



ferrovial
For a world on the move

FERROVIAL, S.A.

SEPARATE DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

2020

INDICE.

INDIVIDUAL MANAGEMENT REPORT:

1. Profit/(loss) for 2020	5
2. Non-financial indicators	5
3. Other relevant information	5
3.1. Financial risks	5
3.2. Shareholder remuneration and treasury share transactions	5
3.3. Business outlook	5
3.4. Events after the reporting period	5
3.5. Non-financial information	5
4. Annual corporate governance report and other relevant information	6
5. Average payment period	6

INDIVIDUAL ANNUAL ACCOUNTS:

A. Balance sheet as at 31 december 2020 and 2019	8
B. Income statement for 2020 and 2019	9
C. Statement of changes in equity for 2020 and 2019	10
D. Cash flow statement for 2020 and 2019	11

1. Company activities	12
2. Basis of presentation of the annual accounts	12
3. Distribution of profit	12
4. Accounting policies	12
5. Investments in group companies and associates	14
6. Derivatives	16
7. Cash and cash equivalents	18
8. Balances and transactions with group companies and associates	18
9. Trade payables	19
10. Shareholders' funds	20
11. Provisions for liabilities and charges	21
12. Bank borrowings	21
13. Tax matters	22
14. Guarantee commitments to third parties and other contingent liabilities	23
15. Income and expenses	24
16. Operating leases	26
17. Employees	26
18. Directors' remuneration	26
19. Share-based remuneration schemes	28
20. Related-party transactions	29
21. Conflicts of interest	30
22. Environmental policy	30
23. Audit fees	30
24. Events after the reporting date	30
25. Comments on appendices	30
Explanation added for translation to english	35

AUDITOR'S REPORT:

Report of the auditors on the annual accounts	37
-----------------------------------------------	----



SEPARATE DIRECTORS' REPORT

1. PROFIT/(LOSS) FOR 2020

The company's net profit amounts to EUR 23 million at 31 December 2020, of which EUR 30 million relates to operating profit/(loss) for the year. As Ferrovial, S.A. is a holding company, dividends received from subsidiaries and financial income from financing granted to the latter form part of the company's revenue. Accordingly, in 2020 net revenue of EUR 95 million was generated, of which EUR 53 million relates to dividends received by Ferrovial S.A. from its subsidiaries (Note 15 of the accompanying notes to the accounts).

Net financial income/(expense) amounts to EUR -29 million, primarily relating to financial expense on loans received by Ferrovial S.A. from other Group companies in the amount of EUR -51 million, as explained in Note 15 of the accompanying notes to the accounts. It is offset by the fair value change in financial instruments, among other items, giving rise to income of EUR 10 million.

Finally, corporate tax income amounts to EUR 22 million. More detailed information can be found in Note 13 to the accompanying annual accounts.

2 NON-FINANCIAL INDICATORS

2.a Environment

In view of its business activity, the Company does not have any environmental liabilities, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results. No specific breakdowns have therefore been included in this report regarding environmental issues, the disclosures contained in the Consolidated Management Report being more representative in this regard.

2.b Innovation

The Company does not carry out any significant innovation activities at an individual level. Such activity is performed by the Group companies, so the information included in the Consolidated Management Report is more representative in this respect.

2.c Human capital

The Ferrovial Group has made a commitment to its employees to develop a comprehensive model which bolsters the business lines and fosters professional development.

The combined talent and commitment of Ferrovial's professionals are one of the keystones of its success as a global leader in infrastructure management. Encouraging career development for all the Company's employees, together with cross-cutting talent management and international profile building, are Ferrovial's strategic priorities, within a framework of merit-based equal opportunities.

At year-end 2020 Ferrovial S.A. has 75 employees, 33% of whom are women. As regards professional categories, 51% are executives, 24% managers, 12% professionals and supervisors and 13% clerical staff and support technicians.

3. OTHER RELEVANT INFORMATION

3.1 Non financial Risk:

The Company actively manages financial risks in order to minimise finance costs and reduce volatility caused by fluctuations in capital markets. The objectives and policies in place for such purposes are described in detail in the Consolidated Management Report. The main financial risks faced by Ferrovial S.A. are essentially exchange

rate fluctuations and share price performance. In order to hedge these risks, the Company holds derivatives which consist basically of foreign currency forwards hedging changes in future flows from subsidiaries and equity swaps hedging the potential equity impact of share-based remuneration schemes for employees. Note 6 of the notes to the accounts includes further information on the derivatives arranged by the Company.

3.2 Shareholder remuneration and treasury share transactions

Dividend policy

The shareholder remuneration policy is based on a scrip dividend scheme, which allows shareholders to opt to receive new shares or sell the corresponding subscription rights to the Company. The Company paid out EUR 122 million to purchases these rights.

This scheme is combined with the systematic purchase and redemption of treasury shares. In 2020, treasury shares purchased for this purpose amounted to EUR 255 million. The sum of both items entailed total shareholder remuneration of EUR 377 million.

The scheme is described in more detail in Note 10 of the notes to the Company's accounts.

Treasury share transactions

There follows a breakdown of movements in treasury shares during the year:

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2019			3,276,261
Share capital reduction	11,704,701	-14,460,661	-2,755,960
Remuneration schemes	636,789	-723,526	-86,737
Shares received - scrip dividend (*)	200,470	0	200,470
BALANCE AT 31.12.2020	12,541,960	-15,184,187	634,034

(*) Shares received in payment of the scrip dividend for the treasury share portfolio held by the Company at the time of dividend distribution.

The market value of treasury shares at year-end 2020 amounts to EUR 14 million.

3.3. Business outlook

The Company's activity in 2021 will be shaped by the performance of the Group business lines, as stated in the Consolidated Annual Accounts, placing a special focus on the affect COVID-19 has had on Ferrovial's businesses, particularly Airports and Toll roads. It should be noted that at year-end 2020, Ferrovial had an all-time high position of liquidity.

Results for the coming financial year will also be determined by the dividend pay-out decisions taken by Ferrovial S.A.'s subsidiaries.

3.4. Events after the reporting period

There are no significant post-balance sheet events to report at the date these annual accounts are authorised for issue.

3.5. Non-financial information

In accordance with the provisions of Law 11/2019 of 28 December and by virtue of the new wording of Article 262.5 of the Consolidated Text of the Spanish Companies Act, the Company is exempt from the obligation to present a Non-Financial Information Statement, as this information appears in the Consolidated Management Report of

the Ferrovial Group, whose parent company is Ferrovial, S.A., which will be filed together with the Consolidated Annual Accounts at the Madrid Commercial Registry.

4. ANNUAL CORPORATE GOVERNANCE REPORT AND OTHER RELEVANT INFORMATION

The Annual Corporate Governance Report forms an integral part of the Management Report as per the Spanish Companies Act. The report is submitted as an appendix of the Management Report to the Spanish National Securities Market Commission (CNMV) and is available on the Company's website.

5. AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average supplier payment period laid down in Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Companies Act), the Company hereby states that the average supplier payment period was 42 days.

Set forth below is the breakdown required by Article 6 of the Resolution of 29 January 2018 from the Spanish Institute of Accounting and Auditing in relation to the disclosures to be provided on the average supplier payment period for the year:

	2019	2018
Average supplier payment period (days)	42	31
Ratio of transactions settled	44	28
Ratio of transactions not yet settled	11	60

	AMOUNT (euros)	AMOUNT (euros)
Total payments settled	11,764,181	12,539,613
Total outstanding payments	755,498	1,581,599



FINANCIAL STATEMENTS

A. FERROVIAL, S.A. BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

ASSETS (Millions of euros)	2020	2019
NON-CURRENT ASSETS	8,336	8,522
Long-term investments in Group companies and associates	8,200	8,323
Equity instruments (Note 5)	8,200	8,323
Other non-current assets	1	1
Long-term financial derivatives (Note 6)	0	53
Deferred tax assets (Note 13)	135	145
CURRENT ASSETS	1,101	481
Financial assets held for sale (Note 5)	4	4
Receivables	135	124
Receivables, Group companies and associates (Note 8)	50	39
Current tax assets	36	36
Public administrations	49	49
Short-term investments in Group companies and associates (Note 8)	311	274
Short-term prepayments and accrued income	1	2
Cash and cash equivalents (Note 7)	650	77
TOTAL ASSETS	9,437	9,003

LIABILITIES (Millions of euros)	2020	2019
EQUITY	4,437	4,775
Shareholders' funds (Note 10)	4,434	4,775
Share capital	147	147
Share and merger premium	647	995
Reserves	3,630	3,036
Legal reserve	30	30
Reserves subject to but exempt from Articles 21 and 22 of the Spanish Companies Act (SCA)	2,355	1,940
Other reserves	1,245	1,066
Treasury shares and own equity interests	-13	-75
Profit/(loss) for the year	23	672
Measurement adjustments	3	0
NON-CURRENT LIABILITIES	3,324	3,172
Long-term provisions (Note 11)	166	161
Long-term provisions (Note 12)	356	296
Bank borrowings	284	255
Derivatives (Note 6)	72	41
Long-term payables to Group companies and associates (Note 8)	2,773	2,676
Deferred tax liabilities (Note 13)	29	39
CURRENT LIABILITIES	1,676	1,055
Short-term provisions	1	1
Short-term payables	1,091	973
Debentures and bonds	1,091	973
Derivatives (Note 6)	0	15
Short-term payables to Group companies and associates (Note 8)	548	36
Trade and other payables	36	31
Trade payables	3	5
Trade payables, Group companies and associates (Note 8)	11	1
Trade and other payables	22	25
TOTAL LIABILITIES	9,437	9,003

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the balance sheet at 31 December 2020
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

B. FERROVIAL, S.A. INCOME STATEMENT FOR THE FINANCIAL YEARS 2020 AND 2019

(Millions of euros)	2020	2019
Revenue (Note 15)	95	812
Dividends received from subsidiaries	53	758
Services rendered	32	44
Other returns received from subsidiaries	10	10
Other operating income	0	0
Staff costs (Note 17)	-32	-33
Wages, salaries and similar remuneration	-31	-32
Staff welfare expenses	-1	-1
Other operating expenses	-33	-27
OPERATING PROFIT/(LOSS)	30	752
Financial income from marketable securities and other financial instruments (Note 15)	7	13
Financial expenses (Note 15)	-67	-72
On payables to Group companies and associates	-51	-51
On payables to third parties	-16	-21
Change in fair value of financial instruments (Notes 6 and 15)	10	13
Foreign exchange differences	2	-10
Impairment and profit/(loss) on disposals of financial instruments	19	7
Impairment and losses (Note 15)	19	7
Portfolio provision movements	18	7
Loan provision movements	1	0
Profit/(loss) on disposals	0	0
NET FINANCIAL INCOME/(EXPENSE) (Note 15)	-29	-49
PROFIT/(LOSS) BEFORE TAX	1	703
Corporate income tax (Note 13)	22	-31
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	23	672

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the balance sheet at 31 December 2020
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails

C. STATEMENT OF CHANGES IN EQUITY FOR 2020 AND 2019

A. STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR 2020 AND 2019

(Thousands of euros)	2020	2019
Total profit/(loss) for the year	23	672
Income and expenses attributed directly to equity	3	1
On cash flow hedges	3	1
Tax effect	-1	0
Transferred to the income statement	0	0
On cash flow hedges	0	0
Tax effect	0	0
TOTAL RECOGNISED INCOME AND EXPENSES	26	673

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the balance sheet at 31 December 2020
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails

B. TOTAL STATEMENT OF CHANGES IN EQUITY FOR 2020 AND 2019

(Thousands of euros)	SHARE CAPITAL	SHARE/MERGER PREMIUM	RESERVES	TREASURY SHARES	PROFIT/(LOSS) FOR THE YEAR	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2019	147	995	3,036	-75	672	0	4,775
Total recognised income and expenses			0		23	3	26
Shareholder remuneration	0	-348	-92	62	0	0	-377
Scrip dividend agreement	3	-92	-30				-119
Treasury share transactions	-3	-256	-62	62			-258
Company restructuring impact	0	0	21	0	0	0	21
Merger reserve Ferrovial Inversiones			21				21
Other shareholder contributions			0				0
Other transactions	0	0	665	0	-672	0	-7
Distribution of profit/(loss)			672		-672		0
Share-based remuneration schemes			-7				-7
Other changes in equity							0
BALANCE AT 31/12/2020	147	647	3,630	-13	23	3	4,437

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the balance sheet at 31 December 2020
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevail

(Millions of euros)	SHARE CAPITAL	SHARE/MERGER PREMIUM	RESERVES	TREASURY SHARES	PRIOR-YEAR PROFIT/(LOSS)	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2018	148	1,274	2,896	-128	10	0	4,200
Total recognised income and expenses			0		672	1	673
Shareholder remuneration	-1	-279	-294	53	0	0	-521
Scrip dividend agreement	2		-241				-239
Treasury share transactions	-3	-279	-53	53			-282
Company restructuring impact	0	0	420	0	0	0	419
Contribution from Ferrovial Services to FISE			420				420
Other shareholder contributions			0				0
Other transactions	0	0	14	0	-10	0	4
Distribution of profit/(loss)			10		-10		0
Share-based remuneration schemes			4				4
Other changes in equity						0	0
BALANCE AT 31/12/2019	147	995	3,036	-75	672	0	4,775

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the balance sheet at 31 December 2020
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails

D. CASH FLOW STATEMENT FOR 2020 AND 2019

(Millions of euros)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	-7	721
Profit/(loss) before tax	1	704
Profit/(loss) adjustments:	22	47
Fixed asset depreciation/provisions	0	0
Other adjustments to profit/loss (net)	15	47
Changes in working capital	-15	0
Other cash flows from operating activities:	-15	-29
Interest payments	-40	-44
Interest receipts	3	3
Income tax receipts/(payments) and tax consolidation	22	12
CASH FLOWS FROM INVESTING ACTIVITIES	162	320
Payments on investments:	-394	-27
Group companies, associates and business units (Note 5)	-394	-27
Other financial assets	0	0
Receipts from divestments:	556	347
Group companies, associates and business units (Note 5)	556	347
Other financial assets	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	435	-1,006
Receipts and (payments) from financial liability instruments:	785	-485
Change in Group company cash pooling accounts	618	-766
Issuance, repayment and redemption	167	280
Payments of dividends and returns on other equity instruments	-377	-520
Scrip dividend	-122	-238
Treasury share purchases	-255	-282
Receipts and (payments) on equity instruments:	27	4
Effect of foreign exchange fluctuations	-17	-0
Net increase/(decrease) in cash and cash equivalents	573	40
Cash and cash equivalents at beginning of the year	77	37
Cash and cash equivalents at end of the year	650	77

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the balance sheet at 31 December 2020
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails

1. COMPANY ACTIVITIES

Ferrovial S.A. is the parent company of the subsidiaries forming part of the Ferrovial Group. The Company's registered office is at Principe de Vergara 135, 28002 Madrid and its TIN is A81939209.

The Company's corporate purpose, as per its bylaws, encompasses the management and coordination of all the Group companies' activities.

Under prevailing legislation, the Company is required to issue separate consolidated annual accounts. The Ferrovial Group's 2020 consolidated annual accounts were authorised for issue by the directors during the Board meeting held on 25 February 2021. The 2019 consolidated Annual Accounts were approved by Ferrovial, S.A.'s Annual General Meeting on 17 April 2020 and were filed at the Madrid Commercial Registry. Ferrovial, S.A.'s shares are traded on the continuous market and form part of the IBEX-35 index.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

Unless otherwise indicated, the figures in these annual accounts are expressed in millions of euros and may therefore be rounded.

2.1. Fair presentation and regulatory framework of reference

The accompanying annual accounts have been obtained from the Company's accounting records and are presented in compliance with the applicable financial reporting regulatory framework so as to present fairly the Company's equity, financial position, results and cash flows during the financial year. The regulatory framework is laid down in:

- Spanish Code of Commerce and other commercial legislation introduced under Royal Decree 1514/2007.
- Spanish Chart of Accounts introduced under Royal Decree 1514/2007 and industry-specific adaptations.
- Mandatory rules approved by the Spanish Institute of Accounting and Auditing in order to implement the Chart of Accounts and related supplementary legislation.
- All other applicable Spanish accounting legislation.

The annual accounts will be submitted to the Annual General Meeting and are expected to be approved without changes.

The Company holds majority interests in the share capital of certain subsidiaries and has ownership interests of 20% or more in other companies (see Note 5). The annual accounts do not reflect any equity increases or reductions that would result from the full consolidation of majority shareholdings and the equity consolidation of other significant shareholdings. The Company also issues consolidated annual accounts under international accounting standards (IFRS-EU) as the parent company of the Ferrovial Group.

In accordance with International Financial Reporting Standards, the highlights of the consolidated financial statements are as follows:

(Millions of euros)	2020
Equity	3,827
Net profit for the year attributable to the parent company	-410
Total assets	23,128
Revenue	6,341

2.2. Critical measurement issues and estimates of uncertainty

Estimates have been made when preparing the 2020 annual accounts to measure some of the assets, liabilities, income, expenses and commitments recognised. They basically refer to:

- Measurement of share-based remuneration schemes (Note 19).
- Impairment of financial assets (Note 5).
- Assessment of possible legal and tax contingencies (Note 11).
- Fair value of derivatives (Note 6).
- Recoverability of deferred tax assets and tax-loss carryforwards (Note 13).

Although these statements have been made on the basis of the best information available at year-end 2020, future events might lead to adjustments to these estimates (upwards or downwards) in the coming years, which would be applied prospectively.

2.3. Non-current assets held for sale

In 2018, it was decided to reclassify the direct shareholdings in Services subsidiaries to financial assets held for sale, the most significant amount being the shareholding in Ferrovial Servicios, S.A. In 2019 the Company contributed this shareholding to its subsidiary Ferrovial International SE, so the balance of these assets at 31 December 2020 relates to shareholdings in Services Division associates that have not been contributed to Ferrovial International SE, amounting to EUR 4 million (See Note 5).

3. DISTRIBUTION OF PROFIT

The Company posted a profit for the year of EUR 23,089,980.13.

The Board of Directors will propose to the Company's Annual General Meeting the following distribution of FERROVIAL, S.A.'s individual profit:

	2020
Profit of FERROVIAL, S.A. (individual company) (euros)	23,089,980.13
Distribution (euros):	
To reserves	23,089,980.13

The legal reserve is fully funded.

4. ACCOUNTING POLICIES

The principal accounting policies applied when preparing the annual accounts are described below:

4.1. Financial assets

A) Equity investments in Group companies, jointly-controlled entities and associates

They are measured at cost less any accumulated impairment adjustments. However, where the investment predates classification as a Group company, jointly-controlled entity or associate, the cost of the investment is the carrying amount prior to such classification. Any previous measurement adjustments recognised directly in equity are retained in equity until the related investments are derecognised. Where there is objective evidence that the carrying amount is not recoverable, appropriate measurement adjustments are recorded for the difference between the carrying amount and the recoverable amount, the latter being understood to mean:

- For corporate companies without productive assets, the underlying book value of the shareholdings.
- For operating companies, the present value of cash flows derived, in turn, from the investees.

B) Held-to-maturity investments and receivables

Held-to-maturity investments, loans granted and receivables are initially recognised at fair value plus any attributable costs and are

subsequently measured at amortised cost, any interest accrued being recognised applying the effective interest rate. The effective interest rate is the discount rate that exactly matches the initial payment for the financial instrument with all of its estimated cash flows to maturity. However, trade receivables maturing within twelve months are measured at face value, both at initial recognition and subsequently, provided that the effect of not discounting the flows is immaterial. At the year end at least, the necessary impairment adjustments are recognised where there is objective evidence that not all the amounts receivable will be collected. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Impairment losses and any reversals of impairment losses are recognised in the income statement. Financial assets are derecognised when the risks and rewards of ownership of the financial asset are substantially transferred. In the specific case of receivables, this is deemed to occur, in general, when insolvency and default risks have been transferred.

4.2. Financial derivatives

Derivative financial instruments are initially recognised at fair value on the arrangement date. Subsequent movements in fair value are also recognised at each balance sheet closing date. The method used to recognise gains or losses on derivatives depends on whether the instrument has been designated as a hedging instrument and, as the case may be, on the type of hedge involved.

The Company takes account of credit risk when measuring assets and liabilities derivatives.

4.3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits at financial institutions and other short-term, highly liquid investments with an initial maturity of three months or less.

4.4. Equity

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issuance of new shares are deducted from equity, net of taxes. Acquisitions of parent company treasury shares are deducted from equity in the amount of the consideration paid, including associated attributable costs. When treasury shares are sold or reissued, any amount received is taken to equity, net of costs.

Dividends relating to equity instruments are recognised as a reduction in equity at the time of approval by the Annual General Meeting.

4.5. Provisions and contingent liabilities

The Company recognises a provision for a commitment or obligation to a third party that meets the following requirements: it is a present obligation (legal, contractual, constructive or implied) the settlement of which is expected to result in an outflow of resources the amount or timing of which are not known for certain but can be estimated to a sufficiently reliable degree.

Provisions are measured at the present value of the disbursements expected to be required to settle the obligation, applying a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. Provisions maturing within one year for which the effect of discounting is immaterial are not discounted.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the Company's control. Contingent liabilities are not recognised but rather are disclosed (Note 11).

4.6. Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments, to the maturity of the liability, to the amount initially received. If the effective interest rate is initially deemed to differ from the market interest rate, the liability is measured taking account of the present value of future flows at the market rate in the case of interest-bearing loans. Where no effective interest rate is specified, the cash flows are also measured using the market interest rate.

4.7. Income tax and deferred taxes

Corporate income tax expense recognised in the Company's annual accounts is calculated on the basis of reported profit, increased or decreased, as appropriate, to reflect the effect of tax adjustments and temporary differences that arise between the tax bases and carrying amounts in the financial statements of assets and liabilities (liability method), and which give rise to the recognition of deferred tax assets and liabilities.

Deferred tax assets and liabilities are calculated at the tax rates in force at the balance sheet date and which are expected to be applicable in the period in which the assets are realised or the liabilities are settled. They are charged or credited to the income statement, except where they relate to items recognised directly in equity, in which case they are charged or credited to the equity accounts. Deferred tax assets and tax credits for tax-loss carryforwards are recognised when it is probable that the Company will recover them in the future, regardless of when they will be recovered, and provided this is within the maximum period permitted by law. Deferred tax assets and liabilities are not discounted and are classified as a non-current asset or liability, respectively, in the balance sheet. Deferred taxes recognised are reviewed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to future recoverability. Also, unrecognised deferred tax assets are assessed at each close and are recognised where it has become probable that they will be recovered against future taxable income.

Deferred taxes are not recognised when the transaction has no effect on the carrying amount and/or tax value of the related assets and liabilities.

The difference between corporate income tax expense recognised at the previous year-end and the amount reported in the final tax returns filed reflects a change in accounting estimates and is recognised as current-year income or expense.

Ferrovia, S.A. is the parent company of the corporate income tax consolidated group, as regulated in Title VII, Chapter VI of Corporate Income Tax Law 27/2014 of 27 November.

4.8. Translation of foreign currency transactions

Transactions performed by the Company in a currency other than the functional currency, which is the euro, are translated by applying the exchange rates prevailing at the transaction date or at year-end exchange rates in the case of balances outstanding at the reporting date.

Foreign currency gains and losses arising from the settlement of these transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, unless they are deferred in equity, as is the case of cash flow hedges and hedges of net investments in foreign operations that qualify for hedge accounting.

4.9. Revenue recognition

On the basis of Ruling Request Response no. 2 published in Official Gazette no. 79/2009 of the Spanish Institute of Accounting and Auditing in relation to the accounting classification in the individual financial statements of a holding company's income and expenses, the Company's revenue relates to dividends and other income (interest accrued on investee financing) received from investees.

Interest on financial assets is recognised using the effective interest method.

As regards dividends received, any distribution of unrestricted reserves received from a subsidiary will be recognised as a "profit distribution" operation and, as a result, will lead to the recognition of income, provided that, as from the acquisition date, the investee or any Group company in which that investee holds an interest has posted profits in excess of the shareholders' funds distributed. When dividends distributed are clearly derived from profits generated prior to the acquisition date, because the amounts paid out exceed the profits generated by the investee between the acquisition date and the date the distribution was agreed, they will not be recognised as income but as a reduction in the investment's carrying amount.

As regards this last aspect, as from the current year the Company applies Article 31 of the Resolution of 5 March 2019 from the Spanish Institute of Accounting and Auditing (ICAC), developing the approach to presenting financial instruments and other accounting aspects related to commercial regulations applicable to companies, specifically the ICAC's own interpretation in a ruling request response published in the ICAC's Official Gazette no. 123 in September 2020, stating that when a company distributes dividends to its parent, the latter must recognise the dividend as a reduction in the value of the investment when the sum of the results of companies directly or indirectly owned by the company paying out the dividend plus the paying company's own results is zero or negative, since the conclusion may be drawn that the investee and its subsidiaries have not posted profits since the date of acquisition.

4.10. Share-based remuneration

Share-based remuneration schemes are measured at the price quoted at the grant date. This value is recognised in staff costs in proportion to the stipulated period of time during which the employee must remain at the Company, with a balancing entry in equity.

4.11. Leases

Leases are classified as finance leases when lease conditions imply that the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. The only significant lease held by the Company is the operating lease on the property where head office is located (Note 16).

Expenses arising from operating leases are charged to the income statement on an accrual basis.

Any amount paid or collected on entering into an operating lease will be recognised as an advance receipt or payment in the income statement over the lease term, as the rewards of the leased asset are assigned or received.

4.12. Related-party transactions

The Company completes all its related-party transactions at arm's length. In addition, transfer prices are suitably covered and therefore the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.13. Assets held for sale and liabilities associated with assets held for sale

Assets are recognised as held for sale where the carrying amount will be recovered essentially through a sale rather than through continued use and provided the sale is highly probable under a plan to sell the asset that may be reasonably expected to materialise in less than one year.

These assets are measured at the time of classification at the lower of carrying amount or fair value less costs to sell, except for deferred taxes, assets deriving from employee remuneration and financial assets other than shareholdings in Group companies subject to the standard on financial instruments, which continue to be governed by the corresponding specific accounting policies. In order to determine the carrying amount when reclassifying, impairment is determined at that time and, if required, an impairment adjustment is recognised accordingly.

5. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Shareholdings in Group companies and associates are the Company's primary assets, representing 87% of the total (92% in 2019).

Set out below is an analysis of this heading showing movements in 2020:

(Millions of euros)	BALANCE AT 31/12/2019	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	BALANCE AT 31/12/2020
Ferrovial International, SE	6,513	354	-494	6,372
Landmille, Ireland DAC	445			445
Ferrofin, S.L.	241			241
Ferrovial Agroman, S.A.	711			711
Cintra Infraestructuras España, S.L.	696		-41	654
Ferrovial FISA S.L.	215		-215	0
Ferrovial Aeropuertos España, S.A.	74	28		101
Betonial	8		-8	0
CanAm	3			3
Ferrovial Mobility	4	10		14
Ferrovial Inversiones	0	87	-20	67
Ferrovial Emisiones	0			0
Ferrocop	1			1
Ferrovial Corporación	5			5
Temaury	10			10
Triconitex	12		-12	0
Krypton	8			8
Shareholdings in Group companies	8,945	479	-791	8,634
Landmille, Ireland DAC	-347		94	-253
Ferrovial FISA S.L.	-155		155	0
Ferrofin, S.L.	-37	-54		-91
Ferrovial Aeropuertos España, S.A.	-62	-14		-76
Ferrocop	0	0		0
Betonial	-4		4	0
Triconitex	-10		10	0
CanAm	-2	0		-2
Temaury	-5	-2		-7
Ferrovial Corporacion	0	0		0
Ferrovial Mobility	0	-4	0	-4
Provision for shareholdings in Group companies	-622	-74	242	-454
Equity instruments, net	8,323	405	-528	8,199

Movements in shareholdings held for sale are as follows:

(Millions of euros)	BALANCE AT 31/12/2019	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	BALANCE AT 31/12/2020
Ferrovial Services Netherlands BV	0	1	0	1
Autovía de Aragón	3	0	0	3
Pilum	1	-1	0	0
Financial assets held for sale	4	0	0	4

Ferrovial International SE

On 24 August and 15 December 2020, the Company made two shareholder contributions to its subsidiary Ferrovial International SE in the amounts of EUR 101 million and EUR 253 million, respectively. These contributions totalled EUR 354 million and were fully paid up in cash.

In addition, on 30 December Ferrovial International SE approved the distribution of unrestricted reserves in the amount of EUR 494 million which, according to the approach set out in the ruling request response published in the Official Gazette of the Spanish Institute of Accounting and Auditing in September 2020 (Note 4.9), must be recognised as a reduction in the ownership interest in the subsidiary. A part of the funds received were collected in cash (EUR 79 million),

EUR 289 million was used as payment in kind of intercompany loans that the Company granted to subsidiaries (mainly with Ferrovial Holding US Corp) and EUR 126 million pending due to this distribution was recognised into current account with Ferrovial International SE (Notes 8 and 15).

Cintra Infraestructuras España, S.A.

On 26 February 2020, an agreement was reached to reimburse the contributions made to the shareholders' funds of the subsidiary Cintra Infraestructuras España, S.A., which distributed EUR 41 million out of the share premium account, thereby reducing the Company's ownership interest. The reimbursement was by means of an intercompany loan (Note 8).

Ferrovial Aeropuertos España, S.A.

On 22 September 2020, the Company made a shareholder contribution to its subsidiary Ferrovial Aeropuertos España, S.A. in the amount of EUR 28 million. The contribution was transferred by cash payment.

Ferrovial Mobility, S.A.

On 26 June and 27 November 2020, the Company made two shareholder contributions to its subsidiary Ferrovial Mobility in the amounts of EUR 8.6 million and EUR 1.7 million, respectively. These contributions totalled EUR 10 million and were transferred by cash payment.

Corporate restructuring

On 8 July 2020, in accordance with Law 3/2009 of 3 April on Structural Changes to Companies (the "Law on Structural Changes"), Ferrovial S.A. as the sole shareholder of Ferrovial Inversiones, S.A.U. ("acquiring company") and of Betonial, S.A.U., Ferrovial FISA, S.L.U., Triconitex, S.L.U. and Vergarapromoinvest, S.L.U. ("target companies") approved the merger plan drawn up and signed by their administrative bodies, whereby the target companies were merged into Ferrovial Inversiones and extinguished through dissolution without liquidation, all their assets and liabilities being transferred en bloc to the acquiring company, which acquired all their rights and obligations by way of universal succession.

Once the creditor objection period referred to in Article 51 of the Law on Structural Modifications had elapsed, the said merger was entered in the Commercial Register on 11 September 2020, with retroactive effects to 1 January 2020, pursuant to paragraph 2.2. of Recognition and Measurement Standard 19 of the Spanish Chart of Accounts (by reference to Standard 21).

Consequently, the Company derecognised the carrying amount of the net investment in the target companies (EUR 60 million for Ferrovial FISA, S.L.U., EUR 4 million for Betonial, S.A.U. and EUR 1 million for Triconitex S.L.U.), also recording the increase of EUR 87 million in the value of the ownership interest in the acquiring company (in order to reflect the consolidated value of the target companies' assets). The amount of EUR 21 million was recognised in the Company's reserves in respect of this transaction (Note 10).

In addition, as described in Note 4.9, the Company recognised the dividend pay-out of EUR 20 million made by Ferrovial Inversiones on 31 December 2020 as a reduction in the investment's carrying amount.

Portfolio provisions

The net movement in provisions considering the financial assets held for sale (EUR 166 million) relates essentially to the derecognition of provisions for the subsidiaries that formed part of the vertical merger agreement detailed in the preceding paragraph (EUR 168 million),

offset by the other measurement adjustments and essentially recognised for Ferrofin, S.L. (EUR -54 million), Ferrovial Aeropuertos España (EUR -14 million) and Landmille Ireland DAC (reversal of EUR 74 million), as well as for other companies that do not own any productive assets, for which the impairment loss on the shareholding is calculated using the underlying book value. These have all been recognised in impairment losses on and disposals of financial instruments in the income statement (Note 15). A description of the main variations is set out in the previous table.

Appendix II provides details of all Ferrovial, S.A.'s investee companies, stating their address, audit firm, shareholding percentages and book cost, as well as the main components of shareholders' funds, at 31 December 2020. The information on subsidiaries that are not controlled reflects total assets, liabilities, income and profit/(loss).

Set out below are the registered details of the listed Group companies Ferrovial, S.A. and Budimex, S.A.:

	BUDIMEX, S.A. (PLN)	FERROVIAL, S.A. (EUR)
At year end	307.5	22.6
Last-quarter average	272.3	21.498

For comparability, there follows a breakdown of movements during 2019:

(Millions of euros)	BALANCE AT 31/12/2018	ADDITIONS / CHARGES	DISPOSALS / REVERSALS	BALANCE AT 31/12/2019
Shareholdings in Group companies	8,582	715	-352	8,945
Provision for shareholdings in Group companies	-629	-17	24	-622
EQUITY INSTRUMENTS	7,953	698	-328	8,323

6. DERIVATIVES

Set out below is a breakdown of derivatives and related fair values at 31 December 2020 and 31 December 2019, as well as the maturities of the notional amounts to which the derivatives are tied and the corresponding cash flows.

The notional amounts listed in this table include all those arranged at 31 December 2020. Accordingly, the maturities are presented with a positive sign and future increases, the amount of which has already been arranged, are shown with a negative sign.

(Millions of euros)	FAIR VALUE				NOTIONAL MATURITIES			
	BALANCE AT 31/12/2020	BALANCE AT 31/12/2019	31/12/2021	31/12/2022	45,291	45,657	31/12/2025 AND BEYOND	TOTAL
TYPE OF INSTRUMENT								
Equity swaps	0	8	0	0	0	0	0	0
Cross-currency swaps	0	5	0	0	0	0	0	0
Intercompany interest rate swaps	0	41	0	0	0	0	0	0
Foreign exchange forwards and options	0	0	0	0	0	0	0	0
Intercompany foreign exchange forwards and options	0	0	0	0	0	0	0	0
TOTAL ASSET BALANCES	0	53	0	0	0	0	0	0
Equity swaps	3	0	65	0	0	0	0	65
Cross-currency swaps	26	0	0	250	0	0	0	250
Interest rate swaps	44	41	0	0	0	0	400	400
Foreign exchange forwards and options	0	14	0	0	0	0	0	0
Intercompany foreign exchange forwards and options	0	1	0	0	0	0	0	0
TOTAL LIABILITY BALANCES	72	56	65	250	0	0	400	715
NET BALANCES	-72	-3	65	250	0	0	400	715

Derivative cash flows mature as follows:

(Millions of euros)	FAIR VALUE				CASH FLOW MATURITY			
	BALANCE AT 31/12/2020	BALANCE AT 31/12/2019	31/12/2021	31/12/2022	45,291	45,657	31/12/2025 AND BEYOND	TOTAL
TYPE OF INSTRUMENT								
Equity swaps	-3	8	-3	0	0	0	0	-3
Cross-currency swaps	-26	5	0	-26	0	0	0	-26
Interest rate swap	-44	-41	0	-1	-6	-6	-31	-44
Intercompany interest rate swaps	0	41	0	0	0	0	0	0
Foreign exchange forwards and options	0	-14	0	0	0	0	0	0
Intercompany foreign exchange forwards and options	0	-1	0	0	0	0	0	0
TOTAL FINANCIAL INSTRUMENTS	-72	-3	-3	-27	-6	-6	-31	-72

There follows an explanation of hedge fair value changes from 2020 to 2019 and of the effects of such changes on the balance sheet and income statement for the year (thousands of euros).

