recommendations.
- 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 on the independence of the external auditor, which will be published on the Company website with sufficient notice prior to the General Shareholders' Meeting. Ensure that the remuneration of the auditor does not compromise its quality or independence.

- Perform an assessment of the service provided by the external auditor every five years to verify the quality thereof.

In the area of Internal Audit:

- Propose the selection, appointment, re-election or withdrawal of the head of Internal Audit.

- Ensure the independence of Internal Audit and that it has the human, technical and material resources necessary to perform its functions, and to this end, put forward a budget.

- Receive regular information about the activities of the internal audit services; approve, through a presentation made by the head of Internal Audit, its priorities and plans, ensuring that it is focusing on the main risks the Company is exposed to; check the fulfilment of the internal audit plan; receive regular report-backs on its activities; and verify that senior management is acting on the findings and recommendations of its reports.

In the area of financial reporting:

- Monitor the preparation, presentation and integrity of the financial information prepared on the Company and its group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

- Report to the Board on the financial information that the Company must periodically make available to the markets, investors or authorities in accordance with applicable regulations, in advance of the Board's approval.

- Supervise the effective internal control of the Company and debate with the auditor any significant weaknesses in the internal control system detected in the audit.

In the area of risk control:

- Supervise the effectiveness of the risk management systems.

- Regularly supervise and review the main business risks, as well as the systems established for their identification, management and control.

On other matters:

- Supervise compliance with corporate governance and conduct standards in the securities markets. In particular, report on the operations of the Company to the Directors or Related Persons, drawing up a report thereon to be published on the Company website sufficiently in advance of its General Shareholders' Meeting.

- Establish and supervise a whistle-blowing channel - the Ethics Channel - managed by Internal Audit, enabling any employee or third party to communicate any irregularities and potential transgressions in Ferrovial, particularly financial and accounting issues, confidentially or, if they so wish, anonymously, via the Internet.

- Notify the Board of Directors in advance on all matters set down in law, the Bylaws and the Regulations of the Board, especially on: (i) the creation or acquisition of shareholdings in special purpose entities or entities domiciled in countries or territories that are considered to be tax havens; and (ii) transactions with related parties.

- Coordinate non-financial reporting processes in accordance with applicable legislation and international benchmarks.

- 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.

Operations

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.

Identify the board member of the Audit Committee designated with regard to their knowledge and experience in accounting, auditing or both matters. Draw up a report on the number of years that the Chairperson for this committee has been in their post.

<b>Name of director with experience</b>	MR. SANTIAGO FERNÁNDEZ VALBUENA
<b>Number of years that the Chairman has been in his/her post</b>	2

### **NOMINATION AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Category</b>
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	CHAIRMAN	Independent
MR. SANTIAGO BERGARECHE BUSQUET	DIRECTOR	Other external
MR. SANTIAGO FERNÁNDEZ VALBUENA	DIRECTOR	Independent

<b>% of proprietary directors</b>	0.00%
<b>% of independent directors</b>	66.67%
<b>% of other external directors</b>	33.33%

Explain the committee's duties, describe the procedure and organisational and operational rules and summarise the main actions taken during the year.

Functions

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 competencies, knowledge and experience required of the Board of Directors. To this end, it will define the duties and the aptitudes needed of the applicants to fill each vacancy, evaluating the time and dedication needed for them to properly carry out their duties.
- Establish a representation target for the least represented gender on the Board of Directors and draw up guidelines on how to achieve this objective.
- 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.
- 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.
- Notify proposals for the appointment of natural persons to represent a legal entity 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.
- Submit a report on the appointment of the Chief Executive Officer.
- Report on the appointment of members for each of the Committees, taking into consideration the

knowledge, skills and experience of the Directors and the requirements of 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 standard conditions for senior management employment contracts.
- Monitor compliance with the remuneration policy set by the Company.
- 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.
- Verify the information on the remuneration of Directors and senior managers in corporate documents, including the Annual Directors' Remuneration Report.

In relation to the appointment of senior managers of the Company and of directors in subsidiaries:

- Report on proposals for the appointment and removal of senior managers.
- Report on the appointment of Ferrovial representatives to the boards of the key subsidiaries and investees as determined by the Board of Directors.

Other functions:

- Draft the reports for the annual evaluation of the Board of Directors and of the Committee by the Board of Directors.
- Examine and organise the succession of the Chairman of the Board of Directors and of the Company's Chief Executive, and prepare proposals, where appropriate, for the Board of Directors to ensure an orderly and planned succession.
- Ensure that Non-executive Directors have sufficient time available to discharge their responsibilities effectively.

Operations

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, 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 advisors, for which purposes, the provisions of the Regulations of the Board of Directors will apply.

Continued in Section H.

### C.2.2 Complete the following table on the number of female directors on the various



Board committees over the past four years:

	Number of female directors							
	Year 2017		Year 2016		Year 2015		Year 2014	
	Number	%	Number	%	Number	%	Number	%
EXECUTIVE COMMITTEE	1	14.29%	1	14.29%	1	14.29%	1	14.29%
AUDIT AND CONTROL COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
NOMINATION AND REMUNERATION COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Repealed section.

C.2.4 Repealed section.

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

The Audit and Control Committee and the Nomination and Remuneration Committee have compiled reports on their functioning, which are published on the Company website ([www.ferrovial.com](http://www.ferrovial.com)) 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)).