TYPE OF INSTRUMENT	FAIR VALUE			BREAKDOWN OF CHANGES						
	BALANCE AT 31/12/2020	BALANCE AT 31/12/2019	CHANGE	IMPACT ON RESERVES	IMPACT OF FAIR VALUE ON PROFIT/(LOSS)	IMPACT ON NET FINANCIAL INCOME/(EXPENSE) - FINANCING	CASH	OTHER IMPACTS ON THE BALANCE SHEET OR INCOME STATEMENT	TOTAL	
Equity swaps	-3	8	-10	0	-10	0	0	0	-10	
Cross-currency swaps	-26	5	-30	0	0	3	-21	-12	-30	
Interest rate swap	-44	-41	-3	3	-27	0	21	0	-3	
Intercompany interest rate swaps	0	41	-41	0	27	0	0	-69	-41	
Foreign exchange forwards and options	0	-14	14	0	19	0	-6	0	14	
Intercompany foreign exchange forwards and options	0	-1	1	0	1	0	0	0	1	
TOTAL FINANCIAL INSTRUMENTS	-72	-3	-70	3	10	3	-5	-81	-70	

(*) Receipts are shown as a negative impact; payments are shown as a positive impact.

Equity swaps

Ferrovial has arranged equity swaps hedging the potential financial impact of the exercise of share-based remuneration schemes granted to employees (Note 19).

These equity swap contracts are described below:

- The calculation base is a given number of Ferrovial shares and a reference price, which is usually the share price on the swap arrangement date.
- During the swap term, Ferrovial pays interest at a given interest rate (EURIBOR plus a spread to be applied to the result of multiplying the number of shares by the strike price) and receives compensation equal to the dividend on those shares.
- When the swap expires, if the share price has risen, Ferrovial will receive the difference between the share price and the reference price in cash. If the share price has fallen, Ferrovial will pay the difference to the bank.

These equity swaps do not qualify for hedge accounting and the related gains or losses are recognised as fair value adjustments in net financial income/(expense). The change in value during the year was due to the decrease in the Ferrovial share price from EUR 26.970 at 31 December 2019 to EUR 22.60 at 31 December 2020, entailing an impact of EUR -10 million under the income statement heading "Changes in the fair value of financial instruments". Lastly, the column "Other impacts on the balance sheet or income statement" includes the remuneration as income and the finance cost of these instruments as an expense in the amount of EUR 0.4 million (Note 15). The total impact of these instruments on cash resources amounted to EUR -0.4 million.

At the 2020 year end, these derivatives had a notional value equivalent to 2,755 thousand shares which, based on the strike price of the equity swaps (price at which they must be settled with the banks), represented a total notional amount of EUR 65 million. Fair value at 31 December 2020 amounted to EUR -3 million, which reflects the difference between the strike price of the equity swaps and the year-end share price.

Cross-currency swaps

The Company holds a liquidity facility for a maximum of EUR 900 million, which may be drawn in EUR, CAD, GBP and USD. At 31 December 2020, USD 284 million had been utilised (see Note 12). In order to cover possible interest rate and foreign exchange fluctuations affecting the amount drawn, the Company has arranged cross-currency swaps amounting to USD 274 million,

maturing in 2022, for an agreed equivalent value of EUR 250 million, the fair value of which amounts to EUR -26 million.

Accordingly, foreign exchange fluctuations during the year had a negative effect of EUR 12 million on the total notional amount recognised in the income statement ("other impacts" column), offsetting changes in the value of the above-mentioned loan. Receipts amounting to EUR 21 million were also recognised ("Cash" column), EUR 11 million of which reflect the impact of the cancellation of the cross-currency swaps prevailing at 31 December 2019 and maturing in 2020, together with a financial impact of EUR 3 million.

Interest rate derivatives

On 8th November 2020, the Company derecognised the interest rate derivatives arranged in 2018 for a total notional amount of EUR 500 million, as well as the IRS transferred to Ferrovial Emisiones' subsidiary under mirror agreements. This had an impact of EUR -21 million on cash, the Company also having derecognised, via the current account, the cumulative change in value of the mirror IRS transferred to Ferrovial Emisiones, S.A., amounting to EUR 65 million (Note 8).

Also, the Company contracted interest rate derivatives for a total notional amount of EUR 400 million, in order to secure the rate applicable in the event of the refinancing of one of the bonds issued by the Company. At 31 December 2020, these derivatives had a fair value of EUR -44 million and are designated as cash flow hedges, the value change being recognised with a balancing entry in reserves.

Foreign exchange derivatives

The Company holds a number of foreign exchange derivatives, as detailed below:

- Euro-pound sterling foreign exchange forwards showing a fair value of EUR -14 million at 31 December 2019 matured during the year. The fair value change in these derivatives entailed income of EUR 19 million recognised in fair value changes in the income statement and a receipt of EUR 6 million.
- Foreign exchange forwards which can be liquidated in EUR/CAD/GBP currencies, with a fair value of EUR -1 million at 31 December 2019, which matured during the year. The fair value change in these derivatives entailed income of EUR 664 thousand recognised in fair value changes in the income statement and a receipt of EUR 138 thousand.

7. CASH AND CASH EQUIVALENTS

Set out below is a breakdown of cash and cash equivalents for 2020 and 2019:

(Millions of euros)	BALANCE AT 31/12/20	BALANCE AT 31/12/19
Cash	160	66
Other cash equivalents	490	11
TOTAL	650	77

The cash balance primarily consists of bank accounts opened in the Company's name. Cash equivalents comprise term deposits maturing in less than three months.

8. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

8.1. Financial balances with Group companies:

Movements in Ferrovial, S.A.'s balances receivable from and payable to other Group companies are set out below:

(Millions of euros)	2019	CHANGES IN LOANS FERROFIN	CHANGE IN LOANS, FERROVIAL EMISIONES	OTHER MOVEMENTS	2020
Long-term loans	0	0	0	0	0
Short-term loans	274	-97	0	134	311
ASSET BALANCES	274	-97	0	134	311
Long-term loans	2,676	-642	772	-34	2,773
Short-term payables	36	-7	507	12	548
LIABILITY BALANCES	2,712	-648	1,280	-22	3,321
NET BALANCE OF FINANCING, GROUP COMPANIES	-2,437	551	-1,280	156	-3,010
Long term	-2,675	642	-772	34	-2,773
Short term	238	-90	-507	122	-237

Movements in balances with Group companies

With regard to movements in the net balance of Group company financing, as shown in the table above, the Company records a net balance of EUR -3,010 million payable to subsidiaries. This net borrowings position increased by EUR -573 million during the year, due essentially to the issuance of bonds for a total nominal amount of EUR -1,280 million obtained as a long term loan with Ferrovial Emisiones, by which, the Company has cancelled part of the intercompany loans with Ferrofin for EUR 641 million (see detail below) and the rest has increased cash and equivalents balance (see note 7). In addition, the Company has retained in current account some of the dividends distributed and outstanding by its subsidiary Ferrovial International SE for 126 million euros (see note 5 and 15).

Breakdown of long-term balances with Group companies.

The Company records long-term loans payable in the amount of EUR -2,773 million. The main loans received from the Company's subsidiaries are analysed below:

LONG-TERM LOANS (Millions of euros)	2020	2019	VAR.
Ferrovial Emisiones, S.A.	-1,570	-797	-773
Ferrofin, S.L.	-697	-1,338	641
Ferrovial Netherlands B.V.	-499	-498	-1
Ferrovial FISA, S.A.	0	-33	33
Pilum S.A.	-1	-2	1
Ferrovial Aravia, S.A.	-7	-7	0
TOTAL LONG-TERM LOANS	-2,773	-2,676	-97

- Intercompany loans of EUR -1,570 million with the subsidiary Ferrovial Emisiones S.A., comprising:
 - EUR 298 million (face value of EUR 300 million), received from Ferrovial Emisiones, the funds having been obtained by the corporate bond issued on 9 July 2014, with a fixed interest rate of 2.5% and maturing in 2024;
 - EUR 1,271 million (nominal amount of EUR 1,280 million) received from Ferrovial Emisiones through the issuance of corporate bonds in 2020, EUR 780 million of which, accruing an annual coupon of 1.382%, matures in 2026; and EUR 500 million, at an annual coupon of 0.54%, matures in 2020. These funds were transferred to Ferrovial S.A. on the same terms as the bonds.
- In parallel, at 31 December 2020 EUR 500 million was reclassified to the short term in relation to the corporate bond issued on 29 May 2013 and maturing in May 2021 (see breakdown of short-term balances with Group companies under the following heading).
- An intercompany credit line arranged with the subsidiary Ferrofin, S.L. on 30 November 2018 for a limit of up to EUR 3,000 million, maturing on 31 December 2022. The balance drawn down at 31 December 2020 amounted to EUR -697 million. The movements to this credit line, which accrues an interest rate of 0.61%, are detailed in the previous table.
- Intercompany loan received from Ferrovial Netherlands in the amount of EUR 499 million (face value of EUR 500 million), transferring the funds obtained by issuing a bond on 14 November 2017, at an interest rate of 2.249% and maturing in 2022.
- The intercompany credit line from Ferrovial FISA that the Company held at 31 December 2019 for a maximum of EUR 50 million, of which EUR 33 million had been drawn down at 31 December 2020 due to the merge project between corporate companies described in note 5.

Breakdown of short-term balances with Group companies

Set out below is a breakdown of short-term financial balances with Group companies:

(Millions of euros)	31.12.2020	31.12.2019	CHANGE
Current accounts	311	274	37
Short-term loans	0	-0	0
CURRENT ASSET BALANCES	311	274	37
Current accounts	8	12	-3
Sort-term loans	512	2	509
Short-term interest accrued	28	22	6
CURRENT LIABILITY BALANCES	548	36	512
NET BALANCE OF FINANCING, GROUP COMPANIES	-237	238	-476
Via current accounts	302	262	40
Via short-term loans	-540	-24	-516

The Company holds financial current accounts with its subsidiaries for a net amount of EUR 302 million (EUR 262 million at 31 December 2019) The current accounts break down as follows:

CURRENT ACCOUNTS WITH GROUP COMPANIES

(Millions of euros)	2020	2019	VAR.
Ferrofin, S.L.	179	269	-90
Ferrovial International SE	126	0	126
407 Toronto Highway BV	0	2	-2
Budimex	2	2	0
Hubco Netherlands BV	1	-1	2
Ferrovial Netherlands BV	-4	-10	6
Other	-3	0	-3
TOTAL SHORT-TERM CURRENT ACCOUNTS (NET)	302	262	40

There was a net change of EUR -90 million in the current account with Ferrofin, S.L., which bears interest at a rate similar to the market rate (0.03%) and derives from the Group's cash-pooling arrangement. Specifically, the most significant transactions supporting this change are as follows:

In addition, the change of EUR 126 million relating to Ferrovial International SE reflects the Company's debtor position with its subsidiary resulting from the dividend pay-out mentioned in Note 5 and Note 15.

As regards short-term loans, the Company records EUR -540 million at 31 December 2020 (EUR -24 million at 31 December 2019). There follows a breakdown of short-term accrued unmaturing interest at the year end:

(Millions of euros)	2020	2019	VAR.
Ferrovial Emisiones, S.A.	-500	0	-500
Ferrovial Services UK, Ltd.	-10	0	-10
Pilum	-1	-2	1
TOTAL Short-term loans	-512	-2	-509
Ferrovial Emisiones, S.A.	-20	-13	-7
Ferrovial Netherlands B.V.	-7	-7	0
Other	-0	-2	2
TOTAL Interest accrued	-28	-22	-6
TOTAL SHORT TERM LOANS AND INTEREST	-540	-24	-516

The most significant change relates to the short-term intercompany loan with the subsidiary Ferrovial Emisiones, amounting to EUR -500 million. As mentioned in the previous point, this relates to the reclassification made by the Company based on the maturity of the bond issued in 2013 and transferred by the subsidiary in 2021.

For comparability, balances and movements in short-term borrowings at 31 December 2019 are as follows:

(Millions of euros)	CHANGES IN AMOUNTS			2019
	2018	PAYABLE TO FERROFIN	OTHER MOVEMENTS	
Long-term loans	19		-18	0
Short-term loans	654	-376	-4	274
ASSET BALANCES	673	-376	-22	274
Long-term loans	3,356	-670	-10	2,676
Short-term payables	505	-480	12	36
LIABILITY BALANCES	3,861	-1,150	2	2,712
NET BALANCE OF FINANCING, GROUP COMPANIES	-3,188	774	-24	-2,438
Long term	-3,337	670	-8	-3
Short term	149	104	-15	238

A breakdown of the transactions with Group companies completed during the financial year is provided in Note 15.D.

8.2. Trade receivables from Group companies:

The Company records trade receivables from Group companies amounting to EUR 47 million (EUR 38 million at 31 December 2019) in respect of amounts pending receipt for the provision of services by the Company. A breakdown of these balances is shown below:

TRADE RECEIVABLES FROM GROUP COMPANIES

(Millions of euros)	2020	2019	VAR.
Ferrovial Servicios, S.A.	9	10	-1
Ferrovial Construcción, S.A.	8	8	0
Cintra Servicios	8	0	8
Cintra Infraestructuras, SE	6	7	-1
Ferrovial Aeropuertos España, S.A.	2	0	2
Cintra Global SE	2	0	2
Ferrovial Transco España, S.A.U.	0	3	-3
Ferrovial Corporación, S.A.	-5	3	-8
Ferrovial FISA, S.A.	0	1	-1
Budimex	0	0	0
Ferrovial Holding US Corp.	1	1	0
Ferrofin, S.L.	5	0	5
Other	3	5	-1
TOTAL SHORT-TERM TRADE BALANCES (NET)	39	38	-2

9. TRADE PAYABLES

In compliance with the obligation to disclose the average supplier payment period laid down by Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Act), the Company hereby states that the average supplier payment period in 2020 was 42 days.

Set forth below is the breakdown required by Article 6 of the Resolution of 29 January 2019 from the Spanish Institute of Accounting and Auditing in relation to the disclosures to be provided on the average supplier payment period for the year:

DAYS	2020	2019
Average supplier payment period	42	31
Ratio of transactions settled	44	28
Ratio of transactions not yet settled	11	60

AMOUNT (euros)

Total payments settled	11,764,181	12,539,613
Total outstanding payments	755,498	1,581,599

10. SHAREHOLDERS' FUNDS

A breakdown of the main impacts, net of taxes, on equity in 2020 and 2019 is as follows:

(Millions of euros)	2020	2019
BALANCE AT 31.12.2019	4,775	4,200
Profit/(loss) for the year	23	672
Recognised income and expenses	2	0
Impact on hedge reserves	2	0
Transfer to income statement	0	0
Hedging instruments	0	0
TOTAL RECOGNISED INCOME AND EXPENSES	25	672
Scrip dividend/Dividends	-119	-238
Treasury share transactions	-258	-282
SHAREHOLDER REMUNERATION	-377	-520
Share-based remuneration schemes	-8	4
Corporate restructuring operations	21	419
Other movements	0	0
Other transactions	13	423
BALANCE AT 31.12.2020	4,437	4,775

Shareholders' funds increased by EUR -338 million in 2020. The main impacts relate to:

- Profit for the year of EUR 23 million.
- Shareholder remuneration:
 - Scrip dividend: refers to the impact of the flexible remuneration scheme approved by Ferrovial, S.A.'s Annual General Meeting held on 17 April 2020 (see section g. Reserves).
 - Treasury share transactions: relates to the impact of the purchase of treasury shares for subsequent redemption and share capital reduction (see section d. Treasury shares).
- Share-based remuneration schemes: mainly reflects the impact of the accrual and payment of staff costs associated with performance shares for executives mentioned in Note 18, as well as the impact of share-based payments to employees (stock bonus) in the amount of EUR 4 million.
- Corporate restructuring operations: relates essentially to the impact on reserves of the merger of subsidiaries described in Note 5.

The main equity items are as follows:

A) Share capital

At 31 December 2020, share capital stood at EUR 146,580,475.20 and was fully subscribed and paid up. Share capital consists of 732,902,376 ordinary shares in a single class with a par value of twenty euro cents (EUR 0.20) each.

Movements during the year, broken down in the following table, relate to the share capital increase and reduction transactions mentioned below in sections d. Treasury shares and g. Reserves.

SHARES	NUMBER	PAR VALUE
Opening balance	735,215,443	147,043,089
Scrip dividend	12,147,596	2,429,519
Share capital reduction	-14,460,661	-2,892,132
CLOSING SHARES	732,902,376	146,580,475

At 31 December 2020, the only company with an ownership interest of over 10% is Rijn Capital BV, which holds 20.265% of the shares and is controlled by the Chair of the Company's Board of Directors, Rafael del Pino y Calvo Sotelo. The parent company's shares are traded on the Spanish Electronic Trading System (SIBE)

and on the Spanish stock exchanges; they all carry the same voting and dividend rights.

B) Share premium and merger premium

The Company share and merger premiums decreased by EUR 348 million from EUR 995 million at 31 December 2019 to EUR 647 million at 31 December 2020. This reduction is explained by the redemption of treasury shares during the year, as described in letter d) Treasury shares of this Note. This line item is included in unrestricted reserves.

C) Restricted reserves

Under the Consolidated Text of the Spanish Companies Act, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in the portion of the balance that exceeds 10% of the increased share capital figure.

At 31 December 2020, the legal reserve is fully funded as specified in the preceding paragraph.

Except for the above-mentioned purpose, until the legal reserve exceeds 20% of share capital it may only be used to offset losses and provided that no other sufficient reserves are available.

D) Treasury shares

At 31 December 2019, 3,276,261 treasury shares were held. Movements during 2020 were as follows:

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2019			3,276,261
Share capital reduction	11,704,701	-14,460,661	-2,755,960
Remuneration schemes	636,789	-723,526	-86,737
Shares received - scrip dividend	200,470	0	200,470
BALANCE AT 31.12.2020	12,541,960	-15,184,187	634,034

Set out below is a breakdown of the treasury share purchases:

PURPOSE	NUMBER OF SHARES PURCHASED / RECEIVED	% OF SHARE CAPITAL	PAR VALUE (Millions of euros)	AMOUNT PAID (Millions of euros)
Shares for capital reduction	11,704,701	1.60 %	2	-256
Remuneration schemes	636,789	0.09 %	0	-17
Shares received - scrip dividend	200,470	0.03 %	0	0
BALANCE AT 31 DECEMBER 2019	12,541,960	1.71 %	3	-273

The Annual General Meeting of Ferrovial, S.A. held on 17 April 2020 approved a treasury share Buy-Back Programme for a maximum amount of EUR 360 million, the purpose of which was a subsequent capital reduction by redeeming the shares. Over the course of 2020, 11,704,701 shares relating to the buy-back and share capital reduction programme were acquired at an average price of EUR 21.84 per share, entailing a total disbursement of EUR 255,5 million.

Subsequently, -14,460,661 treasury shares were redeemed, reducing share capital by EUR -3 million and unrestricted reserves (merger premium) by EUR -256 million, reflecting the difference between the par value and acquisition cost of the redeemed shares.

Following these movements, at 31 December 2020 there were 634,034 treasury shares, with a market value of EUR 14 million.

E) Share-based remuneration schemes

In relation to the share transactions described in section d. Treasury shares, in 2020 a total of 636,789 treasury shares were acquired, representing 0.09% of Ferrovial's share capital, for subsequent delivery, together with a part of the treasury shares recognised at the beginning of the year, under share-based remuneration schemes. The total cost of acquisition of these shares was EUR -17 million and the total gain on these remuneration schemes recognised in the Company's equity amounts to EUR -8 million.

The Company has arranged Equity Swaps in order to hedge against the possible impact on equity of the exercise of share-based remuneration schemes. These instruments had a fair value impact of EUR -10 million on net financial income/(expense) (Note 6).

F) Profit/(loss) for the prior year

Profit for 2019 was taken to voluntary reserves in the amount of EUR 672 million.

G) Reserves

- The application of 2019 profits amounting to EUR 672 million, as indicated above.
- Scrip dividend: For the seventh successive year, Ferrovial, S.A.'s Annual General Meeting held on 17 April 2020 approved a flexible shareholder remuneration scheme whereby the shareholders may freely choose to receive new bonus shares in a capital increase charged to reserves or an amount in cash by transferring to the Company (if they have not already done so in the market) of the free allotment rights to the shares held. As a result, two share capital increases were completed in 2020 as follows:

- In May 2020, 6,134,990 new shares were issued and charged to reserves at a par value of EUR 0.20 per share, entailing a share capital increase of EUR 1.2 million (no cash impact), and free allotment rights were purchased in the amount of EUR 93 million, representing a price per share of EUR 0.312.
- In November 2020, 6,012,606 new shares were issued and charged to reserves at a par value of EUR 0.20 per share, entailing a share capital increase of EUR 1.2 million (no cash impact), and free allotment rights were purchased in the amount of EUR 28 million, representing a price per share of EUR 0.200.

The cash flow impact of shareholder remuneration in 2020 amounted to EUR 377 million. The difference between the scrip dividend of EUR 119 million and the treasury share purchase of EUR 258 million reflected in the table above, and the scrip dividend of EUR 122 million and the treasury share purchase of EUR 255 million disclosed in the cash flow statement is explained by the above-mentioned issuance of new shares against reserves in the amount of EUR 2.4 million.

- Recognition of EUR -8 million in relation to share-based remuneration schemes, as indicated in section e. Share-based remuneration schemes.
- It should be noted that in 2014 Ferrovial, S.A. availed itself of the tax scheme provided by Articles 107 and 108 of Corporate Income Tax Act 27/2014 of 27 November. Under this tax scheme, the Company must set reflect separately from other reserves those that are "subject but exempt", arising from investments in the shareholders' funds of operating, non-resident companies (representing at least 5% of share capital or the acquisition value of which is higher than EUR 20 million), or from permanent establishments overseas. The balance in these reserves amounted to EUR 2,355 million at 31 December 2020.

11. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in 2020 are set out below:

(Millions of euros)	BALANCE AT				BALANCE AT
	31/12/2019	APPROPRIATION	REVERSAL	APPLICATION	
Provision for liabilities and charges	161	5	0	0	166
TOTAL	161	5	0	0	166

The provision of EUR 166 million for liabilities and charges comprises:

- Provision for tax assessments raised by the Spanish tax authorities in relation to 2006 corporate income tax in the amount of EUR 115 million (EUR 112 million in 2019);
- Provision for tax assessments raised by the Spanish tax authorities regarding corporate income tax for the financial years 2002 to 2005 in the amount of EUR 20 million (EUR 19 million in 2019).
- Provision for tax assessments raised by the Spanish tax authorities in respect of corporate income tax for the financial years 2012 to 2014 in the amount of EUR 23 million (EUR 22 million in 2019).
- Provision for tax assessments raised by the Spanish tax authorities regarding VAT for the financial years 2003 to 2005 in the amount of EUR 7 million (EUR 7 million in 2019).
- Provision for other tax litigation in the amount of EUR 1 million (EUR 1 million in 2019).

Movements in 2020 relate essentially to the restatement of EUR 4 million based on the interest rate applicable to these provisions, which are carried in "Financial expenses" in the income statement (Note 15).

12. BANK BORROWINGS

Ferrovial, S.A.'s borrowings comprise the following debt instruments:

- Euro Commercial Paper Notes: In the first quarter of 2018, the Company arranged an issue of Euro Commercial Paper Notes for a maximum of EUR 1,000 million on the Irish Stock Exchange. Through this programme, Ferrovial is able to issue commercial paper notes maturing between 1 and 364 days as from the issue date so as to diversify funding sources in capital markets and manage cash surpluses more efficiently. In the second half of 2019, this programme was extended to a maximum of EUR 1,500 million. Notes amounting to approximately EUR 1,091 million had been issued at 31 December 2020, giving rise to a EUR 118 million increase compared to the prior year-end, at an average interest rate of -0.15% and a financial result of EUR 2 million (see Note 15).
- Corporate liquidity facility for a maximum of EUR 900 million and the possibility of drawing the balance in EUR, CAD, GBP and USD. The facility has a spread of 32.5 bps and matures in March 2022, with an option for two extensions to 2025. EUR 224 million had been drawn down on the facility at 31 December 2020. Foreign currency and interest rate risks on these drawdowns were hedged by cross-currency swaps at a fixed interest rate of -0.47%, always hedging a notional amount of EUR 250 million and thus giving rise to income for the Company. (See Note 6)
- Finally, the Company has negotiated several liquidity facilities with a maximum of 280 million euros with maturity 2022, which have not been drawn down. In addition, the company has formalized a loan of EUR 60 million, with a maturity of 2027 at an average rate of 0.45%.

The borrowing limits, balances drawn down and amounts drawable at 31 December 2020 and 2019 were as follows:

(Millions of euros)	2020			
	BORROWING LIMIT	DRAWN DOWN (*)	DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	224
ECP (Euro Commercial Paper)	1,091	1,091	0	1,091
Other credit facilities	340	60	280	60
TOTAL	2,231	1,401	930	1,375

(*) Refers to the fair value of cross-currency swaps amounting to EUR -26 million

(Millions of euros)	2019			
	BORROWING LIMIT	DRAWN DOWN (*)	DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	255
ECP (Euro Commercial Paper)	973	973	0	973
TOTAL	1,873	1,223	650	1,228

(*) Refers to the fair value of cross-currency swaps amounting to EUR +5 million

Company's credit rating

The credit rating agencies Standard & Poor's and Fitch issued their opinion on Ferrovial's credit rating at December, which were BBB and BBB, respectively, and therefore within the "investment grade" category.

13. TAX MATTERS

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies comprising the tax consolidated group in 2020, together with Ferrovial, S.A., are shown in Appendix II - Subsidiaries in the consolidated annual accounts.

In 2014, the Company availed itself of the tax scheme provided by Articles 107 and 108 of Corporate Income Tax Act 27/2014 of 27 November (CIT Act). Given that the implementation of the said scheme affects the tax treatment of potential dividends or capital gains obtained by Company shareholders, a note describing the tax treatment applicable to shareholders is attached as Appendix I to these annual accounts, as well as information on tax results obtained by Ferrovial S.A., with which the shareholders must be familiar in order for the scheme to be applied.

13.1. Reconciliation of the reported results and taxable income

The reconciliation of reported results before taxes (EUR 1 million) and the corporate income tax base (EUR 22 million) is as follows:

Thousands of euros	2020			2019		
	INCREASE	DECREASE	TOTAL	INCREASE	DECREASE	TOTAL
Profit/(loss) before tax			1			704
Permanent differences:	4	-77	-73	3	-781	-778
Temporary differences:			2			0
Arising during the year	9		9	4		4
Arising in prior years		-6	-6		-4	-4
Taxable income			-70			-74

Negative permanent differences relate basically to tax-exempt dividends under Article 21 of the CIT Act, amounting to EUR 53

million, as well as to the reversal of portfolio provisions described in Note 5, in the amount of EUR 18 million.

Temporary differences relate basically to non-tax-deductible accounting provisions.

13.2. Explanation of the effective tax rate and the difference between deferred and current tax

The reconciliation between reported profit before tax (EUR 1 million) and the tax income recognised (EUR 22 million) is as follows:

Thousands of euros	2020	2019
Tax rate	25%	25%
Profit/(loss) before tax	1	704
Permanent differences	-73	-778
Taxable income	-72	-75
Taxable income (25%)	18	19
Regularisation of tax-loss carryforwards and tax credits	0	-55
Regularisation of previous fiscal year CIT	2	5
Other regularisations	2	0
TOTAL TAXABLE EXPENSE/(INCOME)	-31	2

By adjusting the company's pre-tax result in the amount of the permanent differences, described in the previous chapter, we obtain a tax result of -72 million euros, on which a tax revenue of EUR 18 million has been recorded.

In addition, adjustments have been made to this income of EUR 4 million, of which EUR 2 million is due to changes in the tax estimate for previous years and the rest of the impact, is due to income from the use of tax bases by the Tax Group.

The breakdown of accrued tax for 2020 and 2019, distinguishing between current tax and deferred tax, is as follows:

	2020	2019
Taxable expense for the year	21	19
Current tax payment	20	24
Deferred tax expense	1	-5
Prior-year regularisations and other	2	-50
TOTAL TAXABLE EXPENSE/(INCOME)	22	-31

13.3. Movements in deferred taxes

Set out below is a breakdown of movements in deferred taxes during the year:

Thousands of euros	2019	
	ASSETS	LIABILITIES
Balance at 31.12.19	145	39
With a balancing entry in the income statement	1	0
Regularisation of previous fiscal year CIT and others	0	0
Generated	1	0
Reversed	0	0
With a balancing entry in shareholders' funds	-11	-10
Generated	-11	-10
BALANCE AT 31.12.20	135	29

a) Deferred tax assets:

There follows an itemised breakdown of deferred tax assets:

- Items deferred due to different tax and accounting approaches, amounting to EUR 135 million (EUR 134 million at 31 December 2019), essentially relating to the difference between the tax and accounting value of certain financial interests (EUR 128 million) and provisions for staff costs (EUR 6 million).

- Deferred taxes corresponding to the tax effect of the IRSs pre-hedging the borrowings as described in Note 6, amounting to EUR 0.1 million (EUR 11 million at 31 December 2019).
- In addition, at 31 December 2020 the Company recognised tax credits for deductions in the amount of EUR 99 million (EUR 101 million at 31 December 2019) which are totally derecognized. In order to measure the recoverability of negative tax bases, a model has been made based on the latest available projections of expected results from the Group's companies, from which has been decided not to record all tax credits accountingly, in the light of reasonable doubts that they may be recovered in the short to medium term.

b) Deferred tax liabilities:

They primarily correspond to deferred taxes arising from differences between the tax and accounting values of shareholdings in the amount of EUR 28 million (EUR 28 million at 31 December 2019), as well as to deferred tax liabilities arising from the impact on reserves of the intercompany IRSs described in Note 6, amounting to EUR 1 million (EUR 10 million at 31 December 2019).

Movements in deferred taxes in 2019 were as follows:

2019 (Millions of euros)	ASSETS	LIABILITIES
BALANCE AT 01.01.19	181	35
With a balancing entry in the income statement	-44	-3
Regularisation of previous fiscal year CIT and others	0	0
Generated	1	0
Reversed	-46	0
Movements impacting reserves	8	3
Generated	8	3
BALANCE AT 31.12.19	145	39

13.4. Years open to tax inspection

In accordance with prevailing legislation, taxes may not be deemed to be finally settled until the returns filed have been inspected by the tax authorities or the four-year limitation period has elapsed. The tax authorities have a period of 10 years to verify and investigate tax-loss carryforwards and certain deductions pending offset.

The tax inspection of Ferrovial, S.A. relating to the Recovery Procedure for Spanish State Aid linked to the tax write-down of financial goodwill resulting from the acquisition of Amey (EU Decision 2015/314 of the European Commission of 15 October 2014 (Third Decision), in connection with corporate income tax for 2016 to 2018, ended in January 2021 with the notification of the settlement resolution stating a tax liability of EUR 3.8 million. A claim has been lodged against the settlement resolutions in the economic-administrative courts and are currently being processed pending a ruling.

Ferrovial S.A. is also undergoing a partial inspection of corporate income tax for 2014 to 2017 that affects other Group companies and that is currently in the document submission stage, so the final outcome is not yet known.

The last four years are open to inspection for all applicable taxes. The approach that the tax authorities might adopt in relation to the years open to inspection could give rise to contingent tax liabilities which cannot be objectively quantified. It is considered that any possible material tax contingencies are adequately provisioned at the year end.

14. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

a) Bank and other guarantees given to third parties

The Company's contingent liabilities include bank and other guarantees given to certain Group companies.

Guarantees given to third parties

At 2020 year end, Ferrovial, S.A. had furnished guarantees amounting to EUR 6,729 million (EUR 6,165 million in 2019). They include:

- Guarantees given by Ferrovial, S.A. in favour of Ferrovial Emisiones, S.A. covering corporate bond issues for a total nominal amount of EUR 3,080 million (EUR 1,800 million in 2019). All bond issues completed by Ferrovial Emisiones are secured by Ferrovial. However, with regard to this transaction, Ferrovial records two intercompany loans to Ferrovial Emisiones, S.A. (Note 9), amounting to EUR 2,070 million (EUR 1,570 million long-term and EUR 500 million classified as short-term), which relate to the issues completed in 2013, 2014 and 2020, while the EUR 1,000 million issued in 2018 and 2019 were transferred to Ferrofin, S.L., a subsidiary of Ferrovial S.A.
- Guarantee given by Ferrovial, S.A. in favour of its subsidiary Ferrovial Netherlands B.V. in relation to the issuance of a corporate bond completed on 14 November 2018, for a total nominal amount of EUR 500 million. With regard to this corporate bond, Ferrovial S.A. records an intercompany loan to its subsidiary for the same total nominal amount (Note 9).
- Guarantees given in favour of customers of other Group companies in the Construction Division in the amount of EUR 2,997 million, of which EUR 2,545 million relates to bonding lines.
- Guarantees given in favour of customers of other Group companies in the Services Division amounted to EUR 138 million (EUR 104 million at 31 December 2019), of which EUR 91 million relates to bonding lines granted in North America.
- Guarantees given to the Toll Roads Division amounting to EUR 5 million (EUR 5 million at 31 December 2019).
- Other guarantees furnished to other Group companies in the amount of EUR 9 million (EUR 26 million at 31 December 2019).