With regard to the Board Committees, article 21 of the Regulations of the Board of Directors was modified in 2017. The rewording of this article includes as competencies of the Audit and Control Committee: (i) oversight of the functioning and efficiency of the compliance model; and (ii) ensuring that the Compliance Department has sufficient resources to perform its functions.

C.2.6 Section revoked.

## D RELATED PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1 Explain, where applicable, the procedure for approving related-party or intra-group transactions.

### Procedures for reporting on the approval of relevant transactions

The rules on any transactions concluded between Ferrovial or its group companies and Directors or their related parties are governed by the following regulations:

- Article 229 section 1 a) of the Spanish Limited Liability Companies Law ("LSC"). This provision, as a general rule, places Directors under a duty to refrain from entering into transactions with the Company in the event of a conflict of interest.

- Article 529 ter section 1 h) of the LSC and article 38.3 t) 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 LSC confers the power to authorise such transactions on the General Shareholders' Meeting if the value of the transaction exceeds 10% of the Company's assets.

- Article 529 ter 1 h) of the LSC sets down that this approval requirement is only waived if the transaction satisfies all 3 of the following conditions: a) it is concluded under a contract the terms of which are standardised and are applied

generally to a large number of clients; b) it is concluded at a price or rate set generally by the party acting as supplier of the goods or service in issue; and c) the amount does not exceed 1% of the Company's annual revenue.

-The Regulations of the Board of Directors reflect this statutory provision in article 38. This article prescribes that for ordinary transactions with the Company or its subsidiaries, it will be sufficient for the Board to approve the course of transactions on a generic basis.

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

**Corporate name of the group company:**

Broadspectrum (Australia) Pty Ltd.

**Amount (thousands of euros):** 8,293

**Brief description of the transaction:**

Charging of the value of support services provided and general costs to the Nauru subsidiary.

**Corporate name of the group company:**

Broadspectrum (Australia) Pty Ltd.

**Amount (thousands of euros):** 14,474

**Brief description of the transaction:**

Profit attributed to Broadspectrum deriving from the contract with Australia's Department of Immigration and Border Protection performed in the Republic of Nauru.

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

0 (in thousands of Euros).

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

Directors are required by the Regulations of the Board of Directors to make every effort to avoid conflicts of interest, and are 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) Entering into transactions with Ferrovial, other than in the cases envisaged by Law.
- b) Using the Company name or invoking his/her capacity as a director to exert an improper influence on private transactions.
- c) Using the Company's assets, including the Company's confidential information, for private purposes.
- d) Taking advantage of the Company's business opportunities.

e) Obtaining advantages or remuneration from third parties other than the Company and its group in relation to the performance of his/her office, except mere courtesy gifts.

f) Carrying on business on his/her own account or on account of others involving, in effect, actual or potential competition with the Company or otherwise placing himself or herself in an enduring conflict with the Company's interests.

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 duty of abstention referred to above excludes resolutions or decisions affecting the foregoing in his/her capacity as a Director, such as his/her appointment to or removal from offices on the Board or analogous offices.

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. Directors affected by the situation, or representing or related to shareholders thus affected, must abstain from taking part in deliberation and voting on the proposed resolution in question. Such approval will not be required if the transaction satisfies the following three conditions:

- a) The transactions are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
- b) They are carried out at prices or rates established on a general basis by the party acting as the supplier of the good or service in question;
- 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  No

Identify the listed subsidiaries in Spain:

#### Listed subsidiaries

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

**Explain the business dealings between the parent and listed subsidiary, as well as between the subsidiary and other group companies**

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

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

### **E.1 Explain the scope of the Company's Risk 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. This is supervised by the Board of Directors, through the Audit and Control Committee, and managed by the Management Committee and the Risk Department.

This process enables risks to be identified and assessed sufficiently in advance, including taxation risks, based on the probability of their occurrence and their potential impact on strategic business objectives, including the potential impact on the Company's reputation, with the aim of taking the most suitable management and safeguarding measures based on the nature and the 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 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 those of a fiscal nature, that may prevent the Company from achieving its business targets.**

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.

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

#### **1. Contractual disputes**

Ongoing fiscal consolidation in some regions in which Ferrovial operates is undermining the financial capacity of public clients and, therefore, their investment capacity. These financial constraints on some public clients increase Ferrovial's exposure to the risk of contractual disputes, which may have an adverse impact on the profitability of projects.

#### **2. Increased competition**

The slowdown in economic recovery in Europe and emerging countries, together with the fiscal consolidation policies adopted, is having a negative impact on public and private investment capacity and is, therefore, reducing infrastructure demand. This increases competitive pressures in the international markets in which Ferrovial operates, with the resulting pressure on prices and margins for projects that, by their nature, have significant execution risks, and pressure on the portfolio of technical benchmarks.

#### **3. Brexit**

Following the UK government formally notifying the European Union of its intention to leave, the exit process has formally begun, with a two-year negotiation period to determine the new terms and conditions of the UK's relationship with the European Union. The end result of this negotiation process is subject to considerable uncertainty and could negatively impact economic conditions in the UK and/or the European market as a whole. They could also foster instability in global financial and currency markets, including volatility in the euro exchange rate.