Bank guarantees

In addition to the above, at the 2020 year end the Company had given bank guarantees amounting to EUR 826 million (EUR 945 million in 2019) under guarantee facilities, of which EUR 776 million relates to equity contribution guarantees in favour of subsidiaries (EUR 868 million at 31 December 2019). Regarding guarantees given in tax proceedings, the company amount EUR 297 million (EUR 292 million at 31 December 2019).

b) Litigation and other contingent liabilities

The Company is involved as the defendant in various lawsuits. The parent company's directors consider that the possible final effect of the lawsuits on the accompanying financial statements would in no case be material.

Tax-related litigation

As indicated in Note 11, Ferrovial, S.A. is involved in various tax claims for which it has recognised a provision of EUR 166 million. These claims arose basically from assessments raised by the Spanish tax authorities, essentially in relation to corporate income tax and value added tax for 2006 to 2012.

SH-130

On 1 March 2018, "SH-130 Concession Company, LLC" filed an initial statement of case at the United States Bankruptcy Court Western District of Texas against Ferrovial, S.A, Cintra Infraestructuras SE, Ferrovial Agroman, S.A. and other companies of the Ferrovial Group, and against the partner in the SH-130 toll road project.

SH-130 Concession Company, LLC was 65% owned by Cintra TX 56, LLC until 28 June 2017, when ownership of its share capital was transferred to the current shareholders as the result of the completion of the voluntary insolvency process (Chapter 11) filed on 2 March 2016.

The complaint is based on the claim that some of the payments made by the concession operator to the construction company in 2011 and 2012, during the toll road's design and construction phase, were allegedly made in a way that defrauded the creditors, since, in the claimant's opinion: (i) the works were completed incorrectly and should not, therefore, have been paid for; and (ii) the concession operator was insolvent.

The claimant is demanding the refund of these payments, which amount to USD 329 million.

It also accuses Ferrovial, S.A., Cintra Infraestructuras SE and other Group companies of having caused SH-130 Concession Company, LLC to make such payments, thus breaching the fiduciary duties that it should have observed under the State of Delaware's commercial legislation, as well as accusing them of aiding and abetting the breach of such duties.

In an amendment to the initial statement of case filed on 28 September 2018, the claimant sought additional damages consisting of the refund of the profits earned under the agreements for services for which the defendants had invoiced the claimants over the said period. The claimant is yet to specify the amount required for this item. It has also extended the initial complaint in relation to fulfilment of fiduciary duties.

The Ferrovial Group's defendant companies presented various motions to dismiss on the initial legal action. On 7 September 2018, the court allowed the motions to dismiss relating to the Group companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action). The proceeding continues with respect to the other defendants.

On 5 August 2019, the claimant filed a third amendment to the complaint, in which it extended its accusations of an infringement of fiduciary duties to events that had occurred in 2007 as a result of the financial closure of the project.

At the time of closing of these financial statements, this lawsuit is in the discovery phase, which once completed will be followed by the submission and argument phases. The timetable for this process has undergone several reviews, the most recent on 10 February 2021, when the court handed down a new order extending the time periods allocated to the proceedings. A final ruling is expected by Q3 2021.

Due to legal advisers of Ferrovial, it is reasonable for the companies of the Ferrovial group to be able to obtain a dismissal of the actions brought against them. On the basis of the foregoing, no provision has been recorded regarding this claim.

15. INCOME AND EXPENSES

A) Operating profit/(loss)

The Company's operating profit/(loss) totalled EUR 30 million in 2020.

As for operating income, since Ferrovial, S.A. is a holding company, dividends received from subsidiaries, financial income on financing granted to subsidiaries and amounts invoiced in relation to guarantees given as described in Note 14, form part of the Company's revenue.

Accordingly, in 2020 net revenue of EUR 95 million was generated, of which EUR 53 million related to dividends received by Ferrovial S.A. from its subsidiaries Ferrovial Construcción (EUR 52 million) and Autovia de Aragón, Sociedad Concesionaria S.A. (EUR 1 million).

	SHAREHOLDERS' FUNDS DISTRIBUTED BY THE SUBSIDIARY	DIVIDEND INCOME RECOGNISED	SHAREHOLDINGS IN GC	TOTAL RECEIPTS/PAY-OUTS BY SUBSIDIARIES				
				CASH	CURRENT ACCOUNT WITH FERROVIAL INTERNAT. (NOTE 8)	CURRENT ACCOUNT WITH FERROVIAL INTERNAT. (NOTE 8)	OTHER CURRENT ACCOUNTS /LOANS	EQUITY
Ferrovial Internacional SE	494	0	494	79	0	126	289	0
Ferrovial Construcción SA	52	52	0	0	52	0	0	0
Ferrovial Inversiones, S.A.	20	0	20		20	0	0	20
Autovia de Aragón, Sociedad Concesionaria SA	1	1	0	0	0	0	1	0
TOTAL	567	53	514	79	52	126	291	20

The Company analyses the origin of each distribution of reserves by a subsidiary, as described in Note 4.9. Therefore, in relation to the pay-outs made by the subsidiaries Ferrovial Construcción and Autovia de Aragón, Sociedad Concesionaria, S.A, the portion attributable to the results of those subsidiaries or their investees since the contribution date was recognised as income for the year. The carrying amount of the shareholding was reduced by the reimbursed balance of the contributions made by Ferrovial Internacional SE and Ferrovial Inversiones S.A. by distributing unrestricted reserves, based on the criteria set out in the consultation published in BOE No 123 of the Institute of Accounting and Audit of Accounts, September 2020 (Note 4.9 and 5).

The above-mentioned distributions of reserves were received as follows:

- By cash payments (EUR 79 million)
- Payment in kind by offsetting intercompany loans for EUR 289 million (see Note 5 and footnote 8),
- For the remaining EUR 126 million outstanding, the Company has withheld this amount in current account with Ferrovial Internacional SE, see table above.

Other income received from subsidiaries (EUR 10 million) relates to:

- Accrued interest on loans granted to Group companies, amounting to EUR 2 million (EUR 2 million in 2019).
- Amounts invoiced in relation to bank and other guarantees issued by the Company in favour of other Group companies, totalling EUR 8 million (EUR 8 million at 31 December 2019), as described in Note 14.

Amounts invoiced for services rendered to Group companies and associates, totalling EUR 32 million (EUR 44 million at 31 December 2019).

The grant by Ferrovial, S.A. of loans to Group companies is an incidental activity. The loans are not granted for commercial reasons but rather to obtain returns on the capital invested. The resources employed are not exclusively earmarked for such loans and they scarcely absorb any of the third-party goods and services, or the Company's own human and material resources, which are needed to provide services to its subsidiaries.

B) Net financial income/(expense)

Net financial income/(expense) for the year amounted to EUR -29 million (EUR -49 million at 31 December 2019).

Financial income totalled EUR 7 million, primarily comprising:

- Income from cross-currency swaps as a result of the fixed rate secured (Notes 6 and 12) amounting to EUR 4 million.
- Income from ECP (Euro Commercial Paper) (Note 12) issues amounting to EUR 2 million.

Financial expenses amounted to EUR -67 million, as analysed below:

- Interest accrued on borrowings received from various Group companies in the amount of EUR -51 million (EUR -51 million at 31 December 2019), as broken down in section D of this note.
- Interest accrued on financing drawn on the credit line in the amount of EUR 3 million (EUR 6 million at 31 December 2019), as well as commitment fees associated with the undrawn credit line in the amount of EUR 2 million (EUR 4 million in 2019).
- Guarantee costs amounting to EUR 6 million (EUR 8 million in 2019), which are sometimes given for certain projects in which the Company has an indirect interest and are charged to such projects as indicated previously.
- Appropriations to provisions for liabilities and charges in connection with the update of interest on the tax assessments related to the tax contingencies described in Note 12, in the amount of EUR 4 million (EUR 4 million in 2019).

Fair value adjustments to financial instruments amount to EUR 10 million, which primarily relate to:

- The fair value adjustment to equity swaps contracted resulted in an expense of EUR -10 million.
- The fair value adjustment to regularise the interest rate swaps (IRS) cancelled and settled during the year, having a net impact of EUR 0.3 million.
- The effect of foreign exchange derivatives and options contracted by the Company amounts to net income of EUR 20 million.

Profits from disposals and impairment of financial instruments amounted to EUR 19 million, essentially relating to the value adjustment to shareholdings explained in Note 5.

C) Corporate income tax expense

The corporate tax income in the year amounts to EUR 22 million (see Note 13)

D) Transactions with Group companies

A breakdown of these transactions is set out below:

Transactions with Group companies and associates at 31 December 2020

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. FINANCIAL EXPENSES	FINANCIAL EXPENSES
Ferrovial Construcción S.A.	52	8	0	0	0
Ferrovial Holding US Corp	0	1	0	0	0
Ferrovial Servicios, S.A.	0	3	0	0	0
Ferrovial Aeropuertos España, S.A.	0	5	0	0	0
Cintra Servicios de Infraestructuras, S.A.	0	7	0	0	0
Cintra Infraestructuras, SE	0	0	5	0	0
Ferrovial Mobility	0	0	0	0	0
Autovía de Aragón, SL	1	0	0	0	0
Ferrofin, S.L.	0	5	2	0	0
Cintra Global	0	0	2	0	0
Ferrovial Emisiones	0	0	0	0	-33
Ferrovial Corporación	0	0	0	-11	0
Ferrovial Netherlands BV	0	1	2	0	-12
GROUP COMPANIES TOTAL	53	32	10	-11	-51

Other transactions with Group companies and associates at 31 December 2019

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. FINANCIAL EXPENSES	FINANCIAL EXPENSES
Ferrovial Internacional SE	444	0	0	0	0
Cintra Infraestructuras España, S.L.	234	0	0	0	0
Ferrovial Servicios, S.A.	79	12	0	0	0
Ferrovial Construcción, S.A.	0	13	0	0	0
Ferrovial Aeropuertos España, S.A.	0	7	0	0	0
Cintra Servicios de Infraestructuras, S.A.	0	11	0	0	0
Cintra Infraestructuras, SE	0	0	5	0	0
Cintra Global, LTD	0	0	1	0	0
Autovía de Aragón, SL	1	0	0	0	0
Ferrofin, S.L.	0	0	1	0	-13
Ferrovial Emisiones, S.A.	0	0	0	-3	-25
Ferrovial Corporación, S.A.	0	0	0	-1	0
Ferrovial Netherlands BV	0	0	0	0	-12
Other	0	1	2	0	0
GROUP COMPANIES TOTAL	758	44	10	-4	-51

16. OPERATING LEASES

On 23 December 2009, Ferrovial, S.A. entered into an agreement for the sale and leaseback of the property where head office is located.

Ferrovial S.A. currently leases 15% of the building, 85% being occupied by its subsidiary Ferrovial Corporación, S.L. Annual rent amounts to EUR 3 million and is updated annually in line with Spain's Consumer Price Index (CPI). The initial term expires in 2022 and Ferrovial has the right but not the obligation to extend the lease for a further 10 years. If the initial lease term is extended, the rent in force at that time must be updated in line with market rates.

Operating lease expenditure recognised in the income statement during 2020 totals EUR 1 million (EUR 1 million in 2019), of which EUR 660 thousand relates to the above-mentioned lease and the remainder (EUR 330 thousand) to vehicle leases. Future non-cancellable minimum payments as lessee amount to EUR 1 million (EUR 1 million in 2019).

17. EMPLOYEES

The average workforce during 2020 and 2019 breaks down as follows:

	31.12.2020			31.12.2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	34	5	39	37	5	42
Managers / Professionals / Supervisors	14	13	27	13	13	26
Clerical Staff / Support technicians	1	10	11	1	11	12
Manual workers	0	0	0	0	0	0
TOTAL	49	28	77	51	29	80

The headcount at year-end 2020 and 2019 breaks down as follows:

	31.12.2020			31.12.2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	34	4	38	36	5	41
Managers / Professionals / Supervisors	15	12	27	13	14	27
Clerical Staff / Support technicians	1	9	10	1	10	11
Manual workers	0	0	0	0	0	0
TOTAL	50	25	75	50	29	79

Ferrovial, S.A. has no employees with a disability rating of 33% or more. However, the Company works with specialised organisations to manage the recruitment, hiring and training of people with different capabilities and launches initiatives to foster the labour market integration of these groups.

18. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

18.1. Bylaw-stipulated Board of Directors' remuneration

The Company's current remuneration scheme, regulated by Article 56 of its bylaws, consists in the establishment - by the Annual General Meeting- of the maximum annual remuneration for all the members of the Board of Directors. The Directors' Remuneration Policy approved by General meeting of Shareholders on April 17, 2020,

determined the maximum and the set of annual amount of Directors' remuneration for the term of that Policy (years 2020, 2021 and 2022), setting it as a fixed amount.

The remuneration of Directors in its condition comprises (i) a fixed allocation, a part of which is paid in quarterly instalments and the remainder (the additional fixed allocation) by means of a single payment at the end of the financial year; and (ii) per diems for actual attendance at Board and committee meetings. Remuneration is linked to the functions and responsibilities assigned to each director, membership of Board committees and other objective circumstances that the Board of Directors deems relevant, thereby ensuring their long-term independence and commitment.

On the same date these annual accounts are authorised for issue, the Board of Directors issues and makes available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 54.1 of the Spanish Companies Act. The report describes in greater detail aspects of the Company's remuneration policy applicable in the current year, providing an overview of how the remuneration policy was applied in 2020 and a breakdown of the individual remuneration accrued to each director in 2020. The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors accrued during 2020 and 2019.

Should more meetings be held than initially envisaged or, for any other reason, should the amount of the per diems plus fixed allocations exceed the total maximum remuneration payable to directors for the year in question, the difference is deducted from the amount of the additional fixed allocation proportionally for each director on the basis of Board status. This adjustment was made in 2019.

The decrease in the remuneration of the Directors in their capacity as such during 2020 is due to the reduction of part of their fixed allowance agreed by the Board of Directors of the Company on the occasion of covid-19. The Board of Directors also decided to partially reduce the amount of the fixed supplementary allowance. The difference in this remuneration item between 2020 and 2019 is due to the fact that in 2019 an adjustment was made (as mentioned above), as the amount of the fixed components added to the amount of the per diems exceeded the maximum annual amount determined by the General Meeting.

This table does not include remuneration received by the executive directors for discharging executive duties at the Company, as described in Note 18.2.

2020				
DIRECTOR (a)	FIXED ALLOCATION	PER DIEMS	ADDITIONAL FIXED REMUNERATION	TOTAL
Rafael del Pino Calvo-Sotelo	33	122	86	241
Oscar Fanjul Martín	33	83	70	186
Ignacio Madrdejos Fernández	33	61	43	137
María del Pino y Calvo-Sotelo	33	61	43	137
Santiago Fernández Valbuena	33	69	43	145
José Fernando Sánchez-Junco Mans	33	81	43	157
Joaquín del Pino y Calvo-Sotelo	33	48	43	124
Philip Bowman	33	59	43	135
Hanne Birgitte Breinbjerg Sorensen	33	56	43	132
Bruno Di Leo	33	58	43	134
Juan Hoyos Martínez de Irujo	33	61	43	137
Gonzalo Urquijo Fernández de Araoz	33	59	43	135
TOTAL	394	819	587	1,800

(a) Continuance in the post. Full year, unless otherwise stated.

2019				
DIRECTOR (a)	FIXED ALLOCATION	PER DIEMS	ADDITIONAL FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	143	74	252
Santiago Bergareche Busquet (to 19/12/2019)	34	77	63	174
Joaquín Ayuso García (to 30/09/2019)	26	55	35	116
Ignacio Madrdejos Fernández (to 30/09/2019)	9	14	9	32
Íñigo Meirás Amusco (to 30/09/2019)	26	57	28	111
María del Pino y Calvo-Sotelo	35	72	37	144
Santiago Fernández Valbuena	35	88	37	160
José Fernando Sánchez-Junco Mans	35	88	37	161
Joaquín del Pino y Calvo-Sotelo	35	54	37	126
Oscar Fanjul Martín	35	80	37	152
Philip Bowman	35	59	37	131
Hanne Birgitte Breinbjerg Sorensen	35	58	37	130
Bruno Di Leo	35	54	37	126
Juan Hoyos Martínez de Irujo (as from 2/10/2019)	9	12	9	30
Gonzalo Urquijo Fernández de Araoz (as from 19/12/2019)	1	0.00	1	3
TOTAL	420	912	515	1,848

18.2. Individual executive directors' remuneration

a) Remuneration accrued in 2020 and 2019.

In 2020, the following remuneration accrued to the executive directors for the performance of their functions, irrespective of the remuneration referred to in the preceding section.

The decrease in the fixed remuneration of executive directors is due to the reduction approved as a result of COVID-19.

2020			
EXECUTIVE DIRECTORS' REMUNERATION * (Thousands of euros)	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (as from 30/9/19)	TOTAL
Fixed remuneration	1,405	937	2,342
Variable remuneration	1,620	810	2,430
Life insurance premiums	8	4	12
Share plans (1)	1,602	0	1,602
TOTAL 2020	4,635	1,751	6,386

*Remuneration for their role as Executive Directors.

(1) In March 2020, a number of shares equivalent to the level of completion of the units allocated in 2017 were delivered, after the relevant withholdings had been made. The CNMV was notified on 16/03/2020

2) During 2020, Mr. Ignacio Madrdejos has been charged the amount of EUR 8 thousand as remuneration in kind corresponding to a company car.

The 2019 information is shown in the following table:

2019				
EXECUTIVE DIRECTORS' REMUNERATION * (Thousands of euros)	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (as from 30/9/19)	ÍÑIGO MEIRÁS** (as from 30/9/19)	TOTAL
Fixed remuneration	1,455	250	969	2,674
Variable remuneration	1,608	250	188	2,046
Life insurance premiums	8	0	5	13
Share plans (1)	1,097	0	1,097	2,194
Other (2)	0	600	725	1,325
TOTAL 2019	4,168	1,100	2,984	8,252

* Remuneration as executive directors

** In addition to the information set out above, to compensate for losing his status as executive director of the Company and the subsequent termination of his senior manager contract, the Company paid a gross amount of EUR 8,167 thousand to Íñigo Meirás (the entire amount being subject to personal income tax); amount covered by the group savings insurance policy mentioned in Note 18.7.

(1) In March 2019, a number of shares equivalent to the level of completion of the units allocated in 2016 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/3/2019.

2) An appointment bonus was awarded to Ignacio Madrdejos in the form of Ferrovial shares. The figure for Íñigo Meirás relates to the final monetary settlement.

b) Share-based remuneration schemes

There follows a breakdown of the performance-based remuneration schemes linked to share price performance, entitlement to which has not yet vested:

EXECUTIVE DIRECTORS' PLAN AT 31.12.2020	UNITS	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS	
Rafael del Pino y Calvo-Sotelo	2018 allocation	73,900	73,900	0.01 %
	2019 allocation	70,000	70,000	0.01 %
	2020 allocation	46,500	46,500	0.00 %
Ignacio Madrdejos Fernández	2019 allocation	14,468	14,468	0.00 %
	2020 allocation	46,500	46,500	0.00 %

18.4. Pension funds and plans or insurance premiums

As in 2019, no contributions were made in 2020 to pension plans or funds for former or current members of the Company's Board of Directors or for directors of the Company who are members of other Boards of Directors and/or senior managers of Group companies and associates. No such obligations were acquired during the year.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 12 thousand were paid in 2020; EUR 13 thousand in 2019) under which the executive directors are beneficiaries. No life insurance premiums were paid for Company directors who are members of other Boards

of Directors and/or senior managers of Group companies or associates.

Lastly, the Company has arranged a third-party liability insurance policy covering the directors and managers of the Group companies, the parent company of which is the Company. Those insureds include the Company's Directors. The premium paid in 2020 under the aforementioned insurance policy amounted to EUR 1,059 thousand.

18.5. Advances and loans

At 31 December 2020, no advances or loans had been granted by the Company to the directors in their capacity as such or as members of other Boards of Directors or senior managers of Group companies or associates.

18.6. Senior management remuneration

The overall remuneration accrued to the Company's senior managers in 2020 is analysed below:

(Thousands of euros)	2020	2019
Fixed remuneration	5,317	4,714
Variable remuneration	3,657	3,202
Performance-based share plan	4,528	3,090
Exercise of stock option plans and/or other financial instruments (see description)	0	0
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	30	35
Insurance premiums	5,317	18
Other (1)	2,291	0
TOTAL	15,840	11,059

(1) Removal of three senior managers (figure subject to personal income tax) and a joining bonus.

SENIOR MANAGEMENT REMUNERATION

(Thousands of euros)	2019	2018
Fixed remuneration	4,714	5,237
Variable remuneration	3,202	3,803
Performance-based share plan	3,090	5,083
Exercise of stock option plans and/or other financial instruments (see description)	0	0
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	35	35
Insurance premiums	18	19
Other (1)	0	8,924
TOTAL	11,059	23,101

(1) Removal of two senior managers (figure subject to personal income tax).

The remuneration indicated relates to the following posts: General Secretary, Chief Financial Officer, HR General Manager, Construction General Manager, Services General Manager, Airports General Manager, Toll Roads General Manager, Information Systems and Innovation General Manager, Internal Audit Director, Communications and Corporate Responsibility Director, Corporate Strategy Director, Risk and Compliance Director, Mobility Director and Sustainability Director. This does not include remuneration for senior managers who were also executive directors, which was addressed in Note 18.2.

The Company has also implemented a "Flexible Remuneration Scheme", which allows employees to voluntarily change their remuneration package based on personal needs, replacing a portion with certain benefits in kind. These products include a life

and retirement savings group insurance scheme. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium under a life and retirement savings group insurance policy. The senior managers requested contributions totalling EUR 48 thousand from the Company, replacing the remuneration shown in the table above (EUR 58 thousand in 2019).

18.7. Other disclosures on remuneration

The agreements between the Company and the senior managers, including one executive director, specifically provide for the right to receive the indemnities referred to in Article 56 of the Spanish Labour Statute in the event of unfair dismissal.

The agreements between the Company and the senior managers, including one executive director, specifically provide for the right to receive the indemnities referred to in Article 56 of the Spanish Labour Statute in the event of unfair dismissal.

In order to encourage loyalty and continuity, a deferred remuneration scheme was granted to thirteen senior managers, including one executive director. The scheme consists of extraordinary remuneration that will only be paid in any of the following circumstances:

- Exit of the senior manager by mutual agreement upon reaching a certain age.
- Unfair dismissal or exit at the Company's discretion without cause for dismissal, before the senior manager reaches the age initially agreed, if the amount exceeds the figure stipulated in the Labour Statute.
- Death or disability of the senior manager.
- To cover this incentive, each year the Company makes contributions to a group savings insurance policy under which the Company is both policyholder and beneficiary. The contributions are quantified on the basis of a certain percentage of each senior manager's total monetary remuneration. Contributions made in 2020 amounted to EUR 2,006 thousand (EUR 1,991 thousand at 31 December 2019), of which EUR 401 thousand relates to two executive directors. The figure of Other in the footnote (EUR 2,291million) corresponds mainly to the amounts received by two members of senior management who left the company in 2020. This amount does not affect the income statement for the year, as the company recognises as an expense each year the amounts contributed in the year to the group savings insurance, regardless of when these amounts are received.

19. SHARE-BASED REMUNERATION SCHEMES

The share-based remuneration schemes for the executives of all the Group companies are granted directly by the parent company Ferrovial, S.A.

The following information relates to all the remuneration schemes covering the Group companies' executives. However, there is a distribution agreement whereby Ferrovial, S.A. passes on the impact of these systems to the subsidiaries.

Performance-based share plan

At year-end 2020, Ferrovial has three remuneration schemes in place for the Group's executive directors, senior managers and managers, consisting of a performance-based share plan.

- Plan approved by the Board of Directors on 29 October 2015. It covers the financial years 2016, 2017 and 2018. The annual cost of the plan may not exceed EUR 22 million for each of the three

years, the plan being conditional upon employees remaining at the Company for at least three years as from the moment it is granted (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of EBITDA in relation to net productive assets, and total shareholder return with respect to a comparable group. As mentioned, the plan is intended for executive directors, senior managers and managers. The application of this plan to executive directors was authorised by the Company's Annual General Meeting held on 4 May 2016.

- Long-term incentive plan approved by the Board of Directors on 28 February 2019. This plan will have a one-year term and the annual cost of the plan may not exceed EUR 22 million. The plan is tied to employees remaining at the Company for at least three years as from the grant date (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of profitability and total shareholder return in relation to a comparable group. The plan is intended for executive directors, senior managers and managers. The application of this plan to executive directors was authorised by the Company's Annual General Meeting on 5 April 2019, as the CNMV was notified on the same day. Units were allocated for 2019 to the executive directors for the purposes of calculating plan duration and terms on 15 February 2019.
- Lastly, on 19 December 2019 the Board of Directors approved a new long-term incentive plan. The plan will be in force for three years (from 2020 to 2022) and consists of awarding Ferrovial, S.A. shares. The annual cost of the plan may not exceed EUR 22 million and it is conditional upon employees remaining at the Company for three years as from the date it is granted (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of business cash flow and total shareholder return with respect to a comparable group. The plan is intended for executive directors, senior managers and managers. The application of this form of remuneration to executive directors was submitted for approval by the Annual General Meeting.

There were 2,468,724 shares outstanding at 31 December 2020 relating to these plans.

Changes to the above-mentioned remuneration schemes in 2020 and 2019 are summarised below:

	2020	2019
Number of shares at beginning of year	3,125,747	3,274,816
Plans granted	622,004	1,005,040
Plans settled	-930,106	-724,787
Shares surrendered and other	-307,068	-408,762
Shares exercised	-41,853	-20,560
Number of shares at the end	2,468,724	3,125,747

This share award plan includes the plans described above in Note 18 on remuneration of executive directors and senior managers.

In 2020, staff expenses recognised in the Company in relation to these remuneration schemes amounted to EUR 4,037 thousand (EUR 4,031 thousand at 31 December 2019), with a balancing entry in equity.

Measurement of performance-based share plan

These plans are accounted for as a future and therefore the present value of expected dividends up to the delivery date is discounted to the share price at the grant date, using a rate of return equal to the average cost of borrowings over the share award period. They are equity settled, so they are measured when initially granted and the initially calculated value is not re-estimated, the relevant amount being recognised in staff cost, with a balancing entry in reserves.

20. RELATED-PARTY TRANSACTIONS

As regards information on related-party transactions, the following disclosures relate to transactions performed both by Ferrovial, S.A. and all of its subsidiaries.

Legislation

In relation to the disclosures on transactions that the Company (or Group companies) completed with related parties, Ministry of Economy and Finance Order EHA/3050/2004 of 15 September on related-party transactions that must be disclosed by issuers of securities listed on official secondary markets must be taken into consideration.

Article 1.1 of the order requires the inclusion in half-yearly financial reports of quantified information on all the transactions effected by the Company with related parties. In addition, Article 3.1 of the Order considers related-party transactions to include any transfer of resources, services or obligations between related parties, regardless of whether or not any consideration is paid.

Related-party transactions

Commercial transactions between the Company (or the Group companies) and related parties completed in 2020 are disclosed below, in three separate categories: a) transactions between Ferrovial, S.A. and its significant shareholders, directors and senior executives; b) transactions between subsidiaries of Ferrovial, S.A. and its significant shareholders, directors and senior executives, and c) Transactions between Group Companies.

Where the profit or loss from a transaction cannot be disclosed, as it pertains to the provider entity or individual, the transaction is marked with an asterisk (*).

a) Transactions between Ferrovial, S.A. and its significant shareholders, directors or senior managers

This heading includes transactions effected (i) between Ferrovial, S.A. and its significant shareholders, their close family members or entities in which the latter can exercise significant influence; and (ii) between Ferrovial S.A. and its directors, senior managers, their close family members or entities in which the latter can exercise significant influence. If the party related to the Company was a related party for a part of the year, the transactions performed in that period are indicated.

(Thousands of euros)	TRANSACTIONS	2020			2019		
		AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Balance drawn on guarantee facilities				-56,000	0	-56,000
Bankia	Services received				-368	0	0
Marsh	Insurance services received	-7	0	0	-0	0	0

Information on remuneration and loans granted to directors and senior managers can be consulted in Note 18.

b) Transactions between subsidiaries of Ferrovial, S.A. and their significant shareholders, directors or senior managers

This heading includes transactions effected (i) between the Company's subsidiaries and their significant shareholders, close family members or entities in which the latter can exercise significant influence; and (ii) between the Company's subsidiaries and their directors, senior managers, close family members or entities in which the latter can exercise significant influence.

If the party related to the Company was a related party for a part of the year, the transactions performed in that period are indicated.

NAME/COMPANY NAME (Thousands of euros)	TRANSACTIONS	2020			2019		
		AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Rafael del Pino y Calvo - Sotelo	Services rendered	7	0	1	8	1	1
María del Pino y Calvo - Sotelo	Services rendered	8	1	0	12	2	0
Ana María Calvo - Sotelo y Bustelo	Services rendered	45	2	4	97	7	0
Joaquín Ayuso García	Services rendered	0	0	0	6	1	0
Altamira Asset Management	Services received	0	0	0	-12	0	0
	Services rendered	0	0	0	4,743	152	812
Criu, S.L.	Services rendered	19	1	2	80	4	2
Cummins and Group companies	Services received	-1,129	0	0	-16	0	0
Maxam Holdings and Group companies	Goods purchased / services received	0	0	0	-6	0	0
	Services rendered	1	0	0	0	0	0
Marsh and its Group companies	Receipt of insurance services	-6,877	0	13	-8,951	0	-16
Bankia	Financial services received	0	0	0	-1,490	0	0
	Financing agreements. Guarantees.	0	0	0	-69,509	0	-69,509
	Interest received	0	0	0	30	30	0
	Interest paid	0	0	0	-882	0	0
	Balance drawn on guarantee facilities	0	0	0	-100,700	0	-100,700
	Derivatives transactions				-871	0	0
Polá, S.A.	Services rendered	152	2	42	185	6	62
Centro de Innovación de Infraestructuras Inteligentes Foundation	Collaboration agreements	-800	0	0	-1,559	0	-44
	Services rendered	18	0	0	37	0	0
Haya Real Estate, S.A.	Services rendered	0	0	1	38	4	47
Lafarge Holcim and Group companies	Purchase of cement and related materials	-1,724	0	-53	-2,616	0	-375
	External services	0	0	0	-51	0	-2
	Waste collection	52	1	18	37	2	12
Sidecu, S.A.	Services rendered	1	0	0	1	0	0

c) Transactions between Group companies

Transactions between the Company's subsidiaries, which in all cases form part of their ordinary businesses as regards purpose and conditions, are detailed in Note 15.

21. CONFLICTS OF INTEREST

For most of 2020, the director Gonzalo Urquijo was the executive chairman of Abengoa, S.A. and/or its group companies, which engage in power transmission activities that could on occasions overlap Ferrovial's activities in this non-core business segment. Mr. Urquijo left the Board meetings during deliberations on those activities and has not accessed the relevant Board information.

With the exception of the above, in accordance with legislation in force (Article 229 of the Spanish Companies Act), there were no direct or indirect conflicts of interest with the Company, notwithstanding the Company's transactions (or those of the Group companies) with related parties disclosed in the notes to the accounts or, where applicable, resolutions relating to remuneration or appointments.

22. ENVIRONMENTAL POLICY

In view of its business activity, the Company does not have any environmental liabilities, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results.

23. AUDIT FEES

Set out below are details of the total fees for the audit of Ferrovial S.A.'s 2020 and 2019 financial statements. A breakdown of fees billed for those years for audit-related services is also provided:

- Fees billed to Ferrovial, S.A. for audit services: EUR 251 thousand (EUR 140 thousand in 2019).
- Fees billed to Ferrovial, S.A. for audit-related services: EUR 234 thousand (EUR 108 thousand in 2019).

The auditor has not provide other services the Company in 2020 (EUR 47 thousand in 2019).

24. EVENTS AFTER THE REPORTING DATE

There are no significant post-balance sheet events to report at the date these financial statements are authorised for issue.

25. COMMENTS ON APPENDICES

Appendix I provides information on the tax scheme provided by Articles 116 to 119 of Royal Decree-Law 4/2004 of 5 March.

Appendix II contains a list of Group companies, distinguishing between fully-consolidated companies and equity-consolidated companies.

Appendix I. Information on the tax scheme provided by Articles 107 and 108 of Law 27/2014

In 2014, Ferrovial S.A. availed itself of the scheme currently provided by Articles 107 and 108 of Spanish Corporate Income Tax Act 27/2014 of 27 November 2014 (CIT Act), applicable as from 1 January 2014 and therefore throughout 2020. Under this tax scheme:

1. Dividends and capital gains obtained by Ferrovial arising from equity investments in non-resident operating companies (representing at least 5% of the share capital of these companies or an acquisition value of over EUR 20 million) are exempt from corporate income tax if the conditions laid down in Article 21 of the CIT Act ("subject but exempt income") are fulfilled.
2. Dividends paid by Ferrovial out of the above-mentioned "subject but exempt reserves" or out of income from permanent establishments abroad that qualify for the exemption provided by Article 22 of the CIT Act are treated as follows:
 - i. Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or a permanent establishment in Spain), the dividends are not subject to withholdings or tax in Spain.
 - ii. Where the recipient is an entity subject to Spanish corporate income tax, the dividends received will qualify for the double taxation exemption for resident entities provided by Article 21 of the CIT Act ("subject but exempt income"), assuming that the relevant requirements are met.
 - iii. Where the recipient is a natural person resident in Spain and subject to personal income tax, the dividends received will be treated as savings income qualifying for the international double taxation deduction under PIT legislation, with respect to the taxes paid abroad by Ferrovial.

In 2020, all dividends were paid by Ferrovial out of "subject but exempt income".

1. Capital gains obtained by Ferrovial's shareholders by transferring their shares are treated as follows:
 - i. Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain), the portion of the capital gain that relates to reserves charged by Ferrovial to the above-mentioned "subject but exempt income", or to value differences attributable to Ferrovial's equity interests in non-resident entities that meet the requirements to apply the foreign-source income exemption provided by Articles 21 and 22 of the Spanish Corporate Income Tax Act (CIT Act), will not be subject to tax in Spain.
 - ii. Where the shareholder is an entity subject to Spanish corporate income tax and has a qualifying equity interest in Ferrovial (5% of share capital or acquisition cost of over EUR 20 million, held for one year), the exemption provided by Article 21 of the CIT Act may be applied.
 - iii. Where the shareholder is a natural person resident in Spain and subject to personal income tax, it will be taxed for capital gains obtained under the general scheme.

The amount of subject but exempt income pursuant to Article 21 and 22 of the CIT Act obtained by Ferrovial in 2020 and the corresponding taxes paid abroad are as follows:

A) Exemption for foreign-source dividends and income

A.1 Exemption for foreign-source dividends:

In 2020, no foreign-source dividends were obtained.