#### 4. Political and regulatory factors

In general, Ferrovial undertakes most of its operations in countries with a high degree of legal certainty, with expectations of social and economic stability and transparent fiscal regulations, such as the UK, the USA, Canada, Poland, Australia and Spain. However, recent political events - characterised by the rise of protectionist policies and fiscal consolidation - may impact the fiscal, legal and regulatory environment in which the Company works, negatively impacting its profitability and growth objectives.

#### 5. Ethics and Integrity

Ferrovial is exposed to ethical risks in its business activities. To offset these risks, Ferrovial has put in place a compliance model based on respecting legal requirements, ethical integrity, transparency and Zero Tolerance of illicit actions.

#### 6. Cyber attacks

Ferrovial's infrastructure is 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.

#### 7. Financial risk and credit risk

These risks are managed centrally by the Economic and Finance Department. The most significant financial exposure mainly consists of currency, interest rate, inflation, commodity, pension and share risks. Risk management seeks to ensure the greatest value is created from capital contributions and resulting economic flows. A pro-active global risk management policy has been established with target levels, putting in place hedging mechanisms where necessary.

On the other hand, the setback in the recovery of the solvency of the financial system has increased the credit risk of financial counterparties, making it more difficult for financial institutions to participate in the financing and guarantee activities that have historically underpinned Ferrovial's business development; the credit situation of these entities and their relations with Ferrovial must therefore be monitored.

The General Finance Department also oversees and manages the credit quality of clients (during the contracting, monitoring and collection stages), projects and Ferrovial companies, both for internal management purposes and to obtain objective measurements of the credit profile of our projects and companies for a range of accounting and management purposes.

#### 8. Catastrophic events

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

#### 9. Service quality

Failure to comply with the quality levels and/or deadline commitments with third parties, and inadequate quality assurance systems for goods or services supplied by the Company.

Continued in Section H.

### E.4 Identify if the Company has a risk tolerance level, 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.

In July 2017, Ferrovial Agroman was notified of an unfavourable ruling on a dispute over the construction of a port in Colombia for the company Cerrejón. The consortium in which Ferrovial had a 50% share was ordered to pay compensation to the client for damage and injury of €31 million (€15.5 million taking into account the 50% participation of Ferrovial).

In addition, Ferrovial Agroman also recognised losses on a project that has now been completed in the UK, resulting

from tight execution schedules and lack of agreement with the client when implementing alternative technical solutions.

## E.6 Explain the response and monitoring plans for the main risks the Company is exposed to, tax risks included.

### 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 89%.

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 89%.

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 (ICFR) 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, point 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 85% 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.

Continued in Section H.

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

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

### **F.1 The entity's control environment. Specify at least the following components with a description of their main characteristics:**

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

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

The members of the Management Committee are responsible for the design, implementation and maintenance of ICFR, as established in the general operational framework of the Internal Control over Financial Reporting (ICFR) system, which can be accessed on the Company's intranet by all employees. Therefore, this responsibility not only falls within the role of finance, 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 ICFR, 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.

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

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

Under the Bylaws, the Appointments 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.

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.

#### Code of Business Ethics

The Company has a Code of Business Ethics, the most recent modification to which was approved by the Board of Directors on 18 December 2014.

The Code stipulates that "Ferrovial and its employees shall base their relations with clients, suppliers, competitors and partners, and with 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, Ferrovia 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 Ferrovia 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 "Ferrovia 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 Ferrovia employees on the Intranet and on the corporate website. 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.

#### Compliance Policy

The Compliance Policy falls within the scope of Ferrovia's good corporate governance policies and was approved by the Board of Directors on 28 July 2016. On the same date, the updated Crime Prevention Model was approved with a view to adapting its content to regulations on the criminal liability of legal persons under the Spanish Penal 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.

#### Anti-corruption policy

Similarly, the Board of Directors, on 28 July 2016, approved the latest update of the Anti-Corruption Policy, which governs the conduct of all Ferrovia directors, executives and employees, and its partners in developing the business, bearing in mind that Ferrovia has implemented a "zero tolerance" policy towards any practice that may be described as corruption or bribery, both active and passive. It applies to interactions between Ferrovia and any other person, not just those between Ferrovia and officials. This policy also expressly states that Ferrovia must include the following in its ICFR system: "(...) (ii) 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 Model

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 version of the Spanish Penal Code. The Model stipulates the different phases and competencies of the governance and management bodies of Ferrovia responsible for the implementation, review, management, supervision and periodic evaluation of its functioning, emphasising the responsibility of all Ferrovia's employees, managers and directors to report anything that may be illicit, fraudulent or criminal.



- Whistle-blowing channel, for reporting 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 Channel" - 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, updated on 21 September 2016, that is accessible to all employees via the Intranet. Specific communication channels have also been set up in some companies or areas of activity because of their importance.

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 2017, the whistle-blowing channel received 78 reports. 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 ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

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

The employees involved in preparing and revising the financial information, as well as the assessment of the ICFR, receive training on how to carry out their duties properly.

In 2017, 17,548 hours of training were provided on finance, focusing on international accounting standards, consolidation of financial statements and tax law, as well as on matters characterised by their complexity, such as derivatives. Highlights included training on IFRS 15, revenue recognition from customer contracts (hereinafter, IFRS 15), which was applied for the first time in 2017, with approximately 1,200 participants.

## F.2 Risk assessment in financial reporting

State, at least:

### 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 ICFR, 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 "ICFR 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. Around 800

people in the group have used the tool, which has documented evidence of approximately 1,900 controls (an increase on 2016, mainly due to the incorporation of Broadspectrum into the scope of consolidation).

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 ICFR process into the new companies.

Risks are assessed once a year depending on how the controls implemented for their mitigation operate.

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 ICFR 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 "ICFR Risk Universe".

ICFR 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 financial reporting objectives: existence and occurrence; completeness; valuation; presentation; disclosure 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 section r), the Board of Directors is responsible for "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 addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

The process of identifying risks of error in financial information takes into account the effects of other types of risk, largely operational, technological, legal, fiscal and employment risks, insofar as they affect the financial statements. These risks are assessed and managed by the businesses and corporate functions, such as Information Systems, Legal and Human Resources (see section E, Risks Control and Management Systems).

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

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

The 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 ICFR 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 ICFR 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.

The General Finance Department includes an explanation on main judgments and estimations in the presentation regarding the annual closing, which is submitted to the Audit and Control Committee.

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 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 Ferrovia in cases in which the IFRSs offer different alternatives or a mandatory standard does not apply. One highlight in 2017 was the updating of the Ferrovia GAAP and internal revenue-recognition policies in response to the changes in IFRS 15.

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.

To promote communication and share updates, regulatory developments, procedures, news, etc., the PCD manages a social network in collaboration with internal employees called "Financial Reporting", which currently comprises approximately 150 people.

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

The 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, Ferrovia has a harmonised system, internally called SAP Fidelio, which includes most Group companies. The companies not included in SAP Fidelio 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 Ferrovia'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 ICFR, 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 Monitoring of the functioning of the system

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

- F.5.1. The ICFR monitoring activities undertaken by the Audit Committee and an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Also describe the scope of the ICFR 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 Internal Audit Department carries out full-scope projects and reviews the financial statements (both on the accounting side and current planning: the balance sheet and income statement, both financial and future: business plans, budgets, finance models etc.), also analysing the effectiveness and efficiency of processes, internal controls, the design and compliance with applicable internal and external regulations, the functional completeness and sufficiency of IT systems and the suitability of organisational structures.

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 ICFR, 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. Additionally, the specific work carried out in 2017 in relation to the ICFR included a specific audit of a process and a complete business area, and on-going updating of the monitoring status of recommendations issued in previous audits. For 2018, the plan approved by the Audit and Control Committee includes a full audit of 4 ICFR processes, which can be either transversal processes or business areas, and verification in the other audits of the specific risks and controls that have been identified and follow-up of the recommendations issued in work from 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 Regulations of the Board of Directors 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 ICFR 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 Other relevant information

None.

#### F.7 External auditor review

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by 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 DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

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.

Compliant

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.

Compliant  Partially compliant  Explain  Not applicable

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.

Compliant  Partially compliant  Explain

Section a) is complied with. At the General Shareholders' Meeting held on 5 April 2017, 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. The Company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

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

Compliant  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.

Compliant  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 Appointments and Remuneration Committee.
- c) Audit Committee report on related party transactions.
- d) Report on Corporate Social Responsibility Policy.

Compliant  Partially compliant  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 2016, authorised for issue by the Board on 27 February 2017, 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.

Compliant  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.

Compliant  Partially compliant  Explain

9. The Company should disclose its conditions and procedures for admitting share ownership, the right to attend General Shareholders' Meetings and the exercise or delegation of voting rights, and display them permanently on its website.



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

Compliant  Partially compliant  Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the General 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.

Compliant  Partially compliant  Explain  Not applicable

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.

Compliant  Partially compliant  Explain  Not applicable

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

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

Compliant  Partially compliant  Explain

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

Compliant  Explain

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

- a) Is 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.

The results of the prior analysis of Board needs should be written up in the Appointment Committee's explanatory report, to be published when the General Shareholder's Meeting is convened that will ratify the appointment and re-election of each Director.

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

The Appointment Committee should run an annual check on compliance with the director selection policy and set out its findings in the Annual Corporate Governance Report.

Compliant  Partially compliant  Explain

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.

Compliant  Partially compliant  Explain

A) The second paragraph of the recommendation is complied with, as there are two Executive Directors out of a total of 12 members. This number can be considered the "minimum necessary", keeping in mind the group's size and the interest of said Executive Directors in the share capital.

B) There are 7 Proprietary and Independent Directors (excluding Mr. Rafael del Pino y Calvo-Sotelo), out of a total of 12 members. They are therefore an absolute majority, although it is understood that the recommendation requires a larger majority.

During their re-election at the General Shareholders' Meeting in 2016, the status of the Directors Mr. Bergareche Busquet and Mr. Arena de la Mora changed from Independent to External Directors, as they had exceeded twelve years in their position.

After the report from the Nomination and Remuneration Committee on the needs of the Board as regard its composition, the Board proposed the re-election of these Directors at the General Shareholders' Meeting, considering their extensive experience on the Board and their ample knowledge of the Group and the industry in which it operates.

The Company appointed one new Independent Director in 2017, Ms. Hanne Birgitte Breinbjerg Sørensen, who was appointed by the General Shareholders' Meeting held on 5 April.