A.2 Exemption for income from permanent establishments abroad:

No income was obtained from permanent establishments abroad during the year.

B) Exemption for foreign-source capital gains

In 2020, as was the case in 2019, no tax-exempt foreign-source capital gains were obtained.

The sale of the Greek toll roads in 2018 resulted in a capital gain qualifying for the exemption provided by Article 21 of the CIT Act in the amount of EUR 84,825,069.03, the tax-exempt amounting to EUR 11,307,039.92.

In financial years prior to 2018, no capital gains were obtained to which the exemption provided by Article 21 of the CIT Act could be applied, either because (i) the sales were made between Group companies and eliminated for tax consolidation purposes or (ii) they formed part of corporate restructurings completed under the tax neutrality scheme provided by Article 76 et seq of the Spanish CIT Act. Nonetheless, capital gains that would have had tax effects, had these schemes not been applicable (tax consolidation or tax neutrality), are as follows:

B.1 Elimination of capital gains on intragroup sales of foreign companies:

None took place during the year.

B.2 Capital gains deferred in corporate restructuring processes:

(Amounts in euros)

Ferrovial, SA	2,355,071,717.55
Cintra Infraestructuras Irlanda, SLU	6,143,952.38
TOTAL	2,361,215,669.93

In order to facilitate the application of the above-mentioned tax scheme by Ferrovial's shareholders, the Company performed a market assessment of its year-end equity interests (held directly and indirectly through shareholdings in other entities applying this special tax scheme) in non-resident entities and permanent establishments abroad that qualify for the foreign-source income exemption provided by Articles 21 and 22 of the CIT Act.

This assessment found that such assets account for 92.6% of Ferrovial's total market value at 31 December 2020. At 31 December 2019, this percentage amounted to 90.8%.

Tax treatment of Ferrovial's scrip dividend

In 2020, Ferrovial S.A. implemented two shareholder remuneration schemes named "Ferrovial Scrip Dividend", allowing shareholders to choose (i) to receive new bonus shares; (ii) transfer in the market the

free allotment rights received for the shares held; or (iii) collect a cash amount by transferring the free allotment rights to Ferrovial.

Set out below are the main tax implications of these schemes, based on tax legislation in force in Spain (excluding Navarre and the Basque Country) and on the interpretation made by the Spanish Directorate General for Taxation in responses to several binding ruling requests.

General considerations

In general, although the tax scheme applicable to shareholders residing in the historical territories, Ceuta or Melilla is similar to the national tax system, there may be some differences in the treatment afforded.

It should be noted that the tax treatment of the various options explained in relation to the capital increase set out above does not cover all possible tax consequences regarding the options in connection with the “Ferrovial Scrip Dividend” remuneration scheme. Therefore, the shareholders should consult their tax advisers on the specific tax effect of the proposed scheme and pay attention to any changes that may arise under legislation in force at the date of this transaction, related interpretations and the personal circumstances of each shareholder or holder of free allotment rights.

In particular, shareholders not resident in Spain must consult their tax advisors regarding the effects of the different capital increase alternatives, including the analysis of exemptions provided by non-resident income tax legislation, the right to apply the provisions of double taxation treaties entered into by Spain and the way the income must be declared.

Specific considerations

a) Delivery of new shares.

If the shareholders opt for the delivery of new shares, they will come under the tax scheme indicated below:

1. Shareholders subject to personal income tax and non-resident income tax without a permanent establishment in Spain.

For tax purposes, the delivery of new shares will be considered a delivery of bonus shares and therefore does not constitute income for the purposes of personal income tax (PIT), or non-resident income tax (NRIT), on the assumption that the latter (non-resident taxpayer) does not act in Spain through a permanent establishment. As indicated, the delivery of new shares is not subject to withholdings or prepayments.

The acquisition cost per share for tax purposes, of both the bonus shares and the shares from which they arise will be the result of dividing the portfolio's total acquisition cost by the number of shares, including both the original shares and the corresponding bonus shares. The age of the bonus shares will be that of the original shares.

Consequently, in the event of a subsequent transfer, the income obtained will be calculated by reference to this new value.

2. Shareholders subject to corporate income tax and non-resident income tax with a permanent establishment in Spain.

For corporate income tax (“CIT”) purposes, and for non-resident income tax (“NRIT”) purposes in the case of non-resident taxpayers

with a permanent establishment in Spain (where a full business cycle is completed), the delivery of new shares under this alternative will be afforded the treatment stipulated in accounting legislation, taking into account the applicable specific provisions brought in by the Resolution of the Spanish Institute of Accounting and Auditing (ICAC) of 5 March 2019 (“ICAC Resolution”) for financial years beginning on or after 1 January 2020, which develops the approach to the presentation of financial instruments and other aspects governed by accounting legislation, and pursuant to the responses to ruling requests issued by the Directorate General for Taxation on the tax impacts of the ICAC Resolution, reference numbers V1358-2020, V1357-2020, V1809/2020, V2468-2020 and V2469-2020 (“Ruling Request Responses”). All the above is notwithstanding any rules for calculating the tax base which may be applicable, particularly the possibility of applying the exemption in the terms and limits stipulated in the current wording of Article 21 of the CIT Law.

According to the Ruling Request Responses, the delivery of fully-paid shares is not classed as income subject to withholdings or payments on account of CIT or NRIT for taxpayers with a permanent establishment in Spain.

b) Sale of free allotment rights in the market.

If the shareholders sell their free allotment rights in the market, the amount obtained will come under the tax scheme indicated below:

1. Shareholders who pay personal income tax (individuals with tax residence in Spain).

The amount obtained on the sale of the free allotment rights in the market will be subject to the same scheme provided by tax legislation for pre-emptive subscription rights. As a result, the transferring shareholder will have been deemed to have made a capital gain in the tax period that the sale occurs. The amount obtained will be subject to personal income tax withholdings, at the applicable rate at that time (currently 19%).

This withholding tax will be applied by the relevant custodian (and, failing this, by the financial intermediary or public notary involved in the transfer), Ferrovial not being required to make the withholdings or supply related tax information to its shareholders. Shareholders are therefore advised to contact the relevant custodians in this regard.

2. Shareholders who pay personal income tax, without a permanent establishment in Spain.

In the case of non-resident shareholders, the amount obtained on the sale to the market of the bonus issue rights is also subject to the same rules established in tax legislation for pre-emption rights, therefore the transferring shareholder will be considered to have made a capital gain in the tax period that the sale occurs, subject to non-resident income tax at a general rate of 19%. At present, this payment is not subject to non-resident income tax withholdings and the shareholders must self-assess this income in their tax returns.

However, this income will be exempt from non-resident income tax in certain cases, such as non-resident shareholders that transfer their rights in official secondary securities markets in Spain, are residents of a State that has a double taxation treaty (DTT) with Spain containing an information exchange clause and do not operate or reside in a tax haven for Spanish purposes, notwithstanding the exemptions provided by NRIT legislation.

3. Shareholders who pay Spanish corporate income tax, or personal income tax with a permanent establishment in Spain.

Provided that a full business cycle is completed, tax will be paid in accordance with applicable accounting legislation, including the provisions of the ICAC Resolution, the Ruling Request Responses and, if appropriate, the adjustments applicable under CIT legislation and any applicable special CIT schemes.

c) Sale to Ferrovial of the free allotment rights.

Lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax regime applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be equivalent to the regime applied to the distribution of a cash dividend, and will therefore be subject to the corresponding withholding tax and taxation.

Where shareholders provide evidence of non-resident income taxpayer status, no permanent establishment in Spain and non-residence in Spain or in a territory classed as a tax haven, the dividends paid by Ferrovial and therefore the amounts received from the sale of free allotment rights to Ferrovial will not be subject to tax or tax withholdings in Spain, since for tax purposes they are paid out of the exempt income from non-resident entities envisaged in Articles 21 and 22 of CIT Law 27/2014 of 27 November.

Appendix II

SUBSIDIARIES (FULLY-CONSOLIDATED COMPANIES). 2020:

The carrying amount of the shareholding presented reflects the amount recognised by the individual company holding the direct interest in each subsidiary..

COMPANY	LOCATION	AUDITOR	% OWNERSHIP PARTICIPACION	GROSS INVESTMENT	IMPAIRMENTS	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER CHANGES IN EQUITY	NET PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY
Ferrovial International SE	Amsterdam, Netherlands	EY	100,00%	6,372	0	6,372	743	5,243	-494	495	5,987
Ferrovial Agroman, S.A.	Madrid,España	EY	99,99%	711	0	711	234	563	0	-17	779
Cintra Infraestructuras España, S.L.	Madrid,España	EY	99,99%	654	0	654	58	613	0	-104	566
Ferrofin S.L. (i)	Madrid,España		47,99%	241	-91	150	49	376	0	-112	313
Landmille Ireland DAC	Dublin, Irlanda	BDO	100,00%	445	-253	193	94	115	-115	99	193
Ferrovial Aeropuertos España, S.A.	Madrid,España		99,99%	101	-76	25	2	38	0	-14	25
Krypton RE	Luxemburgo	EY	99,97%	8	0	8	4	10	0	1	15
Ferrovial Corporación, S.A.	Madrid,España	EY	99,99%	5	0	5	5	-2	0	1	5
Temaury, S.L.	Madrid,España		99,97%	10	-7	2	0	4	0	-2	2
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid,España	EY	15%	3	0	3	19	4	0	6	29
Can-am, S.A.	Madrid,España		100%	3	-2	2	0	1	0	0	2
Ferrocop UK Ltd.	Oxford, Reino Unido	EY	100%	1	0	1	1	0	0	0	1
Pilum, S.A. (a)	Madrid,España		15%	1	-1	0	0	5	0	-5	0
Ferrovial Services Netherlands BV (a)	Amsterdam, Netherlands	EY	100%	333	-332	1	33	-30	0	1	3
Ferrovial Inversiones, S.A.	Madrid,España		99,58%	67	0	67	1	66	0	0	67
Ferrovial Emisiones, S.A.	Madrid,España	EY	99,99%	0	0	0	0	23	-51	0	-27
Ferrovial Mobility, S.A.	Madrid,España		100%	14	-4	10	0	14	0	0	14
Ferrovial 001, S.A.	Madrid,España		100%	0	0	0	0	0	0	0	0
Ferrovial 002, S.A.	Madrid,España		100%	0	0	0	0	0	0	0	0
Ferrovial 003, S.L.	Madrid,España		100%	0	0	0	0	0	0	0	0
Ferrovial Aravia, S.A. (a)	Madrid,España		15%	0	0	0	0	1	0	-1	0
INVESTMENTS IN GROUP COMPANIES				8,971	-767	8,204	1,242	7,045	-660	346	7,973

SUBSIDIARIES (FULLY-CONSOLIDATED COMPANIES). 2019:

COMPANY	LOCATION	AUDITOR	% OWNERSHIP PARTICIPACION	GROSS INVESTMENT	IMPAIRMENTS	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER CHANGES IN EQUITY	NET PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY
Ferrovial International SE	Amsterdam, Netherlands		100,00 %	6.492	0	6.492	743	5.280	-444	53	5.632
Ferrovial Agroman, S.A.	Madrid, España	Deloitte	99,99 %	711	0	711	234	543	-1	36	812
Cintra Infraestructuras España, S.L.	Madrid, España	Deloitte	99,00 %	654	0	654	58	639	-234	249	712
Ferrofin S.L.	Madrid, España		47,99 %	241	-37	204	49	347	0	29	425
Landmille Ireland DAC	Dublin, Irlanda	BDO	100,00 %	445	-347	99	86	11	0	2	99
Ferrovial FISA, S.L.			99,99 %	215	-155	60	18	40	0	2	60
Ferrovial Aeropuertos España, S.A.	Madrid, España	Deloitte	99,00 %	74	-62	12	2	24	0	-14	12
Krypton RE	Luxemburgo	Deloitte	99,97 %	8	0	8	4	6	2	2	14
Ferrovial Corporación, S.A.	Madrid, España	Deloitte	99,99 %	5	0	5	5	10	1	-11	5
Betonial, S.A.	Madrid, España		99,00 %	8	-4	4	4	1	0	0	5
Temauri, S.L.	Madrid, España		99,97 %	10	-5	4	0	6	0	-2	4
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid, España	Deloitte	15,00 %	3	0	3	19	4	0	9	31
Can-am, S.A.	Madrid, España		100,00 %	3	-2	2	0	1	0	0	2
Triconitex, S.L.	Madrid, España		99,99 %	12	-10	1	1	0	0	0	1
Ferrocop UK Ltd.	Oxford, Reino Unido	Deloitte	100,00 %	1	0	1	1	0	0	0	1
Pilum, S.A.	Madrid, España		15,00 %	1	0	1	0	5	0	0	5
Ferrovial Services Netherlands BV	Amsterdam, Netherlands		100,00 %	331	-331	1	35	-34	0	0	1
Ferrovial Inversiones, S.A.	Madrid, España		99,58 %	0	0	0	1	0	0	0	1
Ferrovial Emisiones, S.A.	Madrid, España	Deloitte	99,00 %	0	0	0	0	19	0	5	23
Ferrovial Mobility, S.A.	Madrid, España		100,00 %	4	0	4	0	4	0	0	4
Ferrovial 001, S.A.	Madrid, España		100,00 %	0	0	0	0		0	0	0
Ferrovial 002, S.A.	Madrid, España		100,00 %	0	0	0	0		0	0	0
Ferrovial 003, S.L.	Madrid, España		100,00 %	0	0	0	0		0	0	0
Ferrovial Aravia, S.A.	Madrid, España		15,00 %	0	0	0	0	0	0	1	2
INVESTMENTS IN GROUP COMPANIES				9.218	-952	8.266	1.260	6.906	-676	361	7.851

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These Individual Annual Accounts are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2.1.). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

FERROVIAL, S.A.

The financial statements –balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements- and the management report of Ferrovial, S.A. for the year ended 31 December 2020, have been drafted following the European Single Electronic Format (ESEF), according to Delegated Regulation (EU) 2019/815, with identifier number “5A84C16DEAE42D0CE6694AAE8A090D9E672E748C4356C19AA9CA2E99457B0BBC”. They have been prepared by the Board of Directors of Ferrovial, S.A. at its meeting held in Madrid on 25 February 2021 and which, pursuant to article 253 of the Spanish Capital Companies Act, the Directors sign below.

D. Rafael del Pino y Calvo-Sotelo
Chairman

D. Óscar Fanjul Martín
Vice-Chairman

D. Ignacio Madrideo Fernández
Chief Executive Officer

D^a. María del Pino y Calvo-Sotelo
Director

D. Santiago Fernández Valbuena
Director

D. José Fernando Sánchez-Junco Mans
Director

D. Joaquín del Pino y Calvo-Sotelo
Director

D. Philip Bowman
Director

D^a. Hanne Birgitte Breinbjerg Sørensen
Director

D. Bruno Di Leo
Director

D. Juan Hoyos Martínez de Irujo
Director

D. Gonzalo Urquijo Fernández de Aroz
Director

The Secretary of the Board of Directors states for the record that the Directors Mr. Philip Bowman, Mr. Bruno Di Leo and Ms. Hanne Birgitte Breinbjerg Sorensen have not signed this document because they are outside of Madrid.

The first two Directors attended the meeting remotely by technical means, and voted in favour on the preparation of the financial statements and the management report of Ferrovial, S.A. for the year ended 31 December 2020.

Ms. Sørensen attended only to a part of the meeting of the Board of Directors due to unavoidable professional commitments. This Director delegated her proxy to the Director Mr. Philip Bowman, who voted in favour of the preparation of the financial statements and the management report of Ferrovial, S.A. for the year ended 31 December 2020.

Mr. Santiago Ortiz Vaamonde
Secretary of the Board of Directors



AUDITOR'S REPORT

Audit Report on Financial Statements
issued by an Independent Auditor

FERROVIAL, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2020

AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of FERROVIAL, S.A.:

Report on the financial statements

Opinion

We have audited the financial statements of FERROVIAL, S.A. (the Company), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in group companies and associates

Description	<p>As explained in Notes 4.1 and 5 to the accompanying financial statements, the Company has recorded investments in group companies and associates in its balance sheet at December 31, 2020 amounting to 8.200 million euros.</p> <p>As required by the applicable financial reporting framework, the Company calculates the recoverable amount of investments that show indications of impairment. As explained in Note 4.1, in the case of companies with non-operating assets, the Company takes into account the equity of investees. Likewise, Ferrovial tests for impairment of operating companies, applying valuation techniques that require making complex judgments to determine hypotheses or assumptions related to, among other matters, macroeconomic developments, growth levels, use of discount rates, etc. to estimate the present value of the future cash flows derived from the investment.</p> <p>Given the risk of impairment of some of these investments, the relevance of the amounts involved, and the complexity associated with estimating and establishing the assumptions considered in these estimates, we determined the valuation of these assets to be a key audit matter.</p>
-------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Our response

- With regard to this matter, our audit procedures included:
- ▶ Understanding the policies and procedures that the Company applies to the valuation of these investments, including the evaluation of the Company's criteria for identifying impairment indicators for investments in group companies and associates.
 - ▶ Verifying the calculation of the recoverable amounts of companies with non-performing assets.
 - ▶ Reviewing, in collaboration with our valuation specialists, the reasonableness of the Company's methodology and hypotheses for estimating the recoverable amount of these assets.
 - ▶ Checking that the disclosures made in the financial statement notes comply with the applicable financial reporting framework.

Other questions

On February 27, 2020 other auditors issued their audit report on the 2019 annual accounts, in which they expressed an unmodified opinion.

Other information: management report

Other information refers exclusively to the 2020 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a) Checking only that the non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b) Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2020 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit and control committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and control committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and control committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and control committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of FERROVIAL, S.A. for the 2020 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of FERROVIAL S.A. are responsible for submitting the annual financial report for the 2020 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on February 25, 2021.

Term of engagement

The ordinary general shareholders' meeting held on April 17, 2020 appointed us as auditors for 3 years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)

(signed on the original version In Spanish)

Francisco Rahola Carral
(Registered in the Official Register of
Auditors under No. 20597)

February 25, 2021

STATEMENT OF LIABILITY

The members of the Board of Directors of Ferrovial, S.A. state, to the best of their knowledge, that the financial statements of Ferrovial, S.A. for the financial year ended 31 December 2020, prepared by the Board of Directors at its meeting held on 25 February 2021, have been drafted in accordance with the applicable accounting standards and give a true and fair view of the net worth, financial situation and results of Ferrovial, S.A., and that the management report of Ferrovial, S.A., present an accurate analysis of the performance, results and position of Ferrovial, S.A. together with the description of the main risks and uncertainties they face.

In witness whereof, this statement is given in accordance with article 8.1.b) of Royal Decree 1362/2007, of 19 October.

Madrid, 25 February 2021.

D. Rafael del Pino y Calvo-Sotelo
Chairman

D. Óscar Fanjul Martín
Vice-Chairman

D. Ignacio Madrdejos Fernández
Chief Executive Officer

D^a. María del Pino y Calvo-Sotelo
Director

D. Santiago Fernández Valbuena
Director

D. José Fernando Sánchez-Junco Mans
Director

D. Joaquín del Pino y Calvo-Sotelo
Director

D. Philip Bowman
Director

D^a. Hanne Birgitte Breinbjerg Sørensen
Director

D. Bruno Di Leo
Director

D. Juan Hoyos Martínez de Irujo
Director

D. Gonzalo Urquijo Fernández de Aroz
Director

The Secretary of the Board of Directors states for the record that the Directors Mr. Philip Bowman, Mr. Bruno Di Leo and Ms. Hanne Birgitte Breinbjerg Sorensen have not signed this document because they are outside of Madrid.

The first two Directors attended the meeting remotely by technical means and voted in favour of the statement of liability in connection with the financial statements and the management report of Ferrovial, S.A. for the year ended 31 December 2020.

Ms. Sørensen attended only to a part of the meeting of the Board of Directors due to unavoidable professional commitments. This Director delegated her proxy to the Director Mr. Philip Bowman, who voted in favour of the statement of liability in connection with the financial statements and the management report of Ferrovial, S.A. for the year ended 31 December 2020.

Mr. Santiago Ortiz Vaamonde
Secretary of the Board of Directors



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

DETAILS OF THE ISSUER

End date of financial year referred to: [31/12/2020]

Company Tax Code (CIF): [A81939209]

Corporate name:

[**FERROVIAL, S.A.**]

Registered address:

[PRINCIPE 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
09/12/2020	146,580,475.20	732,902,376		732,902,376

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

[] Yes
[✓] No

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

Name or corporate name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK INC.	0.00	3.04	0.00	0.02	3.06
FIL LIMITED	0.00	1.02	0.00	0.01	1.03
LEOPOLDO DEL PINO CALVO-SOTELO	0.00	4.15	0.00	0.00	4.15
CHRISTOPHER ANTHONY HOHN	0.00	0.72	0.00	5.07	5.78
LAZARD ASSET MANAGEMENT LLC	0.00	3.08	0.00	0.00	3.08
D1 CAPITAL PARTNERS MASTER, LP	0.00	0.00	1.08	0.00	1.08

Breakdown of the indirect shareholding:

Name or corporate name of indirect holder	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
BLACKROCK INC.	CONTROLLED COMPANIES AND COLLECTIVE INVESTMENT INSTITUTIONS UNDER MANAGEMENT	3.04	0.02	3.06



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of indirect holder	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
FIL LIMITED	FIL LIMITED	1.02	0.01	1.03
LEOPOLDO DEL PINO CALVO-SOTELO	SIEMPRELARA S.L. SOCIEDAD UNIPERSONAL	4.15	0.00	4.15
CHRISTOPHER ANTHONY HOHN	CIFF CAPITAL UK LP & THE CHILDRENS INVESTMENT MASTER FUND	0.72	5.07	5.78

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

Most significant movements

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

17/12/2020: exceeded 20% of the share capital

26/11/2020: fell below 20% of share capital

Blackrock Inc. has carried out the following movements:

21/12/2020: exceeded 3% of the share capital

17/12/2020: fell below 3% of share capital

04/12/2020: exceeded 3% of the share capital

30/11/2020: fell below 3% of share capital

25/11/2020: exceeded 3% of the share capital

01/10/2020: fell below 3% of share capital

23/09/2020: exceeded 3% of the share capital

04/05/2020: fell below 3% of share capital

27/04/2020: exceeded 3% of the share capital

26/02/2020: fell below 3% of share capital

24/01/2020: exceeded 3% of the share capital

17/01/2020: fell below 3% of share capital

07/01/2020: exceeded 3% of the share capital

FIL Limited has carried out the following movements:

11/05/2020: exceeded 1% of the share capital

05/05/2020: fell below 1% of share capital

22/04/2020: exceeded 1% of the share capital

17/04/2020: fell below 1% of share capital

Mr. Christopher Anthony Hohn has carried out the following movements:

26/10/2020: exceeded 5% of the share capital

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A.3. Complete the following tables on the members of the board of directors of the company, who own voting rights on company shares:

Name or company name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights	% voting rights that can be transferred through financial Instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	0.01	0.00	0.01	0.00	0.01	0.00	0.00
MR. ÓSCAR FANJUL MARTÍN	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MR. SANTIAGO FERNÁNDEZ VALBUENA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	0.02	0.00	0.00	0.00	0.02	0.00	0.00
MS. MARÍA DEL PINO CALVO-SOTELO	0.00	8.14	0.00	0.00	8.14	0.00	0.00
MR. JOAQUÍN DEL PINO CALVO-SOTELO	0.01	2.54	0.00	0.00	2.55	0.00	0.00
MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. RAFAEL DEL PINO CALVO-SOTELO	0.00	20.27	0.03	0.00	20.29	0.00	0.00
MR. PHILIP BOWMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% total voting rights held by the Board of Directors	31.04
------------------------------------------------------	-------

Breakdown of the indirect shareholding:

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or company name of the director	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights	% voting rights that can be transferred through financial Instruments
MS. MARÍA DEL PINO CALVO-SOTELO	MENOSMARES S.L.	8.14	0.00	8.14	0.00
MR. JOAQUÍN DEL PINO CALVO-SOTELO	ADDITION SICAV, S.A.	0.01	0.00	0.01	0.00
MR. JOAQUÍN DEL PINO CALVO-SOTELO	SOZIANCOR S.L. SOCIEDAD UNIPERSONAL	2.53	0.00	2.53	0.00
MR. RAFAEL DEL PINO CALVO-SOTELO	RIJN CAPITAL B.V.	20.27	0.00	20.27	0.00

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the Company, unless they are insignificant or arise from ordinary trading or exchange activities, except as reported in section A.6:

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

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant holdings and the Company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
MS. MARÍA DEL PINO CALVO-SOTELO	Corporate	Ms. María del Pino Calvo-Sotelo is a Director of Ferrovial, S.A.
MR. RAFAEL DEL PINO CALVO-SOTELO	Corporate	Mr. Rafael del Pino y Calvo-Sotelo is the Chairman and CEO of Ferrovial, S.A.

A.6. Describe the relationships, unless they are of little relevance to the two parties, that exist between the significant shareholders or shareholders represented on the board and the directors, or their representatives, in the case of directors who are legal entities.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Name or corporate name of the related-party director or representative	Name or corporate name of related-party significant shareholder	Corporate name of the group company of the significant shareholder	Description relationship / position
MS. MARIA DEL PINO CALVO-SOTELO	MS. MARÍA DEL PINO CALVO-SOTELO	----	As indicated in the response to section A.3, Ms. María del Pino Calvo-Sotelo indirectly holds 8.14% of the share capital of Ferrovial, S.A. through Menosmares, S.L. She is the majority shareholder, as well as the Chairman and CEO of this company.
MR. RAFAEL DEL PINO CALVO-SOTELO	MR. RAFAEL DEL PINO CALVO-SOTELO	----	As indicated in the response to section A.3, Mr. Rafael del Pino Calvo-Sotelo indirectly holds 20.27% of the share capital of Ferrovial, S.A. through Rijn Capital B.V. He holds shares representing 99.87%% of the capital of this entity.

A.7 Indicate whether the Company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Capital Companies Act (hereinafter "CCA"). 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:



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Yes
 No

[None.]

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

[None.]

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

Yes
 No

A.9 Complete the following tables on the company's treasury stock: At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% total share capital
634,034		0.09

(*) Through:

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

Explain any significant changes during the financial year:

Explain any significant changes.

The notifications on transactions with own shares that have been sent to the CNMV (form IV) during the year, as a result of the change in the number of voting rights of the issuer, are included below. The acquisitions and transfers of own shares that have taken place since the last notification up to the modification of the share capital figure are notified to the CNMV. In cases of capital reduction, the number of own shares subject to redemption appears in the notification as "transfer":

- On 17 June 2020, the CNMV was informed of (i) the acquisition of 3,819,087 direct shares by the Company, accounting for 0.515% of the share capital, and (ii) the transfer of 698,721 direct shares, accounting for 0.094% of the share capital.
- On 15 December 2020, the CNMV was informed of (i) the acquisition of 7,555,492 direct shares by the Company, accounting for 1.011% of the share capital, and (ii) the transfer of 24,805 direct shares, accounting for 0.003% of the share capital.
- On 22 December 2020, the CNMV was informed of (i) the acquisition of 1,167,381 direct shares by the Company, accounting for 0.159% of the share capital, and (ii) the transfer of 14,460,661 direct shares, accounting for 1.973% of the share capital.

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

"To authorise the Board of Directors to increase the share capital in accordance with article 297.1.b) of the CCA, 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 €73,845,583.70, 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 Capital Companies Act the Board of Directors is hereby authorised to exclude, either in whole or in part, the preferential subscription rights of shareholders in relation to the issues of shares subject to this delegation of powers, where necessary in the interest of the Company and for compliance with all other applicable legal requirements. However, this authorisation will be limited to share capital increases in reliance on this power up to the maximum amount corresponding, as a whole, to 20% of current share capital.

If the Board decides to exclude the preferential subscription right in relation to any given issue of shares that may be decided in accordance with this authorisation, it shall, at the same time, issue a report detailing the specific corporate interests justifying such measures, which shall be accompanied by the pertinent report by the external auditor referred to in article 308.2.a) of the CCA. 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, in the event of a subsequent request for exclusion from the negotiation, this shall be adopted with the same formalities as the application for admission, insofar as applicable, and, in such case, the interest of the shareholders or bondholders who oppose or do not vote for the resolution shall be guaranteed under the terms provided for in the legislation in force. 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 bis i) of the Capital Companies Act expressly authorises the Board of Directors to subdelegate the powers permitted under this article to the Executive Committee.

This delegation replaces the one agreed by the General Shareholders' Meeting of 26 June 2014 under item 9 of its agenda, which is no longer in effect".

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

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

1. Forms of acquisition: by purchase or any other "inter vivos" transfer for consideration.

2. Maximum number of shares to be acquired: shares of Ferrovial, S.A., in an amount such that the par value of the shares to be acquired, together with that of those already held by Ferrovial, S.A. and any of its subsidiaries, does not exceed 10% of the share capital of Ferrovial, S.A.

3. Minimum and maximum purchase price: The minimum purchase price of shares shall equal 75% of their market value at the acquisition date, and the maximum price at 120% of their market value on that date.

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

5. Possible delivery of shares to employees or directors: the Board of Directors is empowered to allocate some or all of the own 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 CCA.

Continued in Section H.

A.11. Estimated free float:

_____ %



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Estimated free float	49.52
----------------------	-------

The estimated free float is calculated excluding the treasury stock and the direct and indirect shareholding of (i) all the Directors; (ii) Casa Grande de Cartagena, S.A.U.; and (iii) the significant shareholders as of 31 December 2020 (Mr. Leopoldo del Pino Calvo-Sotelo, Blackrock Inc., FIL Limited, Lazard Asset Management LLC, D1 Capital Partners Master, LP and Christopher Anthony Hohn).

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

Yes
 No

A.13. Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

Yes
 No

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

A.14. Indicate whether the Company has issued securities not traded in a regulated market of the European Union.

Yes
 No

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

B. GENERAL SHAREHOLDERS' MEETING

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

Yes
 No

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

Yes
 No

Qualified majority other than that established in article 201.2 of the CCA for general cases described in article	Other cases requiring a qualified majority
-------------------------------------------------------------------------------------------------------------------	--------------------------------------------



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

% set by the Company for adopting corporate resolutions	0.00	66.66
---------------------------------------------------------	------	-------

There are no differences with the rules under the CCA for adopting resolutions in the events listed in article 194.1 of the CCA, 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 CCA.

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 per cent of share capital shall be sufficient.

If the capital present in person or by proxy exceeds fifty per cent, it will suffice for the resolution to be carried by an absolute majority. Two-thirds of the capital present in person or by proxy at the Meeting shall be required to vote in favour when shareholders representing twenty-five per cent or more of the subscribed capital with voting rights but less than fifty per cent attend the meeting on second call.

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

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 CCA, 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 CCA, 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 CCA).

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

Attendance data					
Date Shareholder's Meeting	% attending in person	% attending by proxy	% by distance voting		
			Electronic means	Others	TOTAL
05/04/2018	12.11	53.15	0.00	0.49	65.75
Of which floating capital	0.21	31.72	0.00	0.49	32.42
05/04/2019	12.19	49.42	0.00	5.88	67.49
Of which floating capital	0.19	28.10	0.00	0.75	29.04
17/04/2020	0.86	53.67	11.85	4.58	70.96
Of which floating capital	0.02	33.46	0.00	0.37	33.85

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

Yes
 No



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

B.6 Indicate whether there is any statutory restriction that establishes a minimum number of shares necessary to attend the general shareholder's meeting, or to vote remotely:

Yes
 No

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

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

Yes
 No

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

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

C. STRUCTURE OF THE COPPRORATE MANAGEMENT

C.1. Board of directors

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

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the shareholders' meeting	12

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or company name of the director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. IGNACIO MADRIDEJOS FERNÁNDEZ		Executive	CEO	30/09/2019	17/04/2020	General Shareholders' Meeting resolution
MR. ÓSCAR FANJUL MARTÍN		Independent	VICE-CHAIRMAN	31/07/2015	05/04/2019	General Shareholders' Meeting resolution
MR. SANTIAGO FERNÁNDEZ VALBUENA		Other External	DIRECTOR	30/05/2008	05/04/2019	General Shareholders' Meeting resolution
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ		Independent	DIRECTOR	19/12/2019	17/04/2020	General Shareholders' Meeting resolution
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS		Independent	DIRECTOR	03/12/2009	05/04/2019	General Shareholders' Meeting resolution
MS. MARÍA DEL PINO CALVO-SOTELO		Proprietary	DIRECTOR	29/09/2006	05/04/2019	General Shareholders' Meeting resolution
MR. JOAQUÍN DEL PINO CALVO-SOTELO		Proprietary	DIRECTOR	29/10/2015	05/04/2019	General Shareholders' Meeting resolution
MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO		Independent	INDEPENDENT LEAD DIRECTOR	02/10/2019	17/04/2020	General Shareholders' Meeting resolution
MR. RAFAEL DEL PINO CALVO-SOTELO		Executive	CHAIRMAN AND CEO	09/01/1992	05/04/2019	General Shareholders' Meeting resolution
MR. BRUNO DI LEO		Independent	DIRECTOR	25/09/2018	05/04/2019	General Shareholders' Meeting resolution

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or company name of the director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. PHILIP BOWMAN		Independent	DIRECTOR	29/07/2016	17/04/2020	General Shareholders' Meeting resolution
MS. HANNE BIRGITTE BREINBJERG SØRENSEN		Independent	DIRECTOR	05/04/2017	17/04/2020	General Shareholders' Meeting resolution

Total number of directors	12
---------------------------	----

Indicate any terminations from the Board of Directors during the reporting period, whether due to resignation or by resolution of the General Shareholders' Meeting:

Name or company name of the director	Director category at the time of the termination	Date of the last appointment	Date of termination	Specialist committees on which they were a member	Indicate whether the termination occurred before the end of the term of office
No data					

C.1.3 Complete the following tables about the members of the board and their different categories:

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Position held in the Company	Profile
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	CEO	Civil Engineer (Polytechnic University of Madrid); MBA (Stanford University). CEO of Ferrovial since 2019. Former Regional President of CEMEX USA; Regional President of CEMEX Northern Europe; global responsible of CEMEX Energy, Security and Sustainability areas; President of CEMEX Spain; and CEO of CEMEX Egypt. He previously worked at McKinsey and Agroman. He was also President of OFICEMEN (Spanish Association of Cement Manufacturers), IECA (Spanish Institute of Cement and its Applications), and CEMBUREAU (European Cement Association).



ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

MR. RAFAEL DEL PINO CALVO-SOTELO	CHAIRMAN AND CEO	<p>Civil Engineer (Polytechnic University of Madrid, 1981); MBA (Sloan School of Management, MIT, 1986). Chairman of Ferrovial since 2000 and CEO since 1992. Chairman of Cintra from 1998 to 2009. Member of the MIT Energy Initiative's External Advisory Board and the MIT Sloan European Advisory Board. He also is a member of the IESE's International Advisory Board and the Royal Academy of Engineering of Spain. He has been Director of Zurich Insurance Group, Banesto and Uralita. Other information: Mr. Rafael del Pino has a controlling interest in the shareholder Rijn Capital B.V.</p>
----------------------------------	------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Total number of executive directors	2
% of the Board	16.67

EXTERNAL PROPRIETARY DIRECTORS

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Total number of proprietary directors	2
% of the Board	16.67

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the director	Profile
MR. ÓSCAR FANJUL MARTÍN	Professor of Economic Theory on leave of absence. Director of Ferrovial since 2015. Vice-Chairman of Omega Capital. Non-Executive Vice-Chairman of LafargeHolcim; Director of Marsh & McLennan Companies. 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.
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	Degree in Economic and Political Sciences (Yale University). MBA (Instituto de Empresa, Madrid). Director of Ferrovial since 2019. Executive Chairman of Abengoa-Abenewco; Director of Gestamp; Chairman of the Hesperia Foundation; member of the Board of Trustees of the Princess of Asturias Foundation. Former Chairman of ArcelorMittal Spain; member of the General Management of ArcelorMittal and head of the sectors of Long Products, Stainless Steel, Tubes, Emerging Markets; CFO and head of the Distribution sector of Arcelor; CFO of Aceralia Corporación Siderúrgica. He previously worked at Citibank and Crédit Agricole. He was also Chairman of the ArcelorMittal Foundation and of UNESID (the Spanish union of steel companies); Director of Aceralia, Atlantica Yield, Aperam, Vocento and other listed companies.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

<p>MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS</p>	<p>Degree in Industrial Engineering (Polytechnic University of Barcelona); ISMP Graduate (Harvard Business School) and member of the State Corps of Industrial Engineers. Director of Ferrovial since 2009. Director of Cintra from 2004 to 2009. Honorary Chairman and Director of Maxam Group; Chairman of Maxam Foundation and member of the Board of Trustees of the <i>Museo de la Minería y la Industria</i>. Former Executive Chairman of Maxam Group; 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.</p>
<p>MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO</p>	<p>Degree in Economics (Universidad Complutense de Madrid); Master in Business Administration in Finance and Accounting (Columbia Business School). Director of Ferrovial since 2019. Director of Inmoglaciár and Gescobro. Former Chairman, Senior Partner of McKinsey & Company Iberia and member of the McKinsey & Company Shareholder Council worldwide; Strategy, Brand & Marketing Executive Vice President of Banco Santander Brazil; Executive Chairman of Haya Real Estate and Director of Banco Santander Chile and Banco Santander Mexico.</p>
<p>MR. BRUNO DI LEO</p>	<p>Degree in Business Administration from Ricardo Palma University and postgraduate degree from <i>Escuela Superior de Administracion de Negocios</i>, both in Lima (Perú). Director of Ferrovial since 2018. Non-Executive Director of Cummins Inc.; member of the IESE's International Advisory Board in Spain and of the Deming Center Advisory Board of Columbia Business School. He has developed his professional career at the multinational group IBM. He served as Senior Vice-President of IBM Corporation; Senior Vice-President of Global Markets; General Manager of the Growth Markets Unit; General Manager for Global Technology Services in Southwest Europe and General Manager for Northeast Europe; General Manager for IBM Latin America and General Manager of IBM Brazil.</p>
<p>MR. PHILIP BOWMAN</p>	<p>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. Non-Executive Chairman of Tegel Group Holdings Limited, Sky Network Television Limited and Majid Al Futtaim Properties; Non-Executive Director of its parent company, Majid Al Futtaim Holding LLC and related company Majid al Futtaim Capital LLC; and Non-Executive Director of Kathmandu Holdings Limited and of Better Capital PCC. Former Chairman of Potrero Distilling Holdings, Coral Eurobet and Liberty; Non-Executive Chairman of The Munroe Group (UK); CEO of Smiths Group, Scottish Power and Allied Domecq; and Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.</p>
<p>MS. HANNE BIRGITTE BREINBJERG SØRENSEN</p>	<p>MSc. in Economics and Management from the University of Aarhus (Denmark). Director of Ferrovial since 2017. Non-Executive Director of LafargeHolcim, Delhivery, Sulzer, Tata Motors, Tata Consulting Services and Jaguar Land Rover Plc (and its affiliates Jaguar Land Rover Holdings Ltd and Jaguar Land Rover Ltd). Former CEO of Damco and Maersk Tankers; 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.</p>

Total number of independent directors	7
% of the Board	58.33

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

List any independent directors who receive from the Company, or from its same group, any amount or payment other than standard director remuneration, or who maintain or have maintained during the period in question, a business relationship with the Company or any company of its group, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained the said relationship.

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

Name or corporate name of the director	Description of the relationship	Reasoned statement
MR. ÓSCAR FANJUL MARTÍN	Mr. Fanjul is Vice-Chairman of LafargeHolcim Ltd. Companies of this group have sold cement, concrete and related materials to Ferrovial group companies amounting to approximately €1,724.48 thousand. The Ferrovial Group has also provided waste management and collection services amounting to approximately €52.03 thousand to companies in the LafargeHolcim Group. Mr. Fanjul is also a Director of Marsh & McLennan Companies Inc. Companies in this group have provided insurance and guarantee services to Ferrovial group companies amounting to approximately €6,884.16 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 Director.
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	Mr. Sánchez-Junco is a Director and during part of the 2020 financial year Executive Chairman of the Maxam Group. Companies in this group have provided explosives inspection and verification services to Ferrovial group companies for approximately €0.23 thousand. In addition, the Ferrovial Group has supplied consumables to companies in the Maxam Group amounting to approximately €1.04 thousand.	The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.
MR. BRUNO DI LEO	Mr. Di Leo is a Director of Cummins Inc. Companies in this group provided repair and spare parts supply services amounting to approximately €1,128.59 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 Ltd. Companies in this group have sold cement, concrete and related materials to companies in the Ferrovial group amounting to approximately	

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of the director	Description of the relationship	Reasoned statement
	€1,724.48 thousand. In turn, the Ferrovial Group has also provided waste management and collection services amounting to approximately €52.03 thousand to companies in the LafargeHolcim Group. Furthermore, Ms. Sorensen is a Director of Sulzer Ltd. Companies in this group have carried out sales transactions of pumping equipment and water treatment and purification services to Ferrovial group companies for approximately €732.13 thousand.	Taking into account the type of operations and the turnover of the companies involved, the Board considers that the relationships described above not to be sufficiently important to affect the independence of the Director.

OTHER EXTERNAL DIRECTORS

The other external directors shall be identified and the reasons why they cannot be considered proprietary and independent directors and their relationships will be listed, whether with the company, its directors or its shareholders:

Name or corporate name of the director	Reasons	Company, executive or shareholder with whom the relationship is maintained:	Profile
MR. SANTIAGO FERNÁNDEZ VALBUENA	Article 529 xii.4.i of the CCA 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. Fernández Valbuena was appointed to the Board of Directors of Grupo Ferrovial, S.A. (a defunct company after being absorbed by Ferrovial, S.A.) on 30 May 2008.	---	Degree in Economics (Universidad Complutense de Madrid); PhD and Master's Degree in Economics (Northeastern University, Boston). Director of Ferrovial since 2008. Non-Executive Chairman of the Board of Directors of AEDAS Homes, S.A.; Non-Executive Vice-Chairman of EBN Banco de Negocios and Director of Mapfre Brasil and Mapfre Internacional. Former Chairman of Telefónica Latinoamérica; Director and Chief Strategy, Finance and Corporate Development Officer at Telefónica; Managing Director of <i>Société Générale Valores</i> and Head of Equities at Beta Capital; Professor of Applied Economics at the Universidad Complutense and Professor at IE Business School.

Total number of other external directors	1
------------------------------------------	---

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

% of the Board	8.33
----------------	------

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

Name or corporate name of the director	Date of change	Previous category	Current category
MR. SANTIAGO FERNÁNDEZ VALBUENA	30/05/2020	Independent	Other External

C.1.4 Complete the following table with information on the number of female directors at the close of the last 4 financial years, as well as the category of such directors:

	Number of female directors				% of total directors of each category			
	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	50.00	50.00	50.00	50.00
Independent	1	1	1	1	14.29	12.50	16.67	20.00
Other external					0.00	0.00	0.00	0.00
TOTAL	2	2	2	2	16.67	16.67	16.67	16.67

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

- Yes
 No
 Partial policies

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

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

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

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

On 15 December 2015, the Board of Directors approved the Director Selection Policy of Ferrovial, S.A. At its meeting of 17 December 2020, the Board amended this Policy, which is now called the Board Composition Policy. This amendment was preceded by a proposal from the Nomination and Remuneration Committee.

The Policy aims to promote an appropriate composition of the Board of Directors. On the one hand, by ensuring that the proposals for appointment and re-election of its members are based on a prior analysis of the competencies required by the Company's Board of Directors; and on the other hand, by favouring diversity of knowledge, experience, nationality, age and gender on the Board.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

In particular, it provides that an attempt shall be made to identify candidates who bring a diversity of knowledge, experience, nationality, age and gender to the Board of Directors, and any kind of implicit bias that may imply any discrimination shall be avoided. To this end, it provides for the possible hiring of external consultants for the selection of candidates for membership of the Board.

It also mentions that in the selection processes, an attempt will be made to achieve an adequate balance on the Board of Directors that enriches and contributes plural points of view to the debates and decision making.

Finally, it indicates that, before the end of the year 2022, the number of female Directors shall be at least thirty per cent of the total number of members of the Board of Directors. In order to achieve this objective, the external consultant who, where appropriate, collaborates in the selection of candidates will be instructed to seek and present profiles of the under-represented gender, provided that they meet the requirements set out in the Policy itself.

There were no vacancies on the Board of Directors during the financial year 2020. Consequently, no selection process has been carried out for candidates to form part of the Board.

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

As stated in section A, the Board agreed at its meeting of 17 December 2020, following a proposal from the Nomination and Remuneration Committee, to amend the Board Composition Policy.

In this amendment, age has been included as one of the criteria to be taken into account in the nominations in order to bring more diversity to the Board. In addition, the target for the presence of the least represented gender on the Board has been updated to 30% for the 2022 financial year. This objective has been established taking into account the opinions of stakeholders and the situation in other markets, as well as the current number of female Directors.

At its meeting held on 7 May 2020, the Board of Directors was informed of the report of an external consultant of recognised prestige specialising in selection processes for Directors in listed companies; among other matters, it set out recommendations to facilitate the identification of candidates for female Directors.

Section C.1.6 also explains the specific measures agreed by the Nominations and Remuneration Committee in order to increase the number of female Directors.

C.1.6 Explain the measures, if any, that the nominations committee has agreed to ensure that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and who enable a balanced presence of women and men to be achieved. Also indicate whether these measures include encouraging the company to have a significant number of senior female managers

Explanation of the measures

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

- Include at least one curriculum from a person of the less represented gender in the final trio of applicants.
- Choose the candidate from the less represented gender, provided that the professional evaluation of the candidates is similar in terms of appropriateness, competence and professional performance.
- Evaluate annually and adopt, if applicable, an action plan to correct the deficiencies detected in regard to the composition of the Board in terms of diversity.

In addition, the terms of reference of external advisers of recognised standing who assist in the selection process include the obligation to seek applications from women with the required skills and profiles.

The Nomination and Remuneration Committee has included in the plan of matters to be dealt with at its meetings in 2021 the specific review of the progress made by the Company in terms of the diversity of its Board of Directors.

The measures agreed by the Nomination and Remuneration Committee do not expressly include encouraging the company to have a significant number of senior female managers. However, Ferrovial has measures in place to ensure the presence of female talent in key positions, in a similar proportion to their presence in the Company. To this end, it carries out actions aimed at attracting, developing, promoting and retaining women. These include the application of the "Rooney Rule" (at least one woman in the shortlist for positions with more than 3 years of experience), specific training plans, reduction of the pay gap and the development of an inclusive culture that promotes equal opportunities.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

When, despite the measures that may have been adopted, there are few or no female directors or senior managers, explain the reasons for this:

Explanation of the reasons

There are currently two female Directors among the twelve members of the Board of Directors (representing 16.6%). At the General Shareholders' Meeting held on 17 April 2020 it was agreed to re-elect Ms. Hanne Sorensen for three years. Ms. María del Pino was re-elected for three years at the 2019 General Shareholders' Meeting.

As indicated in the response to section C.1.5, no vacancies have arisen on the Board of Directors during the 2020 financial year and, therefore, no selection processes for candidates have been followed.

The number of female Directors has not changed during the year.

C.1.7 Explain the conclusions of the nominations committee on the verification of compliance with the policy aimed at favouring an appropriate composition of the board of directors.

The Nomination and Remuneration Committee has verified compliance with the Director Selection Policy (now Board Composition Policy) at its meeting held on 29 July 2020.

The Committee considered that the Policy had been complied with in the latest selection processes carried out to fill vacancies on the Board. It noted however that the Company's internal commitment to the number of female Directors provided for in the Policy in force at that time (30% of the total number of Board members at the end of the financial year 2020) has not been met.

As stated in the response to section C.1.5, in December this Policy was amended with the aim, among others, of incorporating age as one of the criteria to be considered in candidacies in order to achieve greater diversity on the Board, and updating the target for representation of the least represented gender, placing it at 30% of the total number of Board members by the end of 2022.

C.1.8 Explain, where appropriate, the reasons why proprietary directors have been nominated at the request of shareholders whose ownership interest is less than 3% of the capital

Name or corporate name of shareholder	Reason
MR JOAQUÍN DEL PINO CALVO-SOTELO	Mr. del Pino y Calvo-Sotelo holds, individually and through Soziancor, S.L.U. and Addition Sicav, S.A., a stake (2.549%) in the share capital of the Company as of 31 December 2020. In addition, together with his sister María, he held 1.217% of the share capital at 31 December 2020 jointly and indirectly, through Casa Grande de Cartagena, S.A.U. Mr. Joaquín del Pino Calvo-Sotelo's economic interest in the Company exceeds 3% of the Company's share capital.

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained:

Yes
 No

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of the director or committee	Brief description
RAFAEL DEL PINO CALVO-SOTELO	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.
IGNACIO MADRIDEJOS FERNÁNDEZ	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.
EXECUTIVE COMMITTEE	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.

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

Name or corporate name of the director	Corporate name of the group entity Position	Position	Do they have executive functions?
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	FERROVIAL CONSTRUCCIÓN, S.A.	Chairman	YES
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	FERROVIAL SERVICIOS, S.A.	Chairman	YES

C.1.11 Give details of any directors or representatives of directors who are legal persons of your company, who are members of the board of directors or representatives of directors who are legal persons of other companies listed on regulated markets other than your group, that have been notified to the company:

Name or corporate name of the director	Corporate name of the listed company	Position
MR. ÓSCAR FANJUL MARTÍN	LAFARGEHOLCIM LTD.	VICE CHAIRMAN
MR. ÓSCAR FANJUL MARTÍN	MARSH & MCLENNAN COMPANIES	DIRECTOR
MR. SANTIAGO FERNÁNDEZ VALBUENA	AEDAS HOMES, S.A.	CHAIRMAN
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	GESTAMP AUTOMOCIÓN, S.A.	DIRECTOR
MR. BRUNO DI LEO	CUMMINS INC.	DIRECTOR
MR. PHILIP BOWMAN	KATHMANDU HOLDINGS LIMITED	DIRECTOR
MR. PHILIP BOWMAN	SKY NETWORK TELEVISION LIMITED	CHAIRMAN
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	LAFARGEHOLCIM LTD.	DIRECTOR
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	SULZER LTD.	DIRECTOR
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	TATA CONSULTANCY SERVICES LIMITED	DIRECTOR

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of the director	Corporate name of the listed company	Position
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	TATA MOTORS LTD.	DIRECTOR

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

Yes
 No

Explanation of the rules and identification of the document where it is regulated.

Article 35 of the Regulations of the Board of Directors of Ferrovial, which regulates the duty of diligence of Directors, states that they may not belong to more than five boards of directors of listed companies other than Ferrovial and its subsidiaries. For these purposes, all the boards of listed companies that form part of the same group will be counted as one board, as well as the boards of listed companies of which the director is a proprietary director proposed by any company of that group. Exceptionally, and for duly justified reasons, the Board may exempt the Director from this limitation.

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

Remuneration accrued in the financial year in favour of the Board of Directors (thousands of euros)	8,174
Amount of the rights accumulated by the current directors in relation to pensions (thousands of euros)	503
Amount of the rights accumulated by the former directors in relation to pensions (thousands of euros)	

C.1.14 Identify the members of senior management who are not simultaneously executive directors, and indicate the total remuneration accrued in their favour during the financial year:

Name or corporate name	Position/s
MR. JUAN IGNACIO GASTÓN NAJARRO	MANAGING DIRECTOR OF CONSTRUCTION
MR. FIDEL LOPEZ SORIA	MANAGING DIRECTOR OF SERVICES
MR. PEDRO MONTOYA SANTOS	COMPLIANCE AND RISK DIRECTOR
MR. JUAN FRANCISCO POLO MARTÍN	COMMUNICATION AND CORPORATE RESPONSIBILITY DIRECTOR
MR. ANDRÉS CAMACHO DONEZAR	MOBILITY DIRECTOR
MR. ALBERTO FERREIRO PRADO	INTERNAL AUDIT DIRECTOR
MR. ERNESTO LÓPEZ MOZO	CHIEF FINANCIAL OFFICER
MR. SANTIAGO ORTIZ VAAMONDE	GENERAL COUNSEL
MR. JORGE GIL VILLÉN	MANAGING DIRECTOR OF AIRPORTS
MS. MARÍA TERESA PULIDO MENDOZA	CORPORATE STRATEGY DIRECTOR
MR. DIMITRIS MIGUEL BOUNTOLOS MONTABES	MANAGING DIRECTOR OF INFORMATION AND INNOVATION SYSTEMS



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name	Position/s
MR. CARLOS CEREZO PAREDES	MANAGING DIRECTOR OF HUMAN RESOURCES
MR. ALEJANDRO DE LA JOYA RUIZ DE VELASCO	MANAGING DIRECTOR OF TOLL ROADS
MR. VALENTÍN ALFAYA ARIAS	SUSTAINABILITY DIRECTOR
Number of women in senior management	1
Percentage over the total number of members of senior management	7.14
Total remuneration senior management (thousands of euros)	15,840

C.1.15 Indicate whether there have been any amendments to the Board Regulations during the year:

Yes
 No

Description of amendments

During the year, the Board of Directors approved two amendments to its Regulations.

A) At its meeting of 27 February 2020, it approved the amendment of Article 35, which regulates the basic obligations of Directors deriving from the duty of diligence, to limit to five the maximum number of boards of listed companies other than Ferrovial and its subsidiaries to which the Company's Directors may belong. The purpose of this amendment was to introduce the content of the second paragraph of recommendation 25 of the Good Governance Code of Listed Companies.

B) At its meeting on 17 December 2020, it approved the amendment of several precepts. This reform has pursued the following objectives:

- To assume the recommendations of the Good Governance Code of Listed Companies after its partial reform in June 2020. In this regard, the changes mainly affect the functions of the Audit and Control Committee in relation to non-financial information and risks, and the transparency of the decisions adopted when the situation of a director may affect the credit and reputation of the Company.

- To introduce technical or drafting improvements, having adjusted several definitions to what is established in the regulations (internal or external) and clarified the wording of several articles.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors.

List the competent bodies, procedures and criteria used for each of these procedures.

A. Selection of Directors

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

The Nomination and Remuneration Committee is required to:

- Submit to the Board of Directors proposals to appoint Independent Directors by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report on proposals for nominations of the remaining Directors for their appointment 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.

On 15 December 2015, the Board of Directors approved the Director Selection Policy of Ferrovial, S.A. At its meeting of 17 December 2020, the Board amended this Policy, which is now called the Board Composition Policy. The Policy indicates that the director selection process must achieve the right balance on the Board of Directors 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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

may enlist the services of an external advisor in director selection procedures. Finally, the Policy lists a range of requirements that the Company must consider, among others, when selecting candidates for directorships.

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

B. Term of office

Under the Bylaws and the Regulations of the Board of Directors, Directors shall hold office for a period of 3 years and may be re-appointed.

C. Appointment of the CEO, Secretary of the Board and members of the Committees.

The Nomination and Remuneration Committee is required to:

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

D. Removal of Directors

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

C.1.17 Explain to what extent the annual evaluation of the Board has given way to important changes in its internal organisation and concerning the procedures applicable to its activity

Description of amendments

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

However, based on the findings and recommendations of the external consultant who assisted in the evaluation process, the Board agreed to establish as an action plan, among other actions: (i) to continue to strengthen its work in defining the long-term strategy; and (ii) to advance in the digital transformation of the group.

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

Description process for the evaluation and areas evaluated

The evaluation process for the Board of Directors is carried out every year with the support of a leading external consultant. In 2020 the following were reviewed: (i) the evolution of the areas for improvement identified in the previous evaluation; (ii) general issues affecting the Board (number of Directors, their experience and skills, their training and development, their independence and judgement, and the supervision of the Committees); (iii) the dynamics of its functioning, its competencies and relations with the management team; (iv) the operating dynamics and competencies of the Board's Committees; (v) the performance of the Chairman, the CEO and the Secretary.

The Directors answer a questionnaire prepared by the external advisor and have an interview with the external advisor. The consultant processes and assesses the information provided in the responses and presents the results at a Board meeting, including its analysis and conclusions.

In addition to the evaluation process, the Audit and Control and Nomination and Remuneration Committees prepare an annual report on their operation. Following the CNMV's practical guidelines on both types of Committee, the report of the former is approved by the Board and the report of the latter is submitted to the Board. Both reports are published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

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

KPMG has assisted in the evaluation process of the Board of Directors for the year 2020.

KPMG has the following business relationships with the Ferrovial Group:

- It provides various types of consulting services to the group (mainly, advice on the review of financial and non-financial information in processes of mergers and acquisitions ("due diligence"), financial audit models and expert reports).



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

C.1.19 Indicate the cases in which directors are obliged to 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 shareholding in its entirety. Directors must also resign from office, in a suitable number, if their shareholding is reduced to a level that requires a reduction in the number of Proprietary Directors.

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

- When he/she is in any situation giving rise to a conflict of interest or otherwise prohibiting him/her from holding office, whether provided for by law or by Company regulations.
- At the Board's request, because the Director has seriously breached its obligations.
- On reaching the age of 72 years.
- Should significant changes take place in his/her professional situation or the conditions by virtue of which he/she was nominated Director.
- When his/her remaining on the Board may jeopardise Ferrovial's interests or damage its credit and reputation. In the event that the Board becomes aware (through having been informed by the Director or otherwise) that the Director is in a situation, whether or not related to their performance at Ferrovial, which may damage the credit and reputation of Ferrovial; the Board shall examine the case as soon as possible and, in view of the specific circumstances, shall decide, following a report from the Nomination and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the Director or proposing his dismissal. This will be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which must be recorded in the minutes. This is without prejudice to the information to be disseminated by the company, where appropriate, when the relevant measures are taken.

With regard to Independent Directors, the Regulations of the Board of Directors state that the Board will not ask any of 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 listed 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.

When a Director, either by resignation or by resolution of the General Shareholders' Meeting, leaves office before the end of his term of office, they shall sufficiently explain the reasons for their resignation or, in the case of Non-Executive Directors, their opinion on the reasons for the removal by the General Shareholders' Meeting, in a letter to be sent to all members of the Board. Without prejudice to the fact that all this is reported in the Annual Corporate Governance Report, to the extent that it is relevant for investors, the Company shall publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director.

C.1.20 Are qualified majorities, other than legal majorities, required for any type of decision?

- Yes
 No

If applicable, describe the differences.

Description of differences

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

C.1.21 Explain whether there are specific requirements, other than those relating to directors, to be appointed Chairman of the Board of Directors:

- Yes
 No

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Yes
 No

	Age limit
Chairman	72
Chief Executive Director	72
Director	72

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

C.1.23 Indicate whether the Bylaws or the Regulations of the Board of Directors establish a limited mandate or other stricter requirements in addition to those legally established for independent directors, other than those established in the regulations:

Yes
 No

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

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

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

Number of Board meetings	8
--------------------------	---

Number of Board meetings held without the Chariman's attendance	0
-----------------------------------------------------------------	---

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

Number of meetings	0
--------------------	---

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

Number of meetings of the Audit and Control Committee	5
-------------------------------------------------------	---

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Number of meetings of the Nomination and Remuneration Committee	6
Number of meetings of the Executive Committee	6

The Lead Director has held individual meetings with each of the Non-Executive Directors.

In addition, the Board of Directors adopted resolutions in writing and without a meeting on 11 February, 30 March, 7 June and 29 October 2020.

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

Number of meetings attended in person by at least 80% of the directors	8
% of attendance in person of the total votes cast during the financial year	100.00
Number of meetings with attendance in person, or representations made with specific instructions, of all directors	8
% of votes cast with attendance in person and representations made with specific instructions, on the total votes during the financial year	100.00

C.1.27 Indicate whether the individual and consolidated annual accounts that are submitted to the Board for formulation are previously certified:

Yes
 No

Identify, where applicable, the person(s) who certified the Company's individual and consolidated financial statements prior to their authorisation for issue by the Board:

Name	Position
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	CHIEF EXECUTIVE OFFICER
MR. ERNESTO LÓPEZ MOZO	CFO
MR. RAFAEL DEL PINO CALVO-SOTELO	CHAIRMAN OF THE BOARD OF DIRECTORS



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

The Regulations of the Board of Directors mention, among the powers attributed to the Board, to ensure that the annual accounts that the Board of Directors prepares and submits to the General Shareholders' Meeting, prepared in accordance with accounting regulations, do not contain limitations and qualifications in the auditors' report.

The Regulations also confer on the Audit and Control Committee the power to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

C.1.29 Is the secretary of the board a director?

Yes

No

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

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

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

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

The Audit and Control Committee receives annually from the auditor the declaration of its independence in relation to the Company or entities directly or indirectly related to it, as well as detailed or individualised information on additional services of any kind rendered and the corresponding fees received from these entities by the aforementioned auditor or by the persons or entities related to it in accordance with the provisions of the legislation on auditing of accounts. Prior to the issue of the external auditor's report, the Committee approves a report every year expressing an opinion on whether the independence of the external auditor is compromised. This report contains the reasoned assessment of the provision of the additional services, considered individually and as a whole, other than the statutory audit.

The auditor has had sufficient time to inform the Audit and Control Committee at its meetings without the presence of the Company's executives.

The Company also has an internal procedure that regulates the engagement of any professional audit services and other consultancy or advisory services with any audit firms and entities related to them or belonging to the same network, regardless of whether or not they are responsible for auditing the consolidated and individual financial statements of Ferrovial, S.A. or its subsidiaries at any given time. Based on this internal procedure, the contracting of certain non-audit services has been authorised with the external audit firm and with other audit firms. When such services have been authorized by the Audit and Control Committee such Committee, in its analysis, has considered the nature and circumstances of the service, the issues that may arise in relation to the regulations on independence and the reasons that justify hiring a specific audit firm.

Likewise, the Finance Department periodically submits to the Audit and Control Committee (i) a summary of all the work authorised to date; and (ii) an estimate of the costs to be incurred in the remainder of the year. Likewise, the Finance Department ensures that this information is consistent with the information the auditor must submit to the Audit and Control Committee and with that published in the annual accounts and in the annual corporate governance report in accordance with the applicable regulations.

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The Company has put in place an internal procedure with measures to ensure that it 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.

Finally, Ferrovial has approved a general policy for corporate, economic-financial and non-financial communication and contact with shareholders, institutional investors, other stakeholders and the market in general. Such policy regulates, among other things, communication with credit rating agencies. It states that such communication is the responsibility of the Finance Department and that this department maintains fluid and permanent contact with these agencies in order to keep them up to date on the progress of the group and on the evolution of corporate and financial transactions communicated to the market by the Company, as well as to respond to their questions and suggestions, in compliance with the applicable regulations.

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

Yes
 No

Outgoing Auditor	Incoming Auditor
Deloitte, S.L.	Ernst & Young, S.L.

The General Shareholders' Meeting held on 17 April 2020 resolved to appoint Ernst & Young, S.L. as auditors of Ferrovial and its consolidated group for the financial years 2020 to 2022, in accordance with the recommendation from the Audit and Control Committee. This agreement was the result of the selection process for which this Committee was responsible.

In the event that there were disagreements with the outgoing auditor, explain the content of these:

Yes
 No

C.1.32 Indicate whether the audit firm performs non-audit work for the Company and/or its group and, if so, state the amount of the fees paid for such work and the percentage that the above amount represents of the fees invoiced for auditing work to the company and/ or its group:

Yes
 No

	Company	Group companies	TOTAL
Amount of non-audit work (in thousands of euros)	0	550	550
Amount of non-audit work / Amount of audit work (%)	0.00	18.60%	18.60%

C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified. If applicable, indicate the reasons given to the shareholders at the General Shareholders' Meeting by the Chairman of the Audit Committee to explain the content and scope of such qualifications.

Yes
 No

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

C.1.34 Indicate the number of consecutive years that the current audit firm has been auditing the company's individual and consolidated financial statements and/or consolidated accounts. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by current audit firm/Number of ° years the Company or its group has been audited (%)	2.8%	2.8%

C.1.35 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for the meetings of the governing bodies:

Yes
 No

Procedures

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

According to the Regulations of the Board of Directors, the meetings of the Board may be called by any written method, including electronic mail, personally addressed to each Director with a notice period of, at least, forty-eight hours (In practice, the meetings are called one week in advance). 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 assists the Chairman so that Directors receive information 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 CEO and the Secretary to the Board for any further information they may reasonably require.

C.1.36 Indicate whether the company has established rules that oblige directors to report and, where appropriate, resign when situations arise that affect them, whether or not related to their actions in the company that could damage the credit and reputation of the company:

Yes
 No

Explain the rules

Article 42 of the Regulations of the Board of Directors, which regulates Directors' duties of information, states in section d) that Directors must inform the Company, through the Chairman or the Secretary of the Board, of situations affecting them, whether or not related to their performance at Ferrovial, which may damage the credit and reputation of Ferrovial; in particular, criminal cases in which they are under investigation and the progress of the proceedings.

Article 30.5 of the aforementioned Regulations establishes in section c) that Directors must tender their resignation to the Board of Directors and formalize their resignation, if the Board deems it appropriate, when their remaining on the Board could jeopardize the interests of Ferrovial, or damage its credit and reputation.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

In the event that the Board becomes aware (through having been informed by the Director or otherwise) that the Director is in any of the situations contemplated in article 42 d) above, the Board shall examine the case as soon as possible and, in view of the specific circumstances, shall decide, after a report from the Nomination and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the Director or proposing the Director's removal.

This will be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify not doing so, which must be recorded in the minutes. This is without prejudice to the information to be disseminated by the company, where appropriate, when the relevant measures are taken.

C.1.37 Indicate, unless there are special circumstances that have been recorded in the minutes, whether the Board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to their performance in the company, which could damage the credit and reputation of the company:

[] Yes
[✓] No

C.1.38 List any significant agreements entered into by the Company that come into force, are amended or terminate in the event of a change of control of the Company as a result of a takeover bid, and their effects.

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

In May and June 2020, Ferrovial, S.A. entered into credit agreements with several credit institutions to finance general corporate needs. The agreements include, as an event of early repayment, a change of control of Ferrovial, S.A. For these purposes, there will be a change of control in substantially the same terms as those described for the Multicurrency Revolving Facility Agreement in the preceding paragraph.

In May 2013 Ferrovial Emisiones, S.A., 100% subsidiary of Ferrovial S.A., issued bonds listed on the London Stock Exchange, guaranteed by Ferrovial, S.A. and maturing in 2021. Also, in July 2014, September 2016, March 2017 and in May, June and November 2020, Ferrovial Emisiones, S.A. issued bonds admitted to trading on the AIAF fixed-income market, also guaranteed by Ferrovial, S.A. and maturing in 2024, 2022, 2025, 2026, 2026 and 2028, respectively. Section 7© of the Terms and Conditions included in the issue prospectuses establishes as a case of early total or partial redemption, at the option of the holders of the bonds, the fact that there is a change of control of Ferrovial, S.A., which also results in the loss or lowering of the "rating" of Ferrovial, S.A. For these purposes, a change of control is understood to be an event of acquisition of ownership of more than 50% of the Company's voting rights at the General Shareholders' Meeting or of the right to appoint the majority of the members of the Board of Directors by a person or persons not related to Portman Baela, S.L., for the 2013 and 2014 issues, or by a person or persons not related to Menosmares, S.L.U., Rijn Capital BV, Soziancor, S.L.U., Casa Grande de Cartagena, S.L.U. or Siemprelara, S.L.U., for the 2016, 2017 and 2020 issues.

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

The Company and its group are also party to less onerous contracts, mainly financial in nature, that require authorisations or set conditions for a change of control or corporate transactions such as a merger or spin-off. These include a change of control in Ferrovial, S.A. among the grounds for early termination.

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

C.1.39 Identify individually, when referring to directors, and in aggregate in all other cases, and indicate in detail any agreements between the company and its directors, management or employees that provide for indemnities, guarantee or golden parachute clauses when they resign or are dismissed without just cause or if the contractual relationship comes to an end as a result of a takeover bid or other type of transaction.

Number of beneficiaries	0
Type of beneficiary	Description of the agreement

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

None.	None.
-------	-------

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

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

C.2. Board of Directors' Committees

C.2.1 List all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

Audit and Control Committee		
Name	Position	Category
MR. ÓSCAR FANJUL MARTÍN	CHAIRMAN	Independent
MR. SANTIAGO FERNÁNDEZ VALBUENA	DIRECTOR	Another External
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	DIRECTOR	Independent
MR. PHILIP BOWMAN	DIRECTOR	Independent

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

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

DUTIES

The Bylaws and the Regulations of the Board of Directors attribute the following powers to the Audit and Control Committee:

In the area of financial reporting:

- Supervise and evaluate the preparation process and the integrity of the financial and non-financial information relating to the Company and its group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- Ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases in which the auditor has included a qualification in its audit report, the Chairman of the



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Audit and Control Committee shall clearly explain at the General Shareholders' Meeting the opinion of said Committee on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board, at the time of publication of the notice of the Meeting.