The Company has a gradual renewal process for the longest standing Board members.

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.

Compliant  Explain

Ms. María del Pino y Calvo-Sotelo and Mr. Joaquín del Pino y Calvo-Sotelo are Proprietary Directors: two out of ten external directors in total, i.e. 20%. Their combined shareholding is around 10.7%.

However, the recommendation is complied with if we include Mr. Rafael del Pino y Calvo-Sotelo (Executive) as a Proprietary Director: in this case, there would be three Proprietary Directors out of ten External Directors in total, i.e. 30%; their combined shareholding is around 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 Karlový, S.L. (which tendered its resignation following the transfer of its entire shareholding in the Company's capital).

The appointments of Ms. Maria 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.

Compliant

Explain

There are currently five Independent Directors, of a total of twelve.

The Directors Mr. Bergareche Busquet and Mr. Arena de la Mora, after their re-election at the General Shareholders' Meeting in 2016, changed their category, from Independent to External Directors, since they had occupied their post at the Company for over 12 years.

After the report from the Nomination and Remuneration Committee on the needs of the Board as regard its composition, the Board proposed the re-election of these Directors at the General Shareholders' Meeting, considering their significant contributions to the development and internationalisation of the group in recent years, and extensive knowledge of the Group and the industry in which it operates.

The Company appointed one new Independent Director in 2017, Ms. Hanne Birgitte Breinbjerg Sørensen, who was appointed by the General Shareholders' Meeting held on 5 April.

The Company has a gradual renewal process for the longest standing Board members.

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.

Compliant

Partially compliant

Explain

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

Section b). The Board believes that it is able to consider the independence and availability, in terms of time, of each Director, without the need to publish all the remunerated activities that they carry out, whatever their nature or economic value. The other boards to which each director belongs are published on the Company website.

19. Following verification by the Appointments Committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant

Partially compliant

Explain

Not applicable

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

Compliant  Partially compliant  Explain  Not applicable

21. The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Appointments 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.

Compliant  Explain

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

The moment a Director is indicted or tried for any of the offences stated in Company legislation, the Board of Directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should give a reasoned account of all such matters in the Annual Corporate Governance Report.

Compliant  Partially compliant  Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, 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.

Compliant  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.

Compliant  Partially compliant  Explain  Not applicable

25. The Appointments 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.

Compliant  Partially compliant  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 the time and dedication required for candidates for Directorships to perform their duties effectively, pursuant to the provisions of article 529 *quindecies.3 a*) of the Spanish Limited Liability Companies Law; (ii) the professional obligations of Non-executive Directors outside Ferrovial are regularly assessed to verify whether they have sufficient time available; and (iii) such a limitation, with no discrimination for the type of company, could impede the incorporation onto the Board of domestic and foreign nationals who would offer 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.

Compliant  Partially compliant  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 2017 (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 non-Spanish markets where Ferrovial operates.

The Board may meet more often if circumstances so require.

In addition, the Executive Committee meets monthly in accordance with article 18 of the Regulations of the Board of Directors.

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.

Compliant  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.

Compliant  Partially compliant  Explain  Not applicable

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

Compliant  Partially compliant  Explain

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

Compliant  Explain  Not applicable

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

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

Compliant  Partially compliant  Explain

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

Compliant  Partially compliant  Explain

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

Compliant  Partially compliant  Explain

34. When a Lead Director has been appointed, the Bylaws or Regulations of the Board of Directors should grant him or her the following powers over and above those conferred by Law: chair the Board of Directors in the absence of the Chairman or Vice Chairmen; give voice to the concerns of non-executive Directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the Chairman's succession plan.

Compliant  Partially compliant  Explain  Not applicable

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 *quindecies*3 f) of the LSC. 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 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.

Compliant  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 Appointments 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 Appointments Committee.

Any business dealings that the consultant or members of its corporate group maintain with the company or members of its corporate group should be detailed in the Annual Corporate Governance Report.

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

Compliant  Partially compliant  Explain

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.

Compliant  Partially compliant  Explain  Not applicable

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

Compliant  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.

Compliant  Partially compliant  Explain

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

Compliant  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.

Compliant  Partially compliant  Explain  Not applicable

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

1. With respect to internal control and reporting systems:

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

2. With regard 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.

Compliant  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.

Compliant  Partially compliant  Explain

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

Compliant  Partially compliant  Explain  Not applicable

45. 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.

Compliant  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.

Compliant  Partially compliant  Explain

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

Compliant  Partially compliant  Explain

48. Large cap companies should operate separately constituted Appointments and Remuneration Committees.

Compliant  Explain  Not applicable

The Board believes that: (i) the Nomination and Remuneration Committee adequately discharges its duties; (ii) having two separate committees in place would raise the cost sustained by the Company without necessarily ensuring greater effectiveness. Circumstances may nonetheless determine a different decision in future.

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

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

Compliant  Partially compliant  Explain

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

- a) Propose to the Board 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.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the Committee.
- e) Verify the information on the remuneration of Directors and senior managers in corporate documents, including the Annual Directors' Remuneration Report.

Compliant  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.

Compliant  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.

Compliant  Partially compliant  Explain  Not applicable

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the Audit Committee, the Appointments 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.

Compliant  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 q), p) 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 Head of Communication and Corporate Responsibility reports regularly to the Board on the three-year corporate social responsibility plan (which aligns corporate responsibility and business objectives), the Company's presence in international sustainability indexes and the group's social action programmes.

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.
- c) Specific practices in matters related to: shareholders, employees, customers, suppliers, social issues, environmental issues, diversity issues, fiscal responsibility, human rights and crime prevention.
- 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.

Compliant  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 2019 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, (covering 2017, 2018 and 2019) divided into the following chapters: ethics and integrity, corporate governance, people, society, the environment and innovation. The Plan addresses the most relevant issues for the Company'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) fiscal risk management and control; (iii) health and safety; (iv) communication with shareholders, institutional investors, proxy advisors and credit rating agencies; and (v) compliance.

In addition, the Company's Corporate Responsibility Committee is responsible for fostering and monitoring its corporate social responsibility policies. Its main functions include: (i) definition of the Strategic Plan; (ii) coordination of reporting processes; (iii) monitoring of recommendations following external audits; (iv) monitoring 58 policies relating to corporate social responsibility; and (v) information on, 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. It also has an Anti-corruption Policy, a Competition Policy and a Crime Prevention Model. In 2017, it approved a due diligence Procedure that seeks to verify the ethical integrity of potential partners before entering into agreements. 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.

With respect to the monitoring of the abovementioned matters, the plenary session of the Board is informed each year about: (i) health and safety; (ii) employees and diversity, through the annual report by the Human Resources Department; (iii) the main shareholders and investors of the Company and analysts' perceptions; (iv) the tax policies applied during each year; (v) environmental performance; and (vi) the application of the Group's 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 modification 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 to the Company and their evolution.

The Internal Audit Department regularly updates the Audit Committee on the performance of the whistle-blowing channel, which has already been described.

Letter f).- As mentioned elsewhere, the Board of Directors has approved a Policy for communicating with shareholders, institutional investors, proxy advisors and credit rating agencies, which sets out the communication channels for these groups.

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.

Compliant  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.

Compliant  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 to defray costs related to their acquisition.

Compliant  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.

Compliant  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.

Compliant  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.

Compliant  Partially compliant  Explain  Not applicable

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

Compliant  Partially compliant  Explain  Not applicable

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

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

Compliant  Partially compliant  Explain  Not applicable

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

Compliant  Partially compliant  Explain  Not applicable

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

Compliant  Partially compliant  Explain  Not applicable

## H. OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your Company 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. 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. Also state whether the Company voluntarily subscribes to other international, sector-specific or other ethical codes or good practices. If applicable, identify the Code in question and the date of adoption.

1.

## 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.

## SECTION A.9 Continued

6. Sub-delegation powers: the powers conferred by this resolution may be sub-delegated to the Company's Executive Committee, Chairman or CEO and, in any case, may be exercised at any time by the persons designated in the Company's Internal Rules of Conduct in Securities Markets.

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."

## SECTION A.9 bis

Estimated floating capital has been calculated excluding treasury stock and the direct and indirect shareholdings of all the Directors, Mr. Leopoldo del Pino y Calvo-Sotelo, Blackrock Inc. and Casa Grande de Cartagena S.A.U.

## 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 the date of the first appointment of the Directors of Ferrovial, S.A., the entity resulting from the merger of Grupo Ferrovial, S.A. and Cintra Concesiones de Infraestructuras de Transportes, S.A. ("Cintra") in 2009. However, the dates of first appointment to the Board of the Directors of the defunct Grupo Ferrovial, S.A., are as follows:

Mr. Rafael del Pino y Calvo-Sotelo: 9.1.1992  
Mr. Santiago Bergereche Busquet: 23.2.1999  
Mr. Joaquín Ayuso García: 22.3.2002  
Mr. Íñigo Meirás Amusco: 20.10.2009  
Mr. Juan Arena de la Mora: 26.6.2000  
Ms. María del Pino y Calvo Sotelo: 29.9.2006  
Mr. Santiago Fernández Valbuena: 29.5.2008

The Director Mr. José Fernando Sánchez-Junco was not a member of the Board of Directors of Grupo Ferrovial, S.A. He has been a member of the Board of Directors of the current Ferrovial, S.A. since 3 December 2009.

The Directors Mr. Joaquín de Pino Calvo-Sotelo, Mr. Oscar Fanjul Martín, Mr. Philip Bowman and Ms. Hanne Birgitte Breinbjerg Sørensen likewise were not members of the Board of Directors of Grupo Ferrovial, S.A.

## SECTION C.1.3

Ms. Hanne Birgitte Breinbjerg Sørensen has been a member of the Supervisory Board of Koninklijke Vopak N.V. until 16 February 2018.

She has been a Director of Tata Motors since 3 January 2018.

## SECTION C.1.5

### DIVERSITY POLICY FOR THE BOARD OF DIRECTORS

The Ferrovial, S.A. Director Selection Policy seeks to foster diversity of knowledge, experience and gender on the Board of Directors. Section C.1.5. sets out the content of this Policy on diversity and the measures agreed by the Nomination and Remuneration Committee in this area.

In addition, as mentioned in section C.1.26, the Regulations of the Board of Directors impose a duty on Directors to offer their resignation to the Board on reaching the age of 72.