- Prior to its approval by the Board, report upon the financial information which the Company must furnish periodically to the markets, investors or public authorities as required by the regulations applicable.
- Supervise the effectiveness of the internal control of the Company and discuss with the auditor, any significant weaknesses detected in the internal control system detected in the course of the audit, without violating its independence; and, where appropriate, submit proposals or recommendations to the governing body and the corresponding deadline for their follow-up.

In relation to risk control:

- Supervise and evaluate the control and management systems for financial and non-financial risks relating to the Company and the Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks.

In relation to the Internal Audit:

- Propose the selection, appointment, re-election or removal of the Internal Audit Director, who will depend functionally on the Chairman of the Committee.
- Supervise the independence of the Internal Audit Department; ensure that it has the human, technical and material resources and training necessary to carry out its duties and for this purpose, propose its budget.
- Receive regular information on the activities of the internal audit services; approve, upon presentation by the Director, the orientation and its annual work plan, ensuring that its activity is primarily focused on risks (including reputational); receive information from the Director of Internal Audit on its implementation, including possible incidents and limitations to the scope of its development, the results and follow-up of its recommendations; and verify that senior management takes into account the conclusions and recommendations of its reports.

In relation to the external auditor:

- Submit 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 duties.
- Establish the appropriate relationships with the auditor so as to receive information about those issues that might represent a threat to its independence, and any others related to the performance of the audit itself.
- 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 upon the independence of the auditor, which shall be published on the website of the Company sufficiently far in advance of the date of the Ordinary General Meeting of the Company. Ensure that the auditor's remuneration does not compromise its quality or independence.
- Carry out an assessment of the service provided by the auditor every five years so as to verify its quality.

In relation to other matters:

- Inform the General Shareholders' Meeting about the issues that arise within it in matters within its competence.
- Establish and supervise Ferrovial's ethical channel (managed by the Compliance Department in coordination with other management bodies and in particular with the Internal Audit Department), which allows employees and other persons related to the Company, as Directors, shareholders, suppliers, contractors or subcontractors to report, confidentially and anonymously via the Internet or a post office box, any potentially significant irregularities, including financial, accounting or any other type of irregularity related to Ferrovial that are detected within the Company or its group.

Continued in Section H.

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

Name of the directors with experience	MR. ÓSCAR FANJUL MARTÍN / MR. SANTIAGO FERNÁNDEZ VALBUENA / MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ / MR. PHILIP BOWMAN
Date of the appointment of the chairman in the position	19/12/2019



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

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

DUTIES

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

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

- Evaluate the competences, knowledge and experience necessary on the Board of Directors For these purposes, it shall define the duties and aptitudes required of the candidates for a vacancy, and evaluate the time and dedication necessary for them to be able to fulfil the duties entrusted effectively.
- Establish a representation objective for the less represented gender on the Board of Directors, and prepare guidelines as to how to attain that objective.
- Submit to the Board of Directors the proposals to appoint Independent Directors by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report on proposals for nominations of the remaining Directors for their appointment by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report on proposals to appoint the individuals who are to represent a legal person Director.
- Provide information on the nomination of the Chairman and the Deputy Chairmen of the Board of Directors, the Secretary and the Deputy Secretary to the Board of Directors.
- Report on the nomination of the CEO.
- Report on the nomination of members who are to form part of each of the Committees, taking into account the knowledge, aptitudes and experience of the Directors and the duties entrusted to each Committee.

In relation to the remuneration of Directors and senior management:

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

In relation to the 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 duties:

- Draft the reports on the annual evaluation of the Board of Directors and for the evaluation of the Committee by the Board.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- 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 the Non-Executive Directors have sufficient time available for the proper conduct of their remit.

FUNCTIONING

The Chairman of the Committee shall preside over its meetings, direct the deliberations of the matters to be discussed and shall have the casting vote in the event of a tie of the votes.

The Committee will meet following a call 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 duties.

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

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

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

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

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

Anything not specifically provided for with regard to the Committee will be subject to the Regulations of the Board of Directors 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 a forecast of matters to be dealt with at each of its meetings in 2020, incorporating one-off matters during the year.

Continued in Section H.

Executive Committee

Name	Position	Category
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	DIRECTOR	Executive
MR. ÓSCAR FANJUL MARTÍN	DIRECTOR	Independent
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	DIRECTOR	Independent
MS. MARÍA DEL PINO CALVO-SOTELO	DIRECTOR	Proprietary
MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO	DIRECTOR	Independent
MR. RAFAEL DEL PINO CALVO-SOTELO	CHAIRMAN	Executive

% of executive directors	33.33
% of proprietary directors	16.67
% of independent directors	50.00
% of other external directors	0.00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9, and describe the procedures and rules of organisation and operation of the committee. For each of these functions, indicate its most important actions during the financial year and how it has exercised each of the duties attributed to it in practice, whether by law, in the Bylaws or in other corporate resolutions.

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

FUNCTIONING

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

The Executive Committee shall consist of no fewer than three and no more than eight members. It must have at least two Non-Executive Directors, at least one of whom must be an Independent Director.

The Executive Committee shall ordinarily meet once per month, and as often as the Chairman should deem fit for the proper operation of the Company.

The meetings of the Executive Committee shall be called by any written means addressed to each of its members at least one day prior to the date of the meeting, except in the event of extraordinary circumstances deemed necessary by the Chairman, in which case the Executive Committee may be called without such prior notice.

The meeting of the Executive Committee shall be quorate when more than one half of its members attend, in person or represented.

In the absence or impossibility of the Chairman, his functions shall be exercised by the Vice-Chairman if he is a member of the Committee and, failing this, by the Director appointed by the Committee.

The agreements shall be adopted by absolute majority of those present at the session. The Chairman shall have the casting vote in the event of a tie.

Minutes are taken of all meetings of the Executive Committee and are circulated to all members of the Board for information on the issues discussed and the decisions reached on each item.

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

MOST IMPORTANT ACTIONS CARRIED OUT DURING THE YEAR

During the meetings held over the year, the Executive Committee has approved and was informed of those operations when it proceeds in accordance with the internal regulations of the Company.

Likewise, within the framework of its duty to supervise the Company's activity as a delegated body of the Board of Directors, the Executive Committee has monitored the evolution of (i) the Group's cash flow and financial information; (ii) the main operating indicators of each of the business divisions; (iii) the most relevant indicators on health and safety and the impact of Covid 19 on the group; and (iv) the most relevant issues and projects affecting Ferrovial.

C.2.2 Complete the following table with information on the number of female directors on the Board of Directors' Committees at the end of the last four financial years:

	Number of female directors							
	Financial year 2020		Financial year 2019		Financial year 2018		Financial year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	1	25.00	1	25.00	0	0.00	0	0.00
Executive Committee	1	16.67	1	16.67	1	14.29	1	14.29

C.2.3 Indicate, where applicable, the existence of regulations governing the Board committees, where they are available for consultation, and any amendments made during the year. In turn, indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

The Audit and Control Committee and the Nomination and Remuneration Committee have drawn up reports on their operation, which are published on the Company's website (www.ferrovial.com) 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).



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

D. RELATED-PARTY TRANSACTIONS AND INTER-GROUP OPERATIONS

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

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

- Article 229 section 1 a) of the revised text of the CCA. This obliges directors, as a general rule, to abstain from engaging in transactions with the Company as there is a conflict of interest.
- Articles 529 ter section 1 h) of the CCA and 38.2 s) of the Bylaws. These provisions vest a non-delegable duty and power in the Board, supported by a prior report from the Audit and Control Committee, to approve transactions concluded by the Company or its group companies with Directors or shareholders who individually or in concert with others hold a significant interest, including shareholders represented on the Board(s) of the Company or of other companies in the same group, or their related parties.
- Article 230 section 2, paragraph 2 of the CCA attributes the competence to authorize such operations to the General Meeting in the event that the value of the transaction exceeds 10% of the corporate assets.
- Article 529 ter 1 h) of the CCA states that only operations which simultaneously fulfil all of the following three conditions shall be exempted from this requirement for approval: a) that the transactions are conducted by virtue of contracts whose conditions are standardised and which are applicable en masse to a large number of customers; b) that they are undertaken at prices or tariffs established in general by whoever acts as the supplier of the good or service in question; and c) that the value does not exceed 1% of the annual revenue of the Company.
- The Regulations of the Board of Directors reflect this legal obligation in their article 38. The same article also states that in cases of ordinary transactions with the Company or its subsidiaries, it shall be sufficient for the Board of Directors to approve the line of operations in a generic manner.

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

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

Note 6.8 to the consolidated annual accounts and note 20 to the individual annual accounts provide information on the transactions that the Company or its group companies have carried out during 2020 with their related parties, all of which are within the ordinary trading or exchange activities of the Company and its group and under normal market conditions.

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

Name or corporate name of the directors or managers	Name or corporate name of the company or entity of its group	Link	Nature of the operation	Amount (thousands of Euros)
No data				N.A.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Note 6.8 to the consolidated annual accounts and note 20 to the individual annual accounts provide information on the transactions that the Company or its group companies have carried out during 2020 with their related parties, all of which are within the ordinary trading or exchange activities of the Company and its group and under normal market conditions.

D.4 Report on the important operations carried out by the company with other entities belonging to the same group, provided that they are not deleted in the drafting process for consolidated financial status and they do not form part of the normal traffic of the company in terms of its purpose and conditions.

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

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

Note 6.8 to the consolidated annual accounts provide information on the transactions between the entities controlled by Ferrovial, S.A which, belonging in any case to the ordinary trading in terms of their purpose and conditions, have not been eliminated in the process of preparing such consolidated annual accounts.

D.5 List any significant transactions between the company or group entities and other related parties that have not been reported under the preceding headings.

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

Note 6.8 to the consolidated annual accounts and note 20 to the individual annual accounts provide information on the transactions that the Company or its group companies have carried out during 2020 with their related parties, all of which are within the ordinary trading or exchange activities of the Company and its group and under normal market conditions.

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

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

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

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

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

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

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

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

The following persons are subject to these rules:

- The Directors of Ferrovial, S.A. Directors must abstain from participating in the deliberation and voting on resolutions or decisions in which they or a related person has a conflict of interest.
- Shareholders who individually or combined with others hold a significant ownership interest.
- Individuals representing Directors that are legal persons.
- Senior managers, as far as compatible with the nature of their relationship with Ferrovial.
- Other persons to whom, in accordance with Art. 3 of the Regulations of the Board of Directors, the Board decides that the Regulations of the Board of Directors shall apply in full or in part, by communicating it to them.
- And the persons related to all persons included in the above categories, under the terms provided in the Regulation itself.

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[] Yes
[✓] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

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

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

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

Based on these principles, Ferrovial has a risk identification and assessment process called Ferrovial Risk Management (FRM). This is supervised by the Board of Directors, through the Audit and Control Committee, and managed by the Management Committee and the Compliance and Risk Department, and is implemented in all the Group's business areas.

Such function of identifying and assessing risk events, including those of a fiscal nature, is carried out based on their probability of occurrence and their potential impact on strategic business objectives (including the potential impact on corporate reputation). The purpose of this is to take the most appropriate management and insurance measures according to the nature and location of the risk.

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

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

The Compliance and Risk Department is the unit responsible for coordinating the application and use 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 tax nature, to which they are exposed in the pursuit of their business objectives, to identify sufficiently in advance appropriate mitigating measures that reduce or eliminate the probability of the risk occurring and/or its potential impact on objectives in the event it were to materialise.

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

In the pursuit of its business objectives, Ferrovial is exposed to a variety of risk factors inherent to the nature of the activities it carries out and the countries in which it operates. The following risks, according to their residual assessment, may impact the development of Ferrovial's strategy:

1. Effects of the Covid19 pandemic: Restrictive mobility measures put in place by national and international authorities to cope with the severe effects of the pandemic on people's health (border closures, lockdowns, partial mobility limitations, etc.). have had an adverse effect on the global economy, contracting activity and reducing individual income, which has had a negative impact on the margins and flows of the mobility-dependent infrastructure projects managed by Ferrovial (toll roads and airports).

Uncertainty about the evolution and duration of the pandemic, as well as its effects on mobility habits in the medium and long term and on the need to provide safe mobility, create an uncertain risk scenario for the fulfilment of Ferrovial's strategic objectives.

2. Divestment processes: In December 2018 Ferrovial decided to begin the process of selling the assets linked to its Services Division. The process has been delayed in part by the effects of the covid19 pandemic on economic activity, putting at risk the achievement of sales targets and asset values.
3. Political Factors/ Regulatory framework: Some of Ferrovial's assets are subject to specific activity regulations. The increase in protectionist policies in some of the areas in which Ferrovial operates, together with the general situation of economic contraction, could lead to regulatory changes or the non-granting of permits or authorisations, which could have a negative impact on asset management and development plans, and on the tendering of new projects.

In the case of Heathrow Airport, the negotiation of the next regulatory period, together with the uncertainty regarding the airport's expansion, put the achievement of business targets at risk. On the other hand, the start of the negotiation of the next regulatory period represents an opportunity to improve the value of the asset

4. Cyber-threats: The infrastructures that Ferrovial operates are exposed to risks associated with threat agents in cyberspace (Mafias, Government Agencies, Hacktivists, Insiders, etc.). that can compromise the security and normal operation of assets through cyber-attacks of various kinds.
5. Tendering of projects and election of partners: Ferrovial participates in highly competitive bidding processes for large infrastructure projects with long maturity periods until the contract is awarded. Success in these processes requires an adequate study of prices and deadlines, the availability of reliable suppliers, as well as the selection of suitable partners with sufficient technical and economic capacity.
6. In this context, Ferrovial is exposed to the risk of committing errors in the study and choice of suitable partners and suppliers, with a potential impact on the profitability targets established.
7. Quality of Service/ Contractual Disputes: Ferrovial's strategy is focused on technically complex projects in the development of which numerous risk factors may arise, sometimes difficult to foresee, which may generate conflicts and disputes with third parties.
8. Generation and attraction of talent: The concentration of business opportunities in certain geographical areas in which Ferrovial operates increases competition and generates a strong demand for qualified professionals, making it difficult to attract, generate and retain the talent necessary to develop business plans.

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

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

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

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

On 19th October 2020, the Spanish Supreme Court communicated it did not admit the appeal against the High Court of Catalonia's judgement which ratified the changes introduced in the concession regime by the Catalanian Regional Government (the Grantor) in 2015.

The 2015 changes implied moving from a regime with no traffic risk (the Grantor paid the operator the difference between tolls collected and operating surplus established in the Economic and Financial Plan), to one with traffic risk (with the Grantor subsidizing a portion of the tolls). This resolution is final in terms of Spanish courts.

As a result of this resolution, Autema has been classified as an "intangible asset" (vs. a "financial asset" before). This change, in 2020 results, has no impact on cash generation nor cash position, but at P&L level, it implies a positive impact of EUR10mn (pre-tax), EUR6mn (post-tax), as a result of:

- A loss of -EUR168mn: difference between the financial asset's Dec 2019 book value and the intangible asset's estimated value (net present value of estimated future revenues according to the new regulation).

- A profit of EUR179mn: positive value of the 2008 Inflation derivative to fix the inflation of revenues to be received. The new contract regulation implies lower total revenues so part of the above-mentioned derivative will no longer be efficient.

Additionally, operational results of Autema for 2020 have been restated applying the new concession regime (intangible asset model). Revenues and EBITDA for 2020 result in EUR51mn and EUR44mn, respectively, vs EUR74mn and EUR66mn for 2019 (when the financial model still applied).

On the other hand, in December 2020, Amey, the British services subsidiary of Ferrovial, was the victim of a ransomware cyberattack that also affected other large companies in the United Kingdom.

The case required the activation of the containment, response, recovery and lessons learned protocols defined by the Company, which made it possible to isolate the incident at the local level of Amey, without affecting the rest of Ferrovial's businesses and activities.

E.6. Explain the response and supervision plans for the entity's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to new challenges that arise:

1. Risk Management System (FRM)

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

2. Compliance Programme

Ferrovial has implemented a Compliance Programme. For the legal framework included whereby for the regulatory frameworks 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.

Ferrovial has a Crime Prevention Model integrated into its Compliance Programme whose aim is avoiding or mitigating the risks of committing criminal conduct in accordance with the provisions of the Spanish Criminal Code for crimes that could attract the criminal liability of the company. This Model is certified by AENOR in accordance with UN 19601 "Criminal Compliance Management System" and UNE-ISO 37001 "Anti-bribery Management System".

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 2020, 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.

In addition, Ferrovial has digital platforms to ensure compliance with legislation and technical regulations throughout all stages of the contract life cycle.

4. Environmental management

Ferrovial has implemented environmental management systems in the contracts managed by its business areas. Most of these systems are certified by external entities accredited according to ISO 14001. In 2020, the percentage of certified activity in the environment under this standard was 89%. In addition, there are certificates in compliance with other standards, including ISAE 3410 "Assurance Engagements on GHG Statements", ISO 50001 Standard for the energy certification system and EMAS.

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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.

In this regard, Ferrovial has a digital platform to ensure compliance with environmental legislation throughout the company. the phases of the life cycle of contracts.

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.

On the other hand; within the framework of energy audits, in order to comply with RD56/2016 and continue the work carried out in 2016, during 2020 an energy audit was carried out of all the company's assets with activity in Spain.

5. Reliability of financial reporting

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

6. Financial risk control mechanisms

In general, this risk is managed centrally by the Finance Department by means of a proactive global risk management policy and hedging mechanisms when appropriate.

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

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 Entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or duties are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

The design, implementation and maintenance of the Internal Control over Financial Reporting System (hereinafter, ICFR) are functions attributed to the members of the Management Committee, as established in the "General framework for the operation of the Internal Control over Financial Reporting System", available to all employees on the Company's Intranet. Therefore, this responsibility is not only framed within the economic-financial function, but involves the entire organisation, including other support areas, such as Human Resources, Legal Counsel or Information Systems, as well as the business areas.

The economic-financial function is responsible for coordinating these tasks, and at a global level, through the General Finance Department (hereinafter GFD), in monitoring all stages of the process and periodically reporting to the Audit and Control Committee (hereinafter ACC) on the progress made.

In accordance with Article 38 of the Company's Bylaws, the Board of Directors is responsible for supervising the internal information and control systems, which includes the ICFR.

In addition, in accordance with section b) of article 51.3 of these Bylaws, the supervision of the effective functioning of the Company's internal control, which includes the ICFR, is one of the functions attributed to the ACC, for which it relies on the Internal Audit function.

The Board of Directors is also informed by the GFD once a year concerning the operations of the ICFR. This complies with Article 38.2 m) of the Company's Bylaws, which grants the Board of Directors the power to supervise the internal information and control systems.

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

In accordance with the provisions of the Company's Bylaws, the Nomination and Remuneration Committee is responsible, among other duties, for examining and organising the process that allows for the orderly succession of the Chairman and the CEO, whose appointment is the responsibility of the Board, and for reporting on the appointment or removal of the executives who report immediately to the CEO, who is also the responsibility of the Board of Directors.

The CEO, with the involvement of the Human Resources Managing Director in their advisory role to the CEO, is responsible for designing and reviewing the organisational structure for the first line of reporting in the organisation (executives who report to him/her).

In turn, the latter are responsible for setting changes in the organisational structure under their immediate control, in accordance with the operating model defined by the Company and with the Organisation's policies and procedures in force. The Compensation and Benefits Department and the Organisation Department, belonging to the Human Resources Department, periodically evaluate the organisational design and reporting lines, as well as the classification and description of the Group's job positions, in order to maintain an adequate segregation of functions, avoid duplication and improve the coordination of the different departments, which results in greater efficiency in the Company's operations. In relation to this, within the framework of Strategic Plan HORIZON 24, in 2020 Ferrovial reviewed its operational model and carried out a reorganization of the financial function with the aim of simplifying, homogenizing and making processes more efficient.

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

- **Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), the body in charge of investigating breaches and proposing corrective or disciplinary action.**

Corporate Code of Ethics

Ferrovial's Code of Business Ethics, which is applicable to all companies in the Group, establishes the basic principles and commitments to which its directors, managers and employees must adhere.

These principles are embodied in a series of commitments to stakeholders in Ferrovial's professional activities and are reflected in policies and procedures aimed at promoting professional performance in accordance with ethics, integrity and compliance with applicable legislation.

The Code of Business Ethics states that "Ferrovial assumes as a guiding principle of its business behaviour towards its shareholders, investors, analysts and the market in general, to transmit true and complete information that expresses the true and fair view of the company and the group, its business activities and its business strategies. This communication shall always comply with the standards and deadlines established in applicable legislation".

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

The Code also states that "Ferrovial's subsidiaries must have accounting practices in place that help ensure the accuracy of its books and records.

All employees adhere to the principles and requirements contained in the Code of Ethics and undertake to comply with it.

The Code of Business Ethics is accessible to all Ferrovial employees on the intranet and to any third party on the corporate website www.ferrovial.com. In addition, all new employees are physically handed this during the welcome process, and the Company promotes a mandatory online course on the Code of Business Ethics, which explains the basic principles and commitments of the Code.

Failure to comply with the Code may constitute a labour violation and be subject to appropriate sanctions, regardless of other responsibilities that the employee may have incurred.

In addition, Ferrovial has a Third Party Ethical Integrity Due Diligence Policy and another specific procedure for suppliers, which involve the extension of Ferrovial's values set out in its Code of Business Ethics to these groups, in order to ensure that the business is conducted in accordance with applicable national and international laws in force.

Compliance Programme

Ferrovial has a Compliance Programme, the main objective of which is to establish a common process to monitor and control the Company's compliance risks under the principle of "zero tolerance" towards the commission of criminal acts. This Compliance Programme makes effective the commitment to strict compliance with applicable laws and the application of the highest ethical standards in the development of the company's activities. The management and analysis of the operation of the Programme is the responsibility of the Compliance and Risk Department, which reports directly to the Audit and Control Committee.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The Compliance Model is described in the Compliance Policy and its main purpose is to promote a culture of business ethics in the organisation and in the decision-making and training processes of directors, managers and employees and to establish a common and homogeneous framework for monitoring, controlling and managing compliance risks (especially those aimed at preventing criminal behaviour).

In addition, the Policy develops the stages of the Compliance Programme implemented in the company, and establishes the competencies of the company's governing and management bodies, as well as those of its employees in the area of regulatory compliance.

The Compliance Model includes a Crime Prevention Model aimed at preventing or significantly reducing the risks of committing criminal acts, especially those involving the criminal liability of the legal person within the scope of the latest reform of the Spanish Criminal Code - in this area.

The Crime Prevention Model establishes the different stages and the competencies of the governing and management bodies responsible for the implementation, review, management, supervision and periodic evaluation of the operation of the model and highlights the obligation of all employees, managers and directors of Ferrovial to report any alleged irregular, fraudulent or criminal acts through the communication channels provided for this purpose. For this, Ferrovial offers you and any other party with a legitimate interest, an Ethical Channel to report complaints with the maximum guarantees of confidentiality and no reprisals. Likewise, in certain companies or areas of activity specific communication channels have been enabled that, due to their importance demand it.

Non-compliance with the law, policies, procedures or internal rules that make up the Crime Prevention Model will be sanctioned in accordance with the provisions of internal procedures, applicable legislation or the disciplinary regime provided for in the corresponding Collective Agreement.

Anti-corruption policy

Ferrovial has an Anti-Corruption Policy that governs the behaviour of all directors, managers and employees, and their partners, in the development of the business, under the principle of "zero tolerance" for any practice that may be classed as corruption, both active and passive.

The policy states that all Ferrovial employees must be aware of and strictly comply with anti-corruption laws worldwide, including the Spanish Criminal Code (and those of the other jurisdictions in which Ferrovial operates), the U.S. Foreign Corrupt Practices Act and the United Kingdom Bribery Act.

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

CERTIFICATION UNE 19601 "Management system for criminal compliance" and UNE-ISO 37001 "Anti-bribery management systems".

In March 2019, Ferrovial, S.A. obtained from AENOR (Spanish Association for Standardisation and Certification) the certification of its Crime Prevention Model in accordance with the reference standards UNE 19601 "Management system for criminal compliance" and UNE-ISO 37001 "Anti-bribery management systems".

Together with Ferrovial, S.A. and as part of its Crime Prevention Programme, the companies in its group Ferrovial Construcción, S.A., Ferrovial Aeropuertos España, S.A. and Cintra Infraestructuras España, S.L. have also obtained certification in accordance with the aforementioned reference standards.

- **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 Regulations of the Board of Directors provides that one of the powers of the ACC is to "Establish and supervise a mechanism that allows employees and other persons related to the Company, such as Directors, shareholders, suppliers, contractors or subcontractors to report potentially significant irregularities, including financial and accounting irregularities, or any other type of irregularity, related to Ferrovial that are detected within the Company or the Group. This mechanism should guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the complainant and the accused".

The Company has a whistle-blowing channel, called the "Ethical Channel", which allows for confidential queries and complaints or reports to be made, even completely anonymously. Ferrovial will not tolerate any retaliation against users of the Ethical Channel.

The operation of the Channel is governed by a corporate policy approved by the CEO. The Ethical Channel is accessible by any employee and any interested party, by telephone or via the Intranet, the websites (both Spanish and English versions) and a post office box. Likewise, specific communication channels have been set up in certain companies or areas of activity that require it, due to their importance or circumstances.

The supervision of these channels corresponds to the ACC and is entrusted to the Compliance and Risk Department with the assistance of the Internal Audit Department.

In 2020, 50 communications were received in the



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Ethical Channel. 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 2020, 1,992 hours of training were given in finance, focusing on international accounting regulations, consolidation of financial statements and taxation, with the participation of 411 attendees.

F.2 Financial reporting risk assessment

Report, at least, of:

F.2.1. Which are the main characteristics of the risk identification process, including those of error or fraud.

- **Whether 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 Ferrovial's "ICFR Annual Wheel" 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 these stages are supported by an IT tool that comprehensively manages the process and allows the assignment of responsibilities in the execution and documentation of controls to be extended. Nearly 900 employees have used this software application, in which evidence has been documented showing the execution of approximately 1900 controls (reduction compared to 2019, as a result of the departure of BRS from the Group; 220 controls have been assessed again in the "Rolling Forward" process carried out due to the aforementioned organizational changes in the finance function.

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 judgements, 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. The headings are grouped into processes that are analysed and for which a narrative is drawn up, describing the information generation process and the main associated controls.

This documentation is available through the tool, which also includes the description of the controls. Regarding acquisitions in the scope of consolidation, a work plan is designed to implement and develop the Group's ICFR process into the new companies.

The risk assessment is carried out once a year, starting from the operation of the controls implemented for their mitigation. The risk assessors (mostly Financial Directors) assess the risks that are identified until their presentation to the ACC.

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 (CEOs 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.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The annual review of the entire process is coordinated by the Planning and Control Department, 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 the objectives of the financial information: existence and occurrence; integrity; valuation; presentation; breakdown and comparability; and rights and obligations.

- **A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

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 corporate 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.

In addition, according to the Bylaws, the Board of Directors is responsible, according to Article 38 sections p) and r), for "the definition of the structure of the group of companies of which the Company is the parent company" and "the approval of the creation or acquisition of shareholdings in special-purpose entities or entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the company and its group".

- **Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) as far as the financial statements are concerned.**

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

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

Additionally, approximately 60 people (CEOs 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 Risk Assessment of ICFR 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. As indicated in section F.1.1., the Board of Directors is informed annually about the supervision of the ICFR.

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**

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 information reported for the preparation of the group's consolidated financial statements is certified by different levels of the organisation in a cascading, bottom-up process. Thus, the CEOs and Chief Financial Officers of the businesses and main subsidiaries certify the financial information of their areas of responsibility. This certification includes an express mention of their responsibility for maintaining a system of internal control that enables the financial information to be free from material error or fraud. In addition, a statement is included regarding the self-assessment exercise of the effectiveness of the controls and that the results obtained do not give rise to any significant deficiency or material error in the financial information.

The financial statements are then certified by the Chief Financial Officer, CEO and Chairman. Subsequently, they are submitted to the Board for their formulation in accordance with article 38.2 of the Company Bylaws.

In addition, prior to publication and approval by the Board, the Finance Department submits to the ACC both the annual financial statements and the half-yearly financial information and, on a quarterly basis, the financial information presented to the markets, highlighting the main judgements and estimates made in the most complex areas or those with the most significant accounting impact.

The GFD also submits a specific report on the ICFR and its results to the ACC twice a year. The ACC is also informed annually of the Internal Audit Management's review of the functioning of the ICFR.

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 of the business closing accounting processes is considered as a cycle. The same applies to all the accounting closing activities carried out at corporate level, such as the full consolidation process, the breakdown of the notes to the financial statements and the preparation of the cash flow statement. 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 reviewed 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 of the above actions are documented in a corporate procedure available on the company's intranet accessible to all Group employees.

In addition, given that accounting rules require the use of judgements and estimations based on long-term projections for recording certain transactions, the Company has a process for forming medium and long-term projections that specifies how to create and update the finance models and which controls have to be introduced to ensure the coherence of the different types of financial information.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

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

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

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Ferrovial also has an Information Security Department within the DGSII, responsible for leading the governance, strategy and management of information security and cyber-security through the definition, implementation, operation and monitoring of security and control models, architectures and systems that protect the value of information and guarantee its integrity, availability and confidentiality.

Information security management is aligned with international reference frameworks, mainly with the current version of the ISO/IEC 27001 standard, as well as with the NIST, CSF, NIST SP 800-53, National Security Scheme (ENS), CSA and COBIT frameworks. As part of a process of continuous improvement in risk management, it contemplates and regulates, among other aspects, access control and segregation of duties, in order to ensure that the processing of financial information supported by the information systems is carried out in an authorised, supervised and proportional manner to the needs of each user for the correct performance of their duties.

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:

- VRM (Vendor Risk Management) programme to determine the level of risk associated with the supplier for the products and services to be provided to Ferrovial.
- Demand of safety requirements according to the level of risk associated to the supplier with the corresponding product and service, as well as the manner and frequency in which compliance with the contractual agreements and established requirements will be reviewed.
- Alignment requirement / certification of the product or service provision with respect to international reference frameworks (among others ISO/IEC 20000, ISO/IEC 22301 and ISO/IEC 27001, CSA, SSAE18, LEET Security and Cybersecurity Rating, etc.).
- Establishment of governance and monitoring mechanisms for the service, from the functional and information security perspectives.
- Monitoring and management of service levels, from the functional and information security perspectives. Security audit and review according to the established frequencies and forms.

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.

On the other hand, it should be noted that the Internal Audit Department, in accordance with its risk-based planning, periodically audits the outsourcing contracts to ensure that the contractually agreed conditions are complied with.

F.4 Information and communication

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 is part of 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 queries or disputes related to its interpretation. This is a centralised corporate function for the entire geographic scope of the Group.

Ferrovial GAAP incorporates all the IFRS changes adopted by the European Union and the standards defined by Ferrovial in cases in which the IFRSs offer different alternatives or a mandatory standard does not apply. It is worth highlighting the update in 2020 of Ferrovial GAAP and the internal policies on provisions for legal, tax and labour litigation risks.

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

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

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

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning 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, Ferrovial has a harmonised system, internally called "corporate" SAP, which includes most Group companies. The companies outside this "corporate" SAP are mainly entities belonging to the Amey and Budimex groups in which they have their own transactional systems, all of them developed under the SAP platform.

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

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

With regard to 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 system operation

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

F.5.1. The ICFR monitoring activities undertaken by the committee and an internal audit function whose competencies include supporting the committee in its role of monitoring the internal control system, including 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.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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. Among the functions attributed to the ACC by the Regulations of the Board of Directors in relation to the Internal Audit Department are those of proposing the appointment and removal of its manager, proposing the budget for the internal audit services and ensuring that it has the human, technical and material resources and sufficient training to perform its functions. 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 with the main risks detected by the Company on the Risk Map, the results of the reviews of other assurance and external audit functions, international best practice standards, as well as with the material aspects identified in the Annual Report, to ensure that they are covered in the scopes of the different tasks. Then it is discussed with all members of the Management Committee and Senior Management to incorporate their suggestions, and is submitted to the ACC for approval prior to the start of the financial year. Subsequently, during the year, in addition to the degree of progress of the planning, possible deviations are reported periodically, explaining the origin of these. The guiding principle is that all work considered a priority must be audited during the current year with other work being positioned for the following years. Hence, a review of the entire "Auditable Universe" will have been completed once a certain number of years have elapsed, which Ferrovial believes is sound and representative of the level of risk.

The scope of the work carried out by the Internal Audit Department is complete, as well as reviewing the financial statements (both in its accounting and current side: balance sheet and income statement, as well as financial and prospective: business plans, budgets or financial models), it also audits non-financial information, analyses the effectiveness and efficiency of processes, internal controls, the design and compliance with applicable internal and external regulations, the integrity and functional sufficiency of information systems and the suitability of organisational responsibilities.

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

This philosophy is applicable uniformly to all the work of the Internal Audit Department. In the specific area of ICFR, and as mentioned above, as part of the work carried out in any of the units audited, the process of identifying and assessing risks of error in financial information, practices on the control environment and controls over information systems, the effectiveness of the design as well as the effective operation of the system and the possible impact on financial information are analysed. Specifically in 19 audits during 2020. In addition, among the work specifically related to the ICFR carried out in 2020, the specific audits of two business areas, one process and two IT areas stand out, as well as the continuous updating of the status of implementation of the recommendations issued in previous reports. For 2021, the planning approved by the ACC includes two ICFR audits, which may be cross-cutting processes or business or IT areas, the verification in the rest of the audits of the specific risks and controls identified, as well as the monitoring of the implementation of the recommendations issued in the work corresponding to previous years.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the Company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The 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.

Likewise, in the Recommendations section of each Audit Report, when the Internal Audit Department identifies any weakness, it issues the corresponding recommendations for improvement. Those directly responsible for the audited units undertake to implement them on dates jointly agreed with the aforementioned Management, which carries out a continuous evaluation of their effective implementation based on the evidence provided by each person in charge, with periodic reports. This information, in turn, is reported to senior management and the ACC for their knowledge and adoption of the appropriate measures. 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

F.7 Report of the external auditor

Report of:



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 - EXTENT OF MONITORING OF THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE

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 do not limit the maximum number of votes that may be cast by a single shareholder, nor contain other restrictions that make it difficult to take control of the company through the acquisition of its shares on the market.