As stated in section C.1.6, a Director selection process was completed in 2017 with the appointment of Ms. Hanne Birgitte Breinbjerg Sørensen as an Independent Director. This process was supported by a leading external advisor, who

considered the provisions of the Director Selection Policy and the other measures set out in section C.1.5. The appointment of Ms. Breinbjerg Sørensen has increased the diversity of the Board in terms of gender, nationality, experience and knowledge.

#### SECTION C.1.12

Ms. Hanne Birgitte Breinbjerg Sørensen has been a member of the Supervisory Board of Koninklijke Vopak N.V. until 16 February 2018.

She has been a Director of Tata Motors since 3 January 2018.

#### SECTION C.1.15

The amount indicated includes premiums paid for life insurance.

#### SECTION C.1.29

This meeting chaired by the Lead Director was not attended by the Executive Directors, the Proprietary Directors or the Secretary to the Board. No minutes were taken of this meeting.

In addition to the meetings mentioned, on 27 March 2017 a minute documented the agreement adopted by the Executive Committee on that date in writing, without a meeting.

#### SECTION C.1.37

The amount stated for work other than audit work does not include services related to auditing. The latter amounted to 300 thousand euro in 2017.

#### SECTION C.1.39

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

#### SECTION C.2.1

##### AUDIT AND CONTROL COMMITTEE

##### FUNCTIONING (Continued):

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 advisors, 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 also request that the Company's auditors 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.

#### 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, adding other matters during the year.

#### Business and financial information

Throughout the financial year, the Committee examined the integrity of this information before it was laid before the Board or disclosed to the authorities or the markets, with the assistance of the General Finance Department.

#### Relations with the external auditor

After the corresponding analysis and based on the recommendation of the Company's General Finance Department, the Committee resolved to propose the re-appointment of Deloitte, S.L. as the external auditor of Ferrovial, S.A. and its consolidated group for financial year 2018.

It also analysed alternatives in relation to the selection process for a new external auditor for Ferrovial and its consolidated group to replace the current auditor when it reaches the maximum length of appointment stipulated in law.

The Committee has been informed of the selection process for the external auditor of Broadspectrum.

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 financial statements and of the Half-Yearly Financial Report

The external auditor appeared before the Committee for the presentation of the financial statements for 2016. The auditor reported on the most noteworthy aspects of the audit of the period, and its independent review of the corporate responsibility information in the Comprehensive Annual Report, which it presented for formulation by the Board as in the two previous years.

It also reported on its limited review of the half-yearly financial statements for the period to 30 June 2017, and presented the Committee with its strategy and work plan for audit work in 2017, and the advance work carried out based on the financial information for 30 September 2017.

#### Independence of the external auditor

In addition to preparing the legally required report on this point, the Committee was involved in the modification of internal regulations on the provision of services other than statutory audit services by audit service companies.

Following appropriate analysis, it authorised the contracting of certain services with the external auditor (and other audit firms), and has received regular information on the volume of services of this type contracted.

It was also kept up-to-date with the audit fees charged by Ferrovial's external auditors (and the group's other auditors).

#### Internal control procedures

The Committee was briefed by the external auditor on the main internal control recommendations put forward as a result of its audit of Ferrovial, and on the follow-up of recommendations issued in response to the previous year's audit.

The General Finance Department also reported to the Committee on: (i) work carried out in the Group in 2017 in relation to the design, implementation and maintenance of the Internal Control over Financial Reporting (ICFR) system; (ii) the results of the self-assessment by the business divisions and corporate areas of the controls in the ICFR, and the improvement measures established; and (iii) the results of the assessment of financial information risks.

#### Internal Audit

The Committee had oversight of the procedures implemented by the Company's Internal Audit Department. Specifically, it examined:

- The Internal Audit Report for 2016, setting out conclusions on the work performed, a breakdown of the key areas for improvement, the state of implementation of all recommendations issued in each of the engagements in the year and those pending from prior years, and the internal auditors' quality assessment.

- The annual report for 2016 and the 2017 first-half report on the activities of the whistle-blowing channel and the procedures put in place to prevent, detect and manage fraud, and the areas for improvement identified.

- Progress on scheduled audit work at the end of the third quarter of 2017, compliance with the approved audit planning and its modifications, and progress with the areas for improvement identified in 2016 and recurring issues.



- The results of (i) the review of the ICFR implementation process and the specific work to ensure compliance; and (ii) the review of roll out of the compliance model, the aspects requiring progress and the recommendations to be followed.

- The Internal Audit work plan for 2018 approved by the Committee. It was also kept aware of the human, technical and material resources available to Internal Audit, and approved the spending budget submitted for 2018.

Risk analysis and control systems.

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.

Actions on Corporate Governance and compliance

- The Chairman of the Committee reported to Ferrovial's General Shareholders' Meeting on the issues dealt with by the Committee in 2016.

- In advance of its authorisation for issue by the Board, the Committee reported favourably on the Annual Corporate Governance Report for 2016.

- It prepared a report on related party transactions, which was published on the Company's website when the General Shareholders' Meeting was called.

- It was briefed on proposed alterations to the Bylaws submitted to the General Shareholders' Meeting.

- It was informed by the Compliance Department of the performance of Ferrovial's compliance model, and the action plan for continuous improvement.