Compliant [X] Explain []

2. When the listed company is controlled, within the meaning of Article 42 of the Code of Commerce, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should report publicly and accurately on:

a) The respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries.

b) The mechanisms in place to resolve possible conflicts of interest.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

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

a) Changes that took 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 [X] Explain []

[Section a) is complied with. At the General Shareholders' Meeting held on 17 April 2020, the Chairman reported on the main changes in corporate governance 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.]

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

4. The company defines and promotes a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors that fully respects the rules against market abuse and treats shareholders in the same position on an equal footing. 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.

And that, without prejudice to the legal obligations to disseminate privileged information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant [X] Partially compliant [] Explain []

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

When the Board of Directors 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 [X] Partially compliant [] Explain []

6. The listed companies that prepare the reports referred to below, either in the mandatory or voluntary form must be published on their website sufficiently in advance of the Ordinary General Shareholders' Meeting, even if their dissemination is not mandatory:

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

Compliant [X] Partially compliant [] Explain []

7. The company broadcasts live, through its website, the holding of the General Shareholders' Meetings.

The company should also have mechanisms in place to enable proxies and voting by electronic means and, in the case of companies that have a large capital and to the extent that it is proportionate, to allow attendance and active participation at the General Shareholders' Meeting.

Compliant [] Partially compliant [X] Explain []

The first paragraph of the recommendation is complied with.

With regard to the second, the Company's internal regulations foresees the Board of Directors to assess the possibility of organising attendance at the General Shareholders' Meeting by telematic means. It also states that shareholders with voting rights may exercise them by post, e-mail or any other means of remote communication that the governing body may determine when calling each Meeting.

In application of these rules, the Company has been providing the necessary mechanisms in the notice of the Shareholders' Meetings both for attendance (since 2007) and for the delegation and exercise of votes (since 2005) by telematic means. Shareholders attending telematically may also ask questions or request clarifications at the time of registration on the computer platform, vote on matters not included on the agenda and submit proposals for resolutions in the cases provided for by law.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

8. The audit committee should ensure that the annual accounts submitted by the board of directors to the general shareholders' meeting are drawn up in accordance with accounting regulations. In cases where the auditor has included a qualification in their audit report, the chairman of the audit committee should clearly explain the opinion of the audit committee on its content and scope at the general meeting, and a summary of this opinion should be made available to shareholders at the time of publication of the notice of the meeting, together with the other proposals and reports from the board.

Compliant [X] Partially compliant [] Explain []

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

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

Compliant [X] Partially compliant [] Explain []

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

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

Compliant [] Partially compliant [] Explain [] Not applicable [X]

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

Compliant [] Partially compliant [] Explain [] Not applicable [X]

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

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

Compliant [X] Partially compliant [] Explain []

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 [X] Explain []

14. That the Board of Directors approves a policy aimed at encouraging an appropriate composition of the Board of Directors and that:

- a) Is specific and verifiable;
- b) ensures that proposals for appointment or re-election are based on a prior analysis of the skills required by the board of directors; and
- c) encourages diversity of knowledge, experience, age and gender. To this end, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The result of the prior analysis of the powers required by the board of directors should be included in the justifying report of the nominations committee published when the general shareholders' meeting is called to ratify, appoint or re-elect each director.

Compliance with this policy will be verified annually by the Nominations Committee and reported in the annual corporate governance report.

Compliant [X] Partially compliant [] Explain []

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

The number of female directors should reach at least 40% of the members on the board of directors before the end of 2022 and from this moment should not be less than 30%.

Compliant [] Partially compliant [X] Explain []

The first paragraph of the recommendation is complied with.

With regard to the second, the Board currently has two female Directors out of a total of twelve members (representing 16.6%). As explained in the answers to sections C.1.5 and C.1.6, the Nomination and Remuneration Committee agreed on a series of measures to be observed in the candidate selection processes in order to increase the number of female Directors. In addition, the Board has agreed at its meeting held on 17 December 2020 to amend the Board Composition Policy by setting a target of 30% of female Directors by the end of the financial year 2022. This objective has been established taking into account the opinions of stakeholders and the situation in other markets, as well as the current number of female Directors.

16. That the percentage of proprietary directors over the total non-executive directors should not exceed the proportion between the share capital represented by such proprietary directors and the rest of the share 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 [X]



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

These Proprietary Directors are members of the former controlling family group of Ferrovial. After the termination of the shareholders' agreement (communicated by means of a significant event dated 7 August 2015 registry number 227,432-), Mr. Rafael and Ms. María del Pino continued to be members of the Board. Mr. Joaquín del Pino was at that time the natural person representative of the Director Karlovy, S.L. (who resigned as a result of the transfer of its entire shareholding in the Company).

With the appointment of Ms. María and Mr. Joaquín del Pino (both re-elected by the General Meeting in 2019) as Proprietary Directors, Ferrovial wanted to take advantage of their extensive experience and knowledge of the group, ensuring the continuity and smooth running of the Board.

17. That the number of independent directors represents at least half of the total number of directors.

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

18. That the companies publish the following information about their directors on their website and keep it 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 it.

Compliant Partially compliant Explain

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

Section b). The Board considers that it can make an assessment of the independence and availability of time of each Director without the need to publish all the paid activities they perform, regardless of their nature and amount. The Company's website does list other boards to which each Director belongs, whether or not they are listed companies.

19. Following verification by the Nominations Committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the urging of shareholders controlling less than 3% of the 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 shareholdings in their 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 Nominations Committee. In particular, just cause will be presumed when Directors take up new posts or

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 [X] Explain []

22. Companies should establish rules obliging directors to report and, if appropriate, resign when situations arise that affect them, whether or not they are related to their actions in the company, which may damage the company's credit and reputation and, in particular, obliging them to inform the board of directors of any criminal case in which they are under investigation, as well as of any procedural irregularities.

Having been informed or otherwise made aware of any of the situations mentioned in the previous paragraph, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report by the Nomination and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. And that this is reported in the annual corporate governance report, unless special circumstances warrant it, which must be recorded in the minutes. This is without prejudice to the information to be disseminated by the company, where appropriate, when the relevant measures are taken.

Compliant [X] Partially compliant [] Explain []

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

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

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

Compliant [X] Partially compliant [] Explain [] Not applicable []

24. When, either through resignation or by resolution of the general meeting, a director leaves their position before the end of their mandate, they should give sufficient explanation of the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons for their removal by the board, in a letter to be sent to all members of the board of directors.

Without prejudice to the fact that all this is reported in the annual corporate governance report, insofar as it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Compliant [X] Partially compliant [] Explain [] Not applicable []

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Compliant [X] Partially compliant [] Explain []

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 [X] Partially compliant [] Explain []

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 [X] Explain []

The recommendation is complied with except for in the last part. In one of the meetings held by the Nomination and Remuneration Committee during the year, a member of such committee did not give instructions when conferring his representation.

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

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

Compliant [X] Partially compliant [] Explain []

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

Compliant [X] Explain [] Not applicable []

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

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

Compliant [X] Partially compliant [] Explain []

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

Compliant [X] Partially compliant [] Explain []

33. The Chairman, as the person charged with the efficient functioning of the Board of Directors, in addition to the duties 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,

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Compliant Partially compliant Explain Not applicable

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

Succession plan for the Chairman. The Nomination and Remuneration Committee studies and organises the succession plan for the Chairman (article 529 quidecies3 f) of the CCA. 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.

With regard to the coordination of the execution of this plan, in 2020 there has been no succession of the Chairman and the Company's internal regulations do not assign this function to the Lead Director, without prejudice to what the Board may decide when the time comes.

Investor relations. The Board of Directors 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: mainly Investor Relations (General Finance Department) and General Secretary's Office.

35. The secretary of the board of directors should take special care to ensure that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of Good Governance that are applicable to the company.

Compliant Explain

36. That the board of directors in full should evaluate once a year and adopt, where appropriate, an action plan to correct the deficiencies detected with respect to:

- The quality and efficiency of the Board's functioning.
- The performance and composition of its committees.
- The diversity of Board of Directors' membership and competencies.
- The performance of the Chairman of the Board of Directors and the Company's Chief Executive.
- The performance and contribution of individual Directors, with particular attention to the chairmen of the various board committees.

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

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

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

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

Compliant Partially compliant Explain



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Compliant [X] Partially compliant [] Explain [] Not applicable []

38. That the board of directors is always informed of the business transacted and decisions taken by the executive committee and that all members of the board of directors receive a copy of the minutes of the meetings of the executive committee.

Compliant [X] Partially compliant [] Explain [] Not applicable []

39. That the members of the audit committee as a whole, and especially its chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Compliant [X] Partially compliant [] Explain []

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

Compliant [X] Partially compliant [] Explain []

41. That the head of the unit that assumes the internal audit function presents its annual work plan to the audit committee for approval by the latter or by the board, reports directly to it on its execution, including possible incidents and limitations to the extent that they occur in its development, the results and the monitoring of its recommendations, and submits an activity report at the end of each year.

Compliant [X] Partially compliant [] Explain [] Not applicable []

42. That, in addition to those provided for by law, the following functions correspond to the audit committee:

1. In relation to information and internal control systems

- a) To supervise and assess the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the company and, if applicable, to the group, including the operational, technological, legal, social, environmental, political and reputational risks or those related to corruption, reviewing compliance with regulatory requirements, appropriate delimitation of the scope of consolidation and the correct application of the accounting criteria.
- b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment and dismissal of the head of the internal audit service; to propose the budget for that service; to approve or propose the approval by the Board of the guidelines and the annual work plan of the internal audit, ensuring that its activity is focused mainly on relevant risks (including reputational risks); to receive periodic information on its activities; and to verify that senior management takes into account the conclusions and recommendations of its reports.
- c) To establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors to communicate irregularities of potential importance, including financial and accounting irregularities, or irregularities of any other nature related to the company that they notice within

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, while respecting the rights of the complainant and the accused.

- d) To ensure in general that the policies and systems established for internal control are effectively implemented in practice.

2. In relation to the external auditor:

- a) To investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) To ensure that the remuneration of the external auditor does not compromise their quality or independence.
- c) To supervise that the company communicates through the CNMV the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if they have existed, of their content.
- d) To ensure that the external auditor has a yearly plenary meeting with the Board of Directors to inform it of the work undertaken and the evolution of the Company's risk and accounting situation.
- e) To 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 [X] Partially compliant [] Explain []

43. That the audit committee may summon any employee or manager of the company, and even order their appearance without the presence of any other manager.

Compliant [X] Partially compliant [] Explain []

44. The audit committee should be informed of structural and corporate modification operations the company plans to carry out for analysis and prior report to the Board of Directors on the economic conditions and their accounting impact and, in particular, if applicable, on the proposed exchange ratio.

Compliant [X] Partially compliant [] Explain [] Not applicable []

45. That the risk control and management policy identifies or determines at least:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) faced by society, including among the financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee where sectoral rules provide for it or where the company deems it appropriate.
- c) The level of risk that society considers acceptable.
- d) The measures in place to mitigate the impact of identified risks should they occur;



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- e) 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 Nomination and Remuneration Committee - or to the Nominations Committee and the Remunerations Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the duties they are called on to perform. The majority of their members should be Independent Directors.

Compliant Partially compliant Explain

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

Compliant Explain Not applicable

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

49. The nominations committee should consult with the chairman of the board of directors and the chief executive of the company, especially on matters relating to executive directors.

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

Compliant Partially compliant Explain

50. The remunerations committee should exercise its functions independently and, in addition to the functions attributed to it by law, it should be responsible for the following:

- a) Propose the basic terms of the contracts of senior executives to the Board of Directors.
- b) Monitor compliance with the remuneration policy set by the Company.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- 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 [X] Partially compliant [] Explain []

51. The Remunerations Committee should consult with the Chairman and chief executive of the company, especially on matters relating to executive directors and senior officers.

Compliant [X] Partially compliant [] Explain []

52. That the rules governing the composition and operation of the supervisory and control committees are set out in the regulations of the board of directors and that they are consistent with those applicable to the legally obligatory committees in accordance with the above 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 of Directors 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 [X]

53. The supervision of compliance with the company's policies and rules on environmental, social and corporate governance matters, as well as with internal codes of conduct, should be attributed to one or several committees of the board of directors, which may be the audit committee, the nominations committee, a specialised sustainability or corporate social responsibility committee or any other specialised committee that the board of directors, in the exercise of its powers of self-organisation, has decided to create. Such a committee should be composed solely of non-executive directors, the majority of whom should be independent and should be specifically assigned the minimum functions indicated in the following recommendation.

Compliant [] Partially compliant [X] Explain []

The function of supervising corporate governance rules and internal codes of conduct is entrusted to the Audit and Control Committee. It is composed of four Non-Executive Directors, three of whom are Independent.

As will be seen in the explanation to recommendation 54 (given its relationship to this recommendation), the Board has not expressly attributed the remaining functions to an existing or newly created Committee as it considers it preferable for the time being to exercise them directly.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

54. The minimum functions referred to in the above recommendation are as follows:

- a) The supervision of compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, voting advisers and other stakeholders. The way in which the entity communicates and relates to small and medium-sized shareholders will also be monitored.
- c) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, so that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- d) Monitoring that the company's environmental and social practices are in line with the strategy and policy.
- e) Monitoring and evaluating the company's processes for maintaining relations with the various stakeholders.

Compliant [] Partially compliant [] Explain []

Letter a). As indicated in the explanation relating to recommendation 53, these functions are attributed to the Audit and Control Committee by article 21 of the Regulations of the Board of Directors.

Letter b). At its meeting held on 19 October 2020, the Board approved a General Policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. The management of this Policy is entrusted, within their respective competencies, to the Communication and Corporate Responsibility Department, the General Finance Department and the General Secretary's Office, as specialised areas of the Company in these matters. The full Board of Directors is informed twice a year about (i) the perception that analysts and investors have of the Company and its group; and (ii) the main shareholders of the Company and the evolution of their stake in the share capital.

Letters c), d) and e). 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 Annual Corporate Governance Report is submitted to it prior to its formulation by the Board; and has the power to propose improvements to internal corporate governance rules, such as the Bylaws or the Regulations of the Board of Directors. The Nomination and Remuneration Committee (whose composition complies with the requirements of recommendation 53) has the powers pertaining to the remuneration of Directors and proposals or reports prior to their appointment, and periodically reviews the configuration of the Board and the availability of time of Non-Executive Directors.

The Company has a Sustainability Department and a Communication and Corporate Responsibility Department.

The former is responsible for designing the Ferrovial Group's sustainability strategy and leads the Sustainability Committee, which monitors its implementation and updating. The sustainability strategy includes environmental (including decarbonisation and water footprint targets), social and ethical and good governance areas. The Board is regularly briefed by the Sustainability Director on the Group's performance in these areas. In particular, the new global sustainability strategy, together with its implementation plan, was submitted to the Board on 20 October.

In addition, the Board periodically supervises environmental practices and, particularly given their importance and potential impact on the business areas, the degree of progress and compliance with the objectives of the group's climate strategy.

The Company's Communication and Corporate Responsibility Department is generally responsible for relations and dialogue with its stakeholders, and is in charge of directing, coordinating, analysing and managing relations with non-financial information stakeholders and with the third sector, acting in accordance with the principles of transparency, reliability and traceability. The Director of Communication and Corporate Responsibility periodically reports to the Board on the main aspects of the Group's corporate social responsibility, the Company's presence in international sustainability indexes and the social action programmes developed by the Group.

55. That sustainability policies on environmental and social matters identify and include at least:

- a) The principles, commitments, objectives and strategy with regards to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conduct.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) Non-financial risk supervision mechanisms, including those related to ethical and business conduct issues.
- d) The company's channels for communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that prevent the manipulation of information and protect the Company's honour and integrity.

Compliant [] Partially compliant [] Explain []

Letter a). The Company has several internal policies relating to the matters mentioned in the recommendation: (i) Code of Business Ethics; (ii) Corporate Responsibility Policy; (iii) Quality and Environmental Policy; (iv) Health and Safety Policy; (v) Compliance Policy and Anti-Corruption Policy; (vi) Tax compliance and best practices policy, Tax policy and Tax risk control and management policy; (vii) General policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders; and (viii) Human rights policy.

In addition, the Company has specific practices in its relationship with the different stakeholders in the different areas of sustainability. With regard to suppliers, it has a Code of Ethics for Buyers, a Green Purchasing Catalogue and a Global Purchasing Committee made up of the senior purchasing managers of the different business units. There are also internal due diligence procedures that seek to verify the ethical integrity of potential partners and suppliers of the group before entering into agreements with them, as well as of candidates in the employee selection processes.

Letter b).- Some of the Policies listed do not specifically allude to the monitoring of its compliance, the associated risks and their management.

Both the full Board of Directors and the Group Management Committee are informed about health and safety at every meeting. In addition, the Board of Directors is regularly informed about (i) employees and diversity, as part of the annual report of the Human Resources Department; (ii) the main shareholders and investors of the Company and the perception analysts have of it; (iii) the tax policies followed during each financial year; (iv) environmental performance; (v) performance in the area of corporate social responsibility; (vi) the implementation of the compliance model; and (vii) the main risks of the group, in accordance with the Risk Management and Control Policy.

The Audit and Control Committee also periodically monitors, through the reports of the Compliance and Risk Department, the evolution of the compliance programme and its effectiveness indicators, including in particular the operation of the Ethical Channel referred to below. This Committee also receives regular reports on the Group's risks.

In addition, this Committee reports the Integrated Annual Report, which includes both the company's financial and non-financial information.

Letter c). The aforementioned Risk Control and Management Policy regulates the Ferrovial Group's risk control and management system, known as Ferrovial Risk Management (FRM). The aim of this system is to identify potential risk factors that may be encountered in the achievement of business targets (including those relating to ethical aspects and business conduct). The FRM is described in section E of this Annual Corporate Governance Report.

Letter d). As indicated above, the Board of Directors approved a General Policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. This Policy contemplates the different communication channels that the Company uses in its relations with stakeholders. These include the CNMV, the corporate website, the press room, the corporate blog, the application for mobile devices, social networks and the Integrated Annual Report. This Policy also regulates the Investor Relations, Communication and Corporate Social Responsibility Departments, insofar as they are more directly responsible for communication with these stakeholders. Communication with proxy advisors and rating agencies is also specifically regulated.

On the other hand, periodically the Company, through the Communication and Corporate Social Responsibility Department, holds individual and joint meetings (annual or biennial) with stakeholders, at different levels, in order to maintain an ongoing dialogue. Every two years the Company updates its relevance study, which is based on a survey in which stakeholders in the main markets in which the company operates are consulted on matters related to corporate responsibility.

The Company has an Ethical Channel that allows any person to report, confidentially (and anonymously if desired), any possible irregularity, non-compliance or behaviour contrary to ethics, legality or internal rules and procedures.

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 []

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

Compliant [] Partially compliant [] Explain []

58. In the case of variable remuneration, 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. The payment of the variable components of remuneration is subject to sufficient verification that the performance or other conditions set out above have actually been met. Entities shall include the criteria for the time required and the methods for such verification in the annual report on directors' remuneration, depending on the nature and characteristics of each variable component.

In addition, the institutions should assess the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of payment of a part of the variable components that implies its total or partial loss in the event that, prior to the moment of payment, some event occurs that makes it advisable.

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.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Compliant [X] Partially compliant [] Explain [] Not applicable []

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been allocated, the executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

An exception is made when the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to at least twice their fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the Nominations and Remuneration Committee, to deal with any extraordinary situations that may arise.

Compliant [X] Partially compliant [] Explain [] Not applicable []

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

Compliant [X] Partially compliant [] Explain [] Not applicable []

64. Payments on account of termination or expiry of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established for payment.

For the purposes of this recommendation, payments on termination or extinction of the contract shall include any payments whose accrual or payment obligation arises as a result of or due to the termination of the contractual relationship linking the director to the company, including amounts not previously consolidated from long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Compliant [] Partially compliant [] Explain [] Not applicable [X]



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

SECTION A.2

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

The shareholder D1 CAPITAL PARTNERS MASTER, LP notified the CNMV on 18 January 2021 of the reduction of its stake to below 1% of the share capital.

SECTION A.10 Continued:

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

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

EIGHTH RESOLUTION OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF 17 APRIL 2020

"1. Reduction of share capital through the redemption of both own shares currently in treasury stock and own shares to be acquired through a buyback programme for their redemption.

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

- i. €551,192, through the redemption of 2,755,960 own shares held as treasury shares at 27 February 2020, with a par value of twenty cents of a euro (€0.20) each, acquired under the authorisation granted by the General Shareholders' Meeting held on 5 April 2017 under item ten of the agenda, and within the limits provided for in articles 146 and related articles and 509 of the CCA (the "Existing Treasury Shares"); and
- ii. the aggregate nominal value, subject to the maximum indicated below, represented by shares of twenty cents of a euro (€0.20) par value which are acquired for redemption through a share buy-back programme for all shareholders of up to 25,000,000 own shares, which will be in force until 4 December 2020 at the latest, and which has been approved by the Board of Directors at its meeting held on 27 February 2020, pursuant to (i) Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, on market abuse, and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing the Market Abuse Regulation as regards regulatory technical standards on conditions for buy-back programmes and stabilisation measures; and (ii) the authorisation granted by the General Shareholders' Meeting held on 5 April 2017 under agenda item ten (the "Buy-Back Programme" or the "Programme").

Pursuant to the resolution adopted by the Board of Directors at its meeting held on 27 February 2020, the Buy-Back Programme is subject to two quantitative limits in terms of the amount of the investment and the number of shares to be acquired:

- i. The maximum net investment of the Programme is €360 million (the "Maximum Investment"). For the purposes of calculating the amount of the Maximum Investment, only the purchase price of the shares shall be counted. Therefore, any expenses, commissions or brokerage fees that may be charged to the acquisition transactions will not be counted.
- ii. The maximum number of shares to be acquired under the Programme is 25 million, representing 3.40% of the Company's share capital as at the date of formulation of this draft agreement.

Consequently, the maximum amount of the capital reduction (the "Capital Reduction") will be €5,551,192, through the redemption of a maximum of 27,755,960 treasury shares with a par value of twenty cents of a euro (€0.20) each, representing a maximum of 3.775% of the share capital at the time of the adoption of this resolution. This figure is the sum of the aggregate nominal value of the number of own shares corresponding to the existing treasury stock and the aggregate nominal value of the maximum number of shares to be acquired under the Buy-Back Programme.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Pursuant to the following, the final amount of the Capital Reduction will be set by the Board of Directors (with express power of substitution) according to the final number of shares to be acquired from the shareholders within the framework of the Buy-Back Programme, in accordance with the aforementioned Maximum Investment and maximum number of shares to be acquired.

2. Purpose of the reduction

The aim of the Capital Reduction is to redeem own shares, contributing to the Company's shareholder remuneration policy by increasing the profit per share. This operation is established as a nominal or accounting reduction, since its execution will not involve either a refund of contributions to shareholders or amendment of the system for corporate equity availability, as set out below.

3. Procedure for the acquisition of shares to be redeemed

Without prejudice to the Existing Treasury Stock, and by virtue of the provisions of the resolution of the Board of Directors adopted at its meeting held on 27 February 2020, the Company may acquire, in execution of the Buy-Back Programme, a maximum number of 25 million treasury shares representing, at most, 3.40% of the share capital of the Company at the date of this resolution, an amount which is within the legal limit and that provided for in the authorisation for the acquisition of treasury shares conferred by the General Shareholders' Meeting held on 5 April 2017 under item ten of the agenda.

Pursuant to the provisions of the aforementioned resolution of the Board of Directors, the acquisition of the own shares shall be made subject to the price and volume conditions set out in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Articles 2, 3 and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 on market abuse as regards regulatory technical standards concerning the conditions applicable to buy-back programmes and stabilisation measures, without it therefore being necessary to make a tender offer for the shares of the Company to be acquired in exercise of the Buy-Back Programme.

4. Features of the Buy-Back Programme

Pursuant to the resolution adopted by the Board of Directors at its meeting held on 27 February 2020, the main features of the Buy-Back Programme are as follows:

The Company will acquire, for redemption, own shares for a maximum investment of €360 million. Under no circumstances may the number of shares to be acquired under the Buy-Back Programme exceed 25 million shares, representing 3.40% of the Company's share capital at the date of this proposed resolution.

The acquisition of the shares will be carried out in accordance with the price and volume conditions set out in Article 3 of the Delegated Regulation (EU) 2016/1052 of the Commission, 8 March 2016.

The Buy-Back Programme will remain in effect until 4 December 2020 (inclusive). Notwithstanding the above, the Company may finalise to the Programme prior to the deadline if its aim has been met and, in particular, if prior to the expiry of the Programme the Company has acquired, under the Programme, the maximum number of shares indicated in section 1 above, or shares at an acquisition price that reaches the amount of the Maximum Investment stated in section 1 above, or if any other circumstance occurs that makes this advisable.

It is hereby stated for the record that the full details of the Buy-Back Programme were duly communicated to the market through the National Securities Market Commission, in accordance with the provisions of article 5.1 a) of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

5. Procedure for the reduction, the reserves to be drawn from and the time limit for implementation

In accordance with the provisions of Article 342 of the Capital Companies Act, own shares acquired by the Company under the Buy-Back Programme must be redeemed within one month after the completion of the Buy-Back Programme. Therefore, the Capital Reduction must be executed within the same period and, in any case, within one year from the date of adoption of this agreement.

In accordance with the provisions of article 340.3 of the Capital Companies Act, if the Company does not make acquisitions for the amount of the Maximum Investment under the Buy-Back Programme, it will be understood that the capital is reduced by the nominal value corresponding to the number of shares effectively acquired under the Buy-Back Programme.

The Reduction of Capital will not imply the return of contributions to the shareholders, given that, at the time of execution of the reduction, the Company will be the owner of the shares to be redeemed. The reduction will be made with a charge to free reserves, through the allocation of a reserve for redeemed capital for an amount equal to the par value of the redeemed shares, which will only be available with the same requirements as those required for the reduction of share capital.

Consequently, in accordance with Article 335 c) of the Capital Companies Act, there will be no right of opposition by creditors under Article 334 of the same act.

6. Ratification of resolutions of the Board of Directors

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

It is resolved to ratify the resolutions of the Board of Directors regarding the approval of the Buy-Back Programme and the setting of its terms and conditions, including the setting of the maximum number of own shares to be acquired under the Programme, the Maximum Investment and its period of validity, as well as the actions, declarations and steps taken to date regarding the public communication of the Buy-Back Programme.

7. Delegation of powers

It is agreed to delegate to the Board of Directors, with express powers to sub-delegate to the Executive Committee, the Chairman or the CEO, the power to determine the terms and conditions of this agreement in all matters not expressly provided for herein. In particular, and by way of illustration only, the following powers are delegated to the Board of Directors, with express powers to sub-delegate to the Executive Committee, the Chairman or the CEO

- a) To amend the maximum number of shares that may be subject to buy-back by the Company and any other conditions of the Programme, within the limits set out in this agreement and the law, all in accordance with the provisions of Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052, 8 March 2016.
- b) Proceed with the execution of the Capital Reduction within a period not exceeding one month from the end (anticipated or planned) of the Buy-Back Programme and, in any case, within the year following the date of adoption of this agreement.
- c) Set the final figure for the Capital Reduction in accordance with the rules set out in this agreement and based on the final number of shares acquired from shareholders under the Buy-Back Programme.
- d) Declare closed and executed the Capital Reduction agreed establishing, for this purpose, the final number of shares to be redeemed and, therefore, the amount by which the Company's capital must be reduced in accordance with the rules established in this agreement.
- e) Redraft Article 5 of the Company's Bylaws, relating to the Share Capital, in order to adapt it to the result of the Capital Reduction.
- f) Carry out any actions, declarations or steps that may be necessary in relation to the provision of public information on the Buy-Back Programme and any actions that may be necessary before the National Securities Market Commission and the Stock Exchanges on which the Company's shares are listed, as well as before the regulators and governing bodies of the markets on which the share acquisition operations are carried out. Negotiate, agree and sign as many contracts, agreements, commitments or instructions as necessary or convenient in order to ensure a positive outcome of the Buy-Back Programme.
- g) Carry out the necessary procedures and actions and submit the necessary documents to the competent bodies so that, once the Company's shares have been redeemed and the deed for Capital Reduction has been granted and registered in the Mercantile Registry, the redeemed shares are excluded from trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Stock Exchange Interconnection System (Continuous Market) and the corresponding accounting records are cancelled.
- h) Carry out any actions that may be necessary or convenient to execute and formalise the Capital Reduction before any public or private entities and bodies, both Spanish and foreign, including the declaration, complement or correction of defects or omissions that may prevent or hinder the full effectiveness of the preceding agreements".

SECTION A.14

A subsidiary of Ferrovial, S.A. has issued bonds admitted to trading on the London Stock Exchange since June 2013 with the guarantee of Ferrovial, S.A.

SECTION B.4

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

SECTION C.1.2

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

SECTION C.1.13

Remuneration in favour of the Board of Directors: The Company has insurance policies covering death (for which premiums totalling €12 thousand were paid in 2020), of which the Executive Directors are beneficiaries. No life insurance premiums were paid for the Directors of the Company who are members of other Boards of Directors and/or senior executives of Group Companies or Associates. Additionally, during 2020, the current CEO, Mr. Ignacio Madrdejos, has been allocated the amount of €8 thousand as remuneration in kind corresponding to a company car.

Rights accumulated by the current directors in relation to pensions: Mr. Ignacio Madrdejos participates in a deferred remuneration scheme. This is extraordinary deferred remuneration, which will only be made effective once the relationship with the Company terminates by mutual agreement, upon attainment of a certain age, with no other consolidated rights existing. The contributions made for this concept in 2020 amounted to €401 thousand, with the total accumulated at the closing date of this report amounting to €503 thousand for Mr. Ignacio Madrdejos.

SECTION C.1.32

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The amount stated for work other than audit work does not include services related to auditing. The latter amounted to €500 thousand in 2020.

SECTION C.2.1. Continued:

AUDIT AND CONTROL COMMITTEE:

- Report, in advance, to the Board of Directors on all matters envisaged in the law, the Bylaws and the Regulations of the Board of Directors, and in particular, about: (i) the creation or acquisition of stakes in special purpose entities or those domiciled in countries or territories considered to be tax havens; and (ii) operations with related parties.
- Supervise compliance with internal regulations on corporate governance and conduct in the securities markets and make proposals for their improvement, also ensuring that the corporate culture is aligned with its purpose and values. In particular, to report on the Company's transactions with Directors or their related parties and to prepare a report on related-party transactions, which shall be published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.
- Periodically evaluate the effectiveness of the compliance programme and the proposals for updating that the Compliance Department submits to the Board of Directors for its continuous improvement, and ensure that the Compliance Department has the personal, technical and material resources and sufficient training to carry out its functions.
- To ensure in general that the policies and systems established for internal control are effectively implemented in practice.

FUNCTIONING

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

The Committee will meet following a call 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 duties.

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

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

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

The Committee may require the auditors to attend its sessions.

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

In all matters not specifically provided for the Committee, the regulations of the Board of Directors shall apply, provided that they are compatible with the nature and function of the Committee.

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

MOST IMPORTANT ACTIONS CARRIED OUT DURING THE YEAR

As in previous years, in December 2019 the Committee approved a work plan with the forecast of matters to be dealt with at each of its 2020 meetings (adding, where appropriate, those that will be dealt with during the year).

A summary of the main activities carried out during the 2020 follows.

Financial information

During the year, the Committee reviewed and analysed the integrity of this information prior to its knowledge by the Board of Directors and its transmission to the authorities or markets, reporting favourably on it. In this analysis, special attention has been paid to the main opinions and estimates made in those areas that are more complex or where the accounting impact is more relevant. For this review, it was assisted by the General Finance Department (GFD) and Ferrovial's external auditor.

The external auditor responsible for carrying out the audit for the 2019 financial year (Deloitte, S.L.) appeared before the Committee for the presentation of the annual accounts for that year to set out the salient features of its audit work, the main risks and the issues to be followed up during 2020. It reported on its independent review of the consolidated statement of non-financial information contained in the consolidated management report (which forms part of the Integrated Annual Report), and its adaptation to international standards for reporting non-financial information (Global Reporting Initiative -GRI- standards) and to the contents established in the applicable mercantile regulations.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Newly appointed auditor (Ernst & Young, S.L.) informed the Committee of its work on the limited review of the half-yearly financial statements as of 30 June 2020, reporting on the most relevant issues identified in this limited review, as well as the aspects to be followed at the end of the year. The auditor has also appeared in the meetings of the Committee in which the economic-financial information closed on 30 March and 30 September was discussed.

Finally, the auditor also presented to the Committee its strategy and work plan for the audit of the annual accounts for the financial year 2020, and the previous work carried out on the basis of the financial information closed on 30 September.

Relations with the external auditor

In accordance with articles 529 quaterdecies.4 d) of the CCA and 51.3 d) of the EESS, it is incumbent upon the Committee to propose the appointment of the auditor to the Board of Directors, for submission to the General Shareholders' Meeting. Following the selection process conducted by the Committee and the proposal submitted to the Board of Directors, the Company's General Shareholders' Meeting held on 17 April 2020 agreed to appoint Ernst & Young, S.L. as the new Group auditor for the financial years 2020, 2021 and 2022.

It also gave its approval to the GFD's proposal for the external audit of certain subsidiaries by 2020

The Committee also ensured that the external auditor appeared once before the full Board of Directors to inform it of the work performed, the evolution of the accounting situation and the Company's risks.

And the new auditor presented the Committee with its transition plan for the audit of the 2020 financial year and the composition of its team

Independence of the external auditor

The Committee has formulated the legally binding report on this point, which is referred to below.

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

The Committee has regularly received information on the purpose of the services of this type authorised to the various audit firms and their amount.

It has also been informed of the audit fees received by Ferrovial's external auditor (and by the rest of the group's auditors) in 2019, and their variation in relation to the previous year.

Internal Control Procedures

At its May meeting, the Committee was informed by the outgoing external auditor (in the presence of the new auditor for the 2020-2022 period) of the main internal control recommendations made as a result of the audit of the 2019 accounts, as well as the most significant internal control improvement projects implemented during the year. The external auditor did not identify any significant weakness that should be reported to the Committee in accordance with the international financial reporting standards.

The GFD regularly reported to the Committee on (i) the work carried out in the group during the 2020 financial year in relation to the design, implementation and maintenance of the ICFR; (ii) controls over significant judgements and estimates made in the financial information presented to the market; (iii) the result of the self-assessment by the business divisions and corporate areas of the controls included in the ICFR and the proposed actions for improvement; and (iv) the modifications to the ICFR caused by organisational changes in the group's financial function.