- It submitted a proposal for modification of the Regulations of the Board of Directors to the Board, and approved the Risk Control and Management Policy.

- It reported on the transactions of the Company's Directors with group companies, before their approval by the Board.

- It produced a report for the assessment of the Committee by the Board of Directors (based on the report on its activities in 2016).

- It reviewed the content of CNMV's Technical Guidance 3/2017, on the audit committees of entities of public interest (the "CNMV guidelines").

- It produced a report on its operations in 2017, adjusting the content to comply with the provisions of the CNMV guidelines and, submitted it to the Board of Directors for approval, in line with those guidelines.

#### 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

##### FUNCTIONING (Continued):

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 previous years, the Committee approved a work plan with the plan of matters to discuss in each meeting, including specific matters during the year.

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

The Committee drafted a report on the needs of the Board of Directors as regards its composition, which was published on the Company's website at the time the General Shareholders' Meeting was called.

Based on this report, it proposed (i) the ratification and appointment by the Board of the Independent Director Philip Bowman; and (ii) appointment by the Board of Hanne Birgitte Breinbjerg Sørensen as an Independent Director.

In addition, the Committee reviewed the amount and nature of transactions carried out by the Company or group companies in 2017 with entities in which the Independent Directors were directors or senior managers, taking the view that these did not impair the Directors' ability to perform their duties in that capacity. It therefore approved the reasoned statement set out in the draft Annual Corporate Governance Report for that year (section C.1.3).

It also examined the current composition and membership of the Board and reviewed the category attributed to each Director.

Finally, it verified the Director Selection Policy.

In relation to the remuneration of directors and senior officers

It reported favourably on the draft of the Annual Directors' Remuneration Report for 2016.

As to Directors' remuneration in their capacity as such, the Committee proposed to the Board (i) the settlement for 2016 in accordance with the itemisation set out in the Annual Directors' Remuneration Report; and (ii) the maximum annual amount of remuneration (upon application of the automatic review mechanism established by the General Shareholders' Meeting), and its allocation among the Directors.

Regarding executive directors' remuneration, the Committee proposed to the Board: (i) its variable remuneration for 2016; (ii) its fixed remuneration for 2017; and (iii) the assignment of units under the 2017 Share Option Plan.

With regard to senior management, the Committee reported on (i) their variable remuneration for 2016; (ii) their fixed remuneration for 2017; and (iii) the assignment of units under the 2017 Share Option Plan.

It verified the information on the remuneration of Directors and senior managers in corporate documents and reviewed the remuneration policy applied to Directors and senior management.

Regarding appointments of directors at subsidiaries

The Committee reported favourably on the appointment of Ferroviaal representatives on the boards of the key subsidiaries and investees.

On other matters

The Committee received reports on: (i) the succession plan for the Company's Chairman, the Chief Executive Officer and Management Committee; (ii) the employment climate/employee experience survey; and (iii) senior executive mobility and talent management.

With regard to the Board of Director's annual evaluation process, it prepared the report for the evaluation of the Committee by the Board of Directors and the report for the evaluation of the Board itself.

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 2017.

## 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.

## SECTIONS D.2 and D.3

Information on the transactions performed in 2017 by the Company or the companies of its group with related parties is provided in the relevant Note to the consolidated and individual financial statements. All of these transactions were carried out in the ordinary course of business.

## SECTION E.3 Continued

### 10. Environmental damage

Company actions that can have a significant effect on the environment and on the location at which the activities are carried out.

#### 11. Compliance with regulations and with third parties

In performing its business, Ferrovial is subject to legal and regulatory frameworks based on the business activity being carried out and the country in which it is located. Breaches of those regulatory frameworks may give rise to civil or criminal proceedings against the Company and/or its employees and directors.

Likewise, Ferrovial is exposed to the risk of failing to meet the obligations it assumes with third parties (customers, suppliers, financial institutions and public authorities), which may result in claims or jeopardise the continuity of the projects and/or financial position of the company.

#### SECTION E.6 Continued

##### 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.

##### 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.

#### RECOMMENDATION 54 Continued

Letter f). The Company analyses the most significant aspects related to corporate social responsibility drawing on a range of sources (the Global Reporting Initiative, Sustainability Topics, the Sustainability Accounting Standards Board, the World Economic Forum and media coverage and investors' concerns about good governance, and social and environmental issues) and an online survey of its stakeholders.

Letter g). Responsible communication is a habitual practice in the Company's relations with all stakeholders. This communication is based on criteria of transparency, integrity and respect for people.

#### 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 corporate governance report was adopted by the Board of Directors at its meeting on 28/02/2018.

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

Yes

No

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF FERROVIAL, S.A. FOR 2017

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 9 January 2018, 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 2017, 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 2017 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 Annual Corporate Governance Report established in CNMV Circular no. 7/2015, of 22 December 2015.

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, which include mainly the documents furnished directly to the persons 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 in connection with the work performed, duly signed by those responsible for preparing and formulating the information detailed in point 1 above.

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

This report has been prepared exclusively in the context of the requirements established in Article 540 of the Consolidated Spanish Limited Liability Companies Law and in CNMV Circular no. 7/2015, of 22 December, for the purpose of the description of the ICFR system in annual corporate governance reports.

DELOITTE, S.L.

Miguel Laserna Niño  
28 February 2018