Internal Audit

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

The report on Internal Audit activities corresponding to financial year 2019, which includes the conclusions of all the work carried out, the variations on the approved plan (stating the reasons), the work carried out in collaboration with other areas, details of the main aspects of improvement detected, the recommendations issued, the state of implementation of all those formulated during 2019 and previous financial years, the evolution of the most significant audited matters and the assessment of the quality perceived by those audited.

Quarterly reports on Internal Audit activities containing the degree of progress of programmed work, compliance with approved planning and its variations, collaboration with other areas, monitoring of the most significant audit issues, new recommendations issued and the state of implementation of those made in the last four years, the impact of covid-19 on audit work and evaluation of its quality.

The result of (i) the review of the ICFR process and of specific work to ensure compliance; and (ii) the review of the deployment of the compliance model in Spain, the audits carried out with an indication of the aspects in which progress must be made, the conclusions of the reviews carried out and the follow-up and implementation of the recommendations issued.

The internal audit work plan for 2021, approved by the Committee, which includes (i) the purpose of the work and the extent to which it covers the main risks of the group and the countries considered strategic; (ii) recurring tasks (including the follow-up of the external auditor's recommendations and conclusions); (iii) the internal organisation of the Internal Audit Department; and (iv) the expenditure budget.

Analysis of risks and systems to control them



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Ferrovial's Compliance and Risks Department has appeared twice before the Committee to report on the main risks of the company and its group, both financial and non-financial, as well as on the functioning of the systems established for their identification, management and control.

In particular, the Committee has been informed about the process of drawing up the risk map and the most relevant risks of the group, the measures adopted to mitigate them and their evolution with respect to the previous information given to the Committee.

Finally, the Committee was informed by the Internal Audit Department of the annual report (referring to 2019) on the activity of the "Ethical Channel", indicating the number of complaints received and their evolution, their origin and typology, the procedures established for the prevention, detection and management of fraud, and the areas for improvement identified. The Compliance and Risk Department reported to the Committee on the activity of this incident management system in the period January-November 2020, distinguishing the different types of communications made, the business division they affect and the geographical area in which they were presented.

Corporate governance and compliance actions

The Committee has carried out the following actions in this area:

- It informed the Ordinary General Shareholders' Meeting of Ferrovial, through the Chairman of the Committee, about the activities carried out during financial year 2019.
- It reported favourably, and in advance of its approval by the Board of Directors, on the Annual Corporate Governance Report corresponding to the financial year 2019.
- It approved a report on related-party transactions, which was published on the Company's website at the same time as the call for the General Shareholders' Meeting.
- It has informed, prior to its approval by the Board, on the transactions of Directors of the Company with companies of the Ferrovial group.
- It became aware of the main new features included in (i) the GGC following the partial reform approved by the CNMV in June 2020; and (ii) in the draft law amending the CCA and other financial regulations with regard to promoting the long-term involvement of shareholders in listed companies.
- It has twice proposed the amendment of the Rules of Procedure of the Board of Directors. The first is to include a limit on the number of Boards outside the Company to which Directors may belong. The second is intended, among other things, to incorporate the functions assigned to the Committee by the GGC following its last reform.
- It has reviewed the modification of the Code of Conduct in the Securities Markets, which adapts it to the most recent regulations and to the repeal by the CNMV of its criteria on discretionary treasury stock trading.
- At the December meeting, it followed up on the situation of some of the Ferrovial Group's main projects.
- It has overseen the effectiveness of Ferrovial's compliance model. To this end, the Compliance and Risks Department informed the Committee of its work plan and the level of progress of the actions comprising it (including, among other indicators, the preparation or review of internal procedures or policies and the training carried out and planned for employees in this area).
- It has also received information on two other occasions regarding the compliance programme, including (i) the identification and prevention of compliance risks; (ii) the actions carried out to update the crime prevention model of the Company and its group (iii) the result of the self-assessment of the controls and the action plans for those assessed as not effective; (iv) the criminal risk map and ongoing actions for its mitigation.
- It was informed of the proposal to amend the Compliance Policy and the Crime Prevention Model and gave its approval to the Ferrovial Group's Policy on Ethical Channels and Management of Queries, Reports and Complaints.
- It approved the Committee's work plan with a forecast of matters to be discussed at each of its meetings in 2021.

COMPOSITION

All the members of the Audit and Control Committee as a whole, and especially its Chairman, have been appointed taking into account their knowledge and experience in accounting, auditing or risk management, both financial and non-financial.

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

Composition of the Board of Directors and its Committees

The Committee analysed the needs of the Board of Directors and considered it appropriate, within the framework of the gradual renewal of the Board included in the action plan derived from the evaluation of the Board and contained in the Annual Corporate Governance Report, to reinforce the following aspects in the composition of the Board: diversity of origin, gender and professional background, looking for people with experience in Ferrovial's priority markets and with knowledge and experience in the financial, business, innovation and new technology fields, maintaining the number of independent directors in accordance with regulations and best practices.

The amount and nature of the operations that, during the financial year 2019, Ferrovial (or its group companies) carried out with other companies in which the Independent Directors of Ferrovial are also directors was also reviewed, considering that these do not prevent the performance of the duties of said Independent Directors as such, giving its approval to the reasoned statement included in the draft of the Annual Corporate Governance Report corresponding to the aforementioned financial year (section C.1.3.)

It examined the current composition of the Board of Directors and reviewed the category attributed to each of the Directors.

The Committee verified compliance with the Ferrovial Board of Directors' composition policy and proposed its review to adapt it to the recommendations of the Good Governance Code following its reform in June 2020.

Remuneration of the Directors and Senior Management

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

It reported favourably on the draft Annual Report on Directors' Remuneration corresponding to the financial year 2019.

In relation to the remuneration of the members of the Board in their capacity as such, the Committee proposed to the Board of Directors (i) the settlement of the 2019 financial year in accordance with the detail contained in the Annual Report on Directors' Remuneration; and (ii) to propose that the Directors' Remuneration Policy in force from time to time establish a maximum annual amount of remuneration for 2020 and its distribution among the Directors, instead of the automatic review based on the CPI.

With respect to the remuneration of the Executive Directors, the Committee proposed to the Board (i) their variable remuneration for the financial year 2019; and (ii) their fixed remuneration corresponding to the financial year 2020.

With regard to senior management, the Committee reported (i) their variable remuneration for financial year 2019; (ii) their fixed remuneration corresponding to the financial year 2020.

With reference to the Remuneration Policy for Directors and Senior Management, this was submitted to the Board of Directors for approval by the General Shareholders' Meeting.

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

As a consequence of COVID-19 the Committee proposed to the Governing Board to apply different exceptional measures on the compensation elements.

The Committee also received a benchmarking on the remuneration of directors in their capacity as such.

The Committee also received information on the analysis carried out by an external consultant on the current system of variable remuneration for Executive Directors and senior management, to identify the level of compliance with international standards and several companies considered "peers".

In addition, the Committee has given its approval to the action plan designed, following an analysis by an external consultant of the Annual Remuneration Report and the Directors' Remuneration Policy, to identify improvements to be made in order to strengthen our practices.

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

The Committee reported favourably on the proposed appointment of Mr. Carlos Cerezo Paredes as Managing Director of Human Resources and Mr. Dimitris Bountolos Andrés as Managing Director of Information Systems and Innovation, and proposed the basic conditions of their contracts, including their remuneration to the Board of Directors.

It also reported favourably on the appointment of Ferrovial representatives to the boards of directors of the main subsidiaries and investees.

In relation to other matters:

The Committee received reports on:

- the succession plan for the CEO, senior management and other management positions
- talent management

COMPOSITION

The members of the Nomination and Remuneration Committee are appointed in such a way as to ensure that they have the knowledge, skills and experience appropriate to the functions they are called upon to perform.

SECTION E.6 Continued:

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 81% 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 site 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.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

b) Non-payment or default

The risk of non-payment by private customers is mitigated by a solvency evaluation prior to entering into any agreement. The contractual requirements are supervised by the legal and economic-financial departments, to ensure that guarantees of response in the event of non-payment are established. During the work, the General 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.

Likewise, and without prejudice to the corporate policies established at business level for the transfer of risks to the insurance market, Ferrovial takes out a series of insurance policies at corporate level that seek to expand the transfer of risks throughout the group, extending coverage and indemnity limits for risks: activity liability, directors' and officers' liability, environmental and cyber-security risks.

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

G. RECOMMENDATION

Letter e). The principles to be observed in the Company's communication activity are set out in the Policy mentioned in the reply to letter d): a) transparency and immediacy in the dissemination of information and facts that are relevant to the market; b) truthfulness and relevance of the data and concepts provided; c) open dialogue with the different stakeholders; d) equal treatment in the recognition and exercise of the rights of all shareholders who are in identical conditions and are not affected by conflicts of interest; e) protection of the legitimate rights and interests of all shareholders; f) continuous and permanent information through the use of effective communication channels; g) development of information channels that allow the advantages of new technologies to be exploited; and h) compliance with applicable regulations, as well as with the principles of cooperation and transparency with the competent authorities, regulatory bodies and administrations.

Such principles help to avoid manipulation of information and to protect the integrity and honour of the addressees or those to whom the information refers.

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.

In this regard, on 27 February 2020 the Company's Tax Director appeared before the Board of Directors to inform about tax matters with impact on the Group tax position, complying with the commitments included in said Code. In 2020, the Company voluntarily prepared and presented the Annual Tax Transparency Report before the Spanish Tax Authorities, as instructed in the Code.

This annual corporate governance report was approved by the company's board of directors at its meeting held on

25/02/2021

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

[] Yes
[✓] No



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

DETAILS OF THE ISSUER

End date of financial year referred to: [31/12/2020]

Company Tax Code (CIF): [A81939209]

Corporate name:

[**FERROVIAL, S.A.**]

Registered address:

[PRINCIPE 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
09/12/2020	146,580,475.20	732,902,376		732,902,376

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

[] Yes
[✓] No

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

Name or corporate name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK INC.	0.00	3.04	0.00	0.02	3.06
FIL LIMITED	0.00	1.02	0.00	0.01	1.03
LEOPOLDO DEL PINO CALVO-SOTELO	0.00	4.15	0.00	0.00	4.15
CHRISTOPHER ANTHONY HOHN	0.00	0.72	0.00	5.07	5.78
LAZARD ASSET MANAGEMENT LLC	0.00	3.08	0.00	0.00	3.08
D1 CAPITAL PARTNERS MASTER, LP	0.00	0.00	1.08	0.00	1.08

Breakdown of the indirect shareholding:

Name or corporate name of indirect holder	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
BLACKROCK INC.	CONTROLLED COMPANIES AND COLLECTIVE INVESTMENT INSTITUTIONS UNDER MANAGEMENT	3.04	0.02	3.06



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of indirect holder	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
FIL LIMITED	FIL LIMITED	1.02	0.01	1.03
LEOPOLDO DEL PINO CALVO-SOTELO	SIEMPRELARA S.L. SOCIEDAD UNIPERSONAL	4.15	0.00	4.15
CHRISTOPHER ANTHONY HOHN	CIFF CAPITAL UK LP & THE CHILDRENS INVESTMENT MASTER FUND	0.72	5.07	5.78

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

Most significant movements

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

17/12/2020: exceeded 20% of the share capital
26/11/2020: fell below 20% of share capital

Blackrock Inc. has carried out the following movements:

21/12/2020: exceeded 3% of the share capital
17/12/2020: fell below 3% of share capital
04/12/2020: exceeded 3% of the share capital
30/11/2020: fell below 3% of share capital
25/11/2020: exceeded 3% of the share capital
01/10/2020: fell below 3% of share capital
23/09/2020: exceeded 3% of the share capital
04/05/2020: fell below 3% of share capital
27/04/2020: exceeded 3% of the share capital
26/02/2020: fell below 3% of share capital
24/01/2020: exceeded 3% of the share capital
17/01/2020: fell below 3% of share capital
07/01/2020: exceeded 3% of the share capital

FIL Limited has carried out the following movements:

11/05/2020: exceeded 1% of the share capital
05/05/2020: fell below 1% of share capital
22/04/2020: exceeded 1% of the share capital
17/04/2020: fell below 1% of share capital

Mr. Christopher Anthony Hohn has carried out the following movements:

26/10/2020: exceeded 5% of the share capital

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

A.3. Complete the following tables on the members of the board of directors of the company, who own voting rights on company shares:

Name or company name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights	% voting rights that can be transferred through financial Instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	0.01	0.00	0.01	0.00	0.01	0.00	0.00
MR. ÓSCAR FANJUL MARTÍN	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MR. SANTIAGO FERNÁNDEZ VALBUENA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	0.02	0.00	0.00	0.00	0.02	0.00	0.00
MS. MARÍA DEL PINO CALVO-SOTELO	0.00	8.14	0.00	0.00	8.14	0.00	0.00
MR. JOAQUÍN DEL PINO CALVO-SOTELO	0.01	2.54	0.00	0.00	2.55	0.00	0.00
MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. RAFAEL DEL PINO CALVO-SOTELO	0.00	20.27	0.03	0.00	20.29	0.00	0.00
MR. PHILIP BOWMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% total voting rights held by the Board of Directors	31.04
------------------------------------------------------	-------

Breakdown of the indirect shareholding:

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or company name of the director	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights	% voting rights that can be transferred through financial Instruments
MS. MARÍA DEL PINO CALVO-SOTELO	MENOSMARES S.L.	8.14	0.00	8.14	0.00
MR. JOAQUÍN DEL PINO CALVO-SOTELO	ADDITION SICAV, S.A.	0.01	0.00	0.01	0.00
MR. JOAQUÍN DEL PINO CALVO-SOTELO	SOZIANCOR S.L. SOCIEDAD UNIPERSONAL	2.53	0.00	2.53	0.00
MR. RAFAEL DEL PINO CALVO-SOTELO	RIJN CAPITAL B.V.	20.27	0.00	20.27	0.00

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the Company, unless they are insignificant or arise from ordinary trading or exchange activities, except as reported in section A.6:

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

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant holdings and the Company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related-party name or corporate name	Type of relationship	Brief description
MS. MARÍA DEL PINO CALVO-SOTELO	Corporate	Ms. María del Pino Calvo-Sotelo is a Director of Ferrovial, S.A.
MR. RAFAEL DEL PINO CALVO-SOTELO	Corporate	Mr. Rafael del Pino y Calvo-Sotelo is the Chairman and CEO of Ferrovial, S.A.

A.6. Describe the relationships, unless they are of little relevance to the two parties, that exist between the significant shareholders or shareholders represented on the board and the directors, or their representatives, in the case of directors who are legal entities.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Name or corporate name of the related-party director or representative	Name or corporate name of related-party significant shareholder	Corporate name of the group company of the significant shareholder	Description relationship / position
MS. MARIA DEL PINO CALVO-SOTELO	MS. MARÍA DEL PINO CALVO-SOTELO	----	As indicated in the response to section A.3, Ms. María del Pino Calvo-Sotelo indirectly holds 8.14% of the share capital of Ferrovial, S.A. through Menosmares, S.L. She is the majority shareholder, as well as the Chairman and CEO of this company.
MR. RAFAEL DEL PINO CALVO-SOTELO	MR. RAFAEL DEL PINO CALVO-SOTELO	----	As indicated in the response to section A.3, Mr. Rafael del Pino Calvo-Sotelo indirectly holds 20.27% of the share capital of Ferrovial, S.A. through Rijn Capital B.V. He holds shares representing 99.87%% of the capital of this entity.

A.7 Indicate whether the Company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Capital Companies Act (hereinafter "CCA"). 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:



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- Yes
 No

[None.]

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

[None.]

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

- Yes
 No

A.9 Complete the following tables on the company's treasury stock: At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% total share capital
634,034		0.09

(*) Through:

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

Explain any significant changes during the financial year:

Explain any significant changes.

The notifications on transactions with own shares that have been sent to the CNMV (form IV) during the year, as a result of the change in the number of voting rights of the issuer, are included below. The acquisitions and transfers of own shares that have taken place since the last notification up to the modification of the share capital figure are notified to the CNMV. In cases of capital reduction, the number of own shares subject to redemption appears in the notification as "transfer":

- On 17 June 2020, the CNMV was informed of (i) the acquisition of 3,819,087 direct shares by the Company, accounting for 0.515% of the share capital, and (ii) the transfer of 698,721 direct shares, accounting for 0.094% of the share capital.
- On 15 December 2020, the CNMV was informed of (i) the acquisition of 7,555,492 direct shares by the Company, accounting for 1.011% of the share capital, and (ii) the transfer of 24,805 direct shares, accounting for 0.003% of the share capital.
- On 22 December 2020, the CNMV was informed of (i) the acquisition of 1,167,381 direct shares by the Company, accounting for 0.159% of the share capital, and (ii) the transfer of 14,460,661 direct shares, accounting for 1.973% of the share capital.

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

"To authorise the Board of Directors to increase the share capital in accordance with article 297.1.b) of the CCA, 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 €73,845,583.70, 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 Capital Companies Act the Board of Directors is hereby authorised to exclude, either in whole or in part, the preferential subscription rights of shareholders in relation to the issues of shares subject to this delegation of powers, where necessary in the interest of the Company and for compliance with all other applicable legal requirements. However, this authorisation will be limited to share capital increases in reliance on this power up to the maximum amount corresponding, as a whole, to 20% of current share capital.

If the Board decides to exclude the preferential subscription right in relation to any given issue of shares that may be decided in accordance with this authorisation, it shall, at the same time, issue a report detailing the specific corporate interests justifying such measures, which shall be accompanied by the pertinent report by the external auditor referred to in article 308.2.a) of the CCA. 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, in the event of a subsequent request for exclusion from the negotiation, this shall be adopted with the same formalities as the application for admission, insofar as applicable, and, in such case, the interest of the shareholders or bondholders who oppose or do not vote for the resolution shall be guaranteed under the terms provided for in the legislation in force. 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 bis i) of the Capital Companies Act expressly authorises the Board of Directors to subdelegate the powers permitted under this article to the Executive Committee.

This delegation replaces the one agreed by the General Shareholders' Meeting of 26 June 2014 under item 9 of its agenda, which is no longer in effect".

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

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

1. Forms of acquisition: by purchase or any other "inter vivos" transfer for consideration.

2. Maximum number of shares to be acquired: shares of Ferrovial, S.A., in an amount such that the par value of the shares to be acquired, together with that of those already held by Ferrovial, S.A. and any of its subsidiaries, does not exceed 10% of the share capital of Ferrovial, S.A.

3. Minimum and maximum purchase price: The minimum purchase price of shares shall equal 75% of their market value at the acquisition date, and the maximum price at 120% of their market value on that date.

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

5. Possible delivery of shares to employees or directors: the Board of Directors is empowered to allocate some or all of the own 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 CCA.

Continued in Section H.

A.11. Estimated free float:

_____ %



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Estimated free float	49.52
----------------------	-------

The estimated free float is calculated excluding the treasury stock and the direct and indirect shareholding of (i) all the Directors; (ii) Casa Grande de Cartagena, S.A.U.; and (iii) the significant shareholders as of 31 December 2020 (Mr. Leopoldo del Pino Calvo-Sotelo, Blackrock Inc., FIL Limited, Lazard Asset Management LLC, D1 Capital Partners Master, LP and Christopher Anthony Hohn).

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

Yes
 No

A.13. Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

Yes
 No

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

A.14. Indicate whether the Company has issued securities not traded in a regulated market of the European Union.

Yes
 No

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

B. GENERAL SHAREHOLDERS' MEETING

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

Yes
 No

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

Yes
 No

Qualified majority other than that established in article 201.2 of the CCA for general cases described in article	Other cases requiring a qualified majority
-------------------------------------------------------------------------------------------------------------------	--------------------------------------------



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

% set by the Company for adopting corporate resolutions	0.00	66.66
---------------------------------------------------------	------	-------

There are no differences with the rules under the CCA for adopting resolutions in the events listed in article 194.1 of the CCA, 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 CCA.

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 per cent of share capital shall be sufficient.

If the capital present in person or by proxy exceeds fifty per cent, it will suffice for the resolution to be carried by an absolute majority. Two-thirds of the capital present in person or by proxy at the Meeting shall be required to vote in favour when shareholders representing twenty-five per cent or more of the subscribed capital with voting rights but less than fifty per cent attend the meeting on second call.

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

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 CCA, 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 CCA, 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 CCA).

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

Attendance data					
Date Shareholder's Meeting	% attending in person	% attending by proxy	% by distance voting		
			Electronic means	Others	TOTAL
05/04/2018	12.11	53.15	0.00	0.49	65.75
Of which floating capital	0.21	31.72	0.00	0.49	32.42
05/04/2019	12.19	49.42	0.00	5.88	67.49
Of which floating capital	0.19	28.10	0.00	0.75	29.04
17/04/2020	0.86	53.67	11.85	4.58	70.96
Of which floating capital	0.02	33.46	0.00	0.37	33.85

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

Yes
 No



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

B.6 Indicate whether there is any statutory restriction that establishes a minimum number of shares necessary to attend the general shareholder's meeting, or to vote remotely:

Yes
 No

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

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

Yes
 No

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

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

C. STRUCTURE OF THE CORPORATE MANAGEMENT

C.1. Board of directors

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

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the shareholders' meeting	12

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or company name of the director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. IGNACIO MADRIDEJOS FERNÁNDEZ		Executive	CEO	30/09/2019	17/04/2020	General Shareholders' Meeting resolution
MR. ÓSCAR FANJUL MARTÍN		Independent	VICE-CHAIRMAN	31/07/2015	05/04/2019	General Shareholders' Meeting resolution
MR. SANTIAGO FERNÁNDEZ VALBUENA		Other External	DIRECTOR	30/05/2008	05/04/2019	General Shareholders' Meeting resolution
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ		Independent	DIRECTOR	19/12/2019	17/04/2020	General Shareholders' Meeting resolution
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS		Independent	DIRECTOR	03/12/2009	05/04/2019	General Shareholders' Meeting resolution
MS. MARÍA DEL PINO CALVO-SOTELO		Proprietary	DIRECTOR	29/09/2006	05/04/2019	General Shareholders' Meeting resolution
MR. JOAQUÍN DEL PINO CALVO-SOTELO		Proprietary	DIRECTOR	29/10/2015	05/04/2019	General Shareholders' Meeting resolution
MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO		Independent	INDEPENDENT LEAD DIRECTOR	02/10/2019	17/04/2020	General Shareholders' Meeting resolution
MR. RAFAEL DEL PINO CALVO-SOTELO		Executive	CHAIRMAN AND CEO	09/01/1992	05/04/2019	General Shareholders' Meeting resolution
MR. BRUNO DI LEO		Independent	DIRECTOR	25/09/2018	05/04/2019	General Shareholders' Meeting resolution



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or company name of the director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. PHILIP BOWMAN		Independent	DIRECTOR	29/07/2016	17/04/2020	General Shareholders' Meeting resolution
MS. HANNE BIRGITTE BREINBJERG SØRENSEN		Independent	DIRECTOR	05/04/2017	17/04/2020	General Shareholders' Meeting resolution

Total number of directors	12
---------------------------	----

Indicate any terminations from the Board of Directors during the reporting period, whether due to resignation or by resolution of the General Shareholders' Meeting:

Name or company name of the director	Director category at the time of the termination	Date of the last appointment	Date of termination	Specialist committees on which they were a member	Indicate whether the termination occurred before the end of the term of office
No data					

C.1.3 Complete the following tables about the members of the board and their different categories:

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Position held in the Company	Profile
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	CEO	Civil Engineer (Polytechnic University of Madrid); MBA (Stanford University). CEO of Ferrovial since 2019. Former Regional President of CEMEX USA; Regional President of CEMEX Northern Europe; global responsible of CEMEX Energy, Security and Sustainability areas; President of CEMEX Spain; and CEO of CEMEX Egypt. He previously worked at McKinsey and Agroman. He was also President of OFICEMEN (Spanish Association of Cement Manufacturers), IECA (Spanish Institute of Cement and its Applications), and CEMBUREAU (European Cement Association).



ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

MR. RAFAEL DEL PINO CALVO-SOTELO	CHAIRMAN AND CEO	<p>Civil Engineer (Polytechnic University of Madrid, 1981); MBA (Sloan School of Management, MIT, 1986). Chairman of Ferrovial since 2000 and CEO since 1992. Chairman of Cintra from 1998 to 2009. Member of the MIT Energy Initiative's External Advisory Board and the MIT Sloan European Advisory Board. He also is a member of the IESE's International Advisory Board and the Royal Academy of Engineering of Spain. He has been Director of Zurich Insurance Group, Banesto and Uralita. Other information: Mr. Rafael del Pino has a controlling interest in the shareholder Rijn Capital B.V.</p>
----------------------------------	------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Total number of executive directors	2
% of the Board	16.67

EXTERNAL PROPRIETARY DIRECTORS

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Total number of proprietary directors	2
% of the Board	16.67

INDEPENDENT EXTERNAL DIRECTORS	
Name or company name of the director	Profile
MR. ÓSCAR FANJUL MARTÍN	<p>Professor of Economic Theory on leave of absence. Director of Ferrovial since 2015.</p> <p>Vice-Chairman of Omega Capital. Non-Executive Vice-Chairman of LafargeHolcim; Director of Marsh & McLennan Companies. Trustee of the Center for Monetary and Financial Studies (Bank of Spain) and of the Aspen Institute (Spain).</p> <p>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.</p>
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	<p>Degree in Economic and Political Sciences (Yale University). MBA (Instituto de Empresa, Madrid).</p> <p>Director of Ferrovial since 2019.</p> <p>Executive Chairman of Abengoa-Abenewco; Director of Gestamp; Chairman of the Hesperia Foundation; member of the Board of Trustees of the Princess of Asturias Foundation.</p> <p>Former Chairman of ArcelorMittal Spain; member of the General Management of ArcelorMittal and head of the sectors of Long Products, Stainless Steel, Tubes, Emerging Markets; CFO and head of the Distribution sector of Arcelor; CFO of Aceralia Corporación Siderúrgica. He previously worked at Citibank and Crédit Agricole. He was also Chairman of the ArcelorMittal Foundation and of UNESID (the Spanish union of steel companies); Director of Aceralia, Atlantica Yield, Aperam, Vocento and other listed companies.</p>



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

<p>MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS</p>	<p>Degree in Industrial Engineering (Polytechnic University of Barcelona); ISMP Graduate (Harvard Business School) and member of the State Corps of Industrial Engineers. Director of Ferrovial since 2009. Director of Cintra from 2004 to 2009. Honorary Chairman and Director of Maxam Group; Chairman of Maxam Foundation and member of the Board of Trustees of the <i>Museo de la Minería y la Industria</i>. Former Executive Chairman of Maxam Group; 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.</p>
<p>MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO</p>	<p>Degree in Economics (Universidad Complutense de Madrid); Master in Business Administration in Finance and Accounting (Columbia Business School). Director of Ferrovial since 2019. Director of Inmoglaciari and Gescobro. Former Chairman, Senior Partner of McKinsey & Company Iberia and member of the McKinsey & Company Shareholder Council worldwide; Strategy, Brand & Marketing Executive Vice President of Banco Santander Brazil; Executive Chairman of Haya Real Estate and Director of Banco Santander Chile and Banco Santander Mexico.</p>
<p>MR. BRUNO DI LEO</p>	<p>Degree in Business Administration from Ricardo Palma University and postgraduate degree from <i>Escuela Superior de Administracion de Negocios</i>, both in Lima (Perú). Director of Ferrovial since 2018. Non-Executive Director of Cummins Inc.; member of the IESE's International Advisory Board in Spain and of the Deming Center Advisory Board of Columbia Business School. He has developed his professional career at the multinational group IBM. He served as Senior Vice-President of IBM Corporation; Senior Vice-President of Global Markets; General Manager of the Growth Markets Unit; General Manager for Global Technology Services in Southwest Europe and General Manager for Northeast Europe; General Manager for IBM Latin America and General Manager of IBM Brazil.</p>
<p>MR. PHILIP BOWMAN</p>	<p>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. Non-Executive Chairman of Tegel Group Holdings Limited, Sky Network Television Limited and Majid Al Futtaim Properties; Non-Executive Director of its parent company, Majid Al Futtaim Holding LLC and related company Majid al Futtaim Capital LLC; and Non-Executive Director of Kathmandu Holdings Limited and of Better Capital PCC. Former Chairman of Potrero Distilling Holdings, Coral Eurobet and Liberty; Non-Executive Chairman of The Munroe Group (UK); CEO of Smiths Group, Scottish Power and Allied Domecq; and Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.</p>
<p>MS. HANNE BIRGITTE BREINBJERG SØRENSEN</p>	<p>MSc. in Economics and Management from the University of Aarhus (Denmark). Director of Ferrovial since 2017. Non-Executive Director of LafargeHolcim, Delhivery, Sulzer, Tata Motors, Tata Consulting Services and Jaguar Land Rover Plc (and its affiliates Jaguar Land Rover Holdings Ltd and Jaguar Land Rover Ltd). Former CEO of Damco and Maersk Tankers; 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.</p>

Total number of independent directors	7
% of the Board	58.33

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

List any independent directors who receive from the Company, or from its same group, any amount or payment other than standard director remuneration, or who maintain or have maintained during the period in question, a business relationship with the Company or any company of its group, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained the said relationship.

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

Name or corporate name of the director	Description of the relationship	Reasoned statement
MR. ÓSCAR FANJUL MARTÍN	Mr. Fanjul is Vice-Chairman of LafargeHolcim Ltd. Companies of this group have sold cement, concrete and related materials to Ferrovial group companies amounting to approximately €1,724.48 thousand. The Ferrovial Group has also provided waste management and collection services amounting to approximately €52.03 thousand to companies in the LafargeHolcim Group. Mr. Fanjul is also a Director of Marsh & McLennan Companies Inc. Companies in this group have provided insurance and guarantee services to Ferrovial group companies amounting to approximately €6,884.16 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 Director.
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	Mr. Sánchez-Junco is a Director and during part of the 2020 financial year Executive Chairman of the Maxam Group. Companies in this group have provided explosives inspection and verification services to Ferrovial group companies for approximately €0.23 thousand. In addition, the Ferrovial Group has supplied consumables to companies in the Maxam Group amounting to approximately €1.04 thousand.	The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.
MR. BRUNO DI LEO	Mr. Di Leo is a Director of Cummins Inc. Companies in this group provided repair and spare parts supply services amounting to approximately €1,128.59 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 Ltd. Companies in this group have sold cement, concrete and related materials to companies in the Ferrovial group amounting to approximately	



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of the director	Description of the relationship	Reasoned statement
	€1,724.48 thousand. In turn, the Ferrovial Group has also provided waste management and collection services amounting to approximately €52.03 thousand to companies in the LafargeHolcim Group. Furthermore, Ms. Sorensen is a Director of Sulzer Ltd. Companies in this group have carried out sales transactions of pumping equipment and water treatment and purification services to Ferrovial group companies for approximately €732.13 thousand.	Taking into account the type of operations and the turnover of the companies involved, the Board considers that the relationships described above not to be sufficiently important to affect the independence of the Director.

OTHER EXTERNAL DIRECTORS

The other external directors shall be identified and the reasons why they cannot be considered proprietary and independent directors and their relationships will be listed, whether with the company, its directors or its shareholders:

Name or corporate name of the director	Reasons	Company, executive or shareholder with whom the relationship is maintained:	Profile
MR. SANTIAGO FERNÁNDEZ VALBUENA	Article 529 xii.4.i of the CCA 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. Fernández Valbuena was appointed to the Board of Directors of Grupo Ferrovial, S.A. (a defunct company after being absorbed by Ferrovial, S.A.) on 30 May 2008.	---	Degree in Economics (Universidad Complutense de Madrid); PhD and Master's Degree in Economics (Northeastern University, Boston). Director of Ferrovial since 2008. Non-Executive Chairman of the Board of Directors of AEDAS Homes, S.A.; Non-Executive Vice-Chairman of EBN Banco de Negocios and Director of Mapfre Brasil and Mapfre Internacional. Former Chairman of Telefónica Latinoamérica; Director and Chief Strategy, Finance and Corporate Development Officer at Telefónica; Managing Director of <i>Société Générale Valores</i> and Head of Equities at Beta Capital; Professor of Applied Economics at the Universidad Complutense and Professor at IE Business School.

Total number of other external directors	1
------------------------------------------	---



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

% of the Board	8.33
----------------	------

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

Name or corporate name of the director	Date of change	Previous category	Current category
MR. SANTIAGO FERNÁNDEZ VALBUENA	30/05/2020	Independent	Other External

C.1.4 Complete the following table with information on the number of female directors at the close of the last 4 financial years, as well as the category of such directors:

	Number of female directors				% of total directors of each category			
	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	50.00	50.00	50.00	50.00
Independent	1	1	1	1	14.29	12.50	16.67	20.00
Other external					0.00	0.00	0.00	0.00
TOTAL	2	2	2	2	16.67	16.67	16.67	16.67

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

- Yes
 No
 Partial policies

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

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

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

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

On 15 December 2015, the Board of Directors approved the Director Selection Policy of Ferrovial, S.A. At its meeting of 17 December 2020, the Board amended this Policy, which is now called the Board Composition Policy. This amendment was preceded by a proposal from the Nomination and Remuneration Committee.

The Policy aims to promote an appropriate composition of the Board of Directors. On the one hand, by ensuring that the proposals for appointment and re-election of its members are based on a prior analysis of the competencies required by the Company's Board of Directors; and on the other hand, by favouring diversity of knowledge, experience, nationality, age and gender on the Board.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

In particular, it provides that an attempt shall be made to identify candidates who bring a diversity of knowledge, experience, nationality, age and gender to the Board of Directors, and any kind of implicit bias that may imply any discrimination shall be avoided. To this end, it provides for the possible hiring of external consultants for the selection of candidates for membership of the Board.

It also mentions that in the selection processes, an attempt will be made to achieve an adequate balance on the Board of Directors that enriches and contributes plural points of view to the debates and decision making.

Finally, it indicates that, before the end of the year 2022, the number of female Directors shall be at least thirty per cent of the total number of members of the Board of Directors. In order to achieve this objective, the external consultant who, where appropriate, collaborates in the selection of candidates will be instructed to seek and present profiles of the under-represented gender, provided that they meet the requirements set out in the Policy itself.

There were no vacancies on the Board of Directors during the financial year 2020. Consequently, no selection process has been carried out for candidates to form part of the Board.

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

As stated in section A, the Board agreed at its meeting of 17 December 2020, following a proposal from the Nomination and Remuneration Committee, to amend the Board Composition Policy.

In this amendment, age has been included as one of the criteria to be taken into account in the nominations in order to bring more diversity to the Board. In addition, the target for the presence of the least represented gender on the Board has been updated to 30% for the 2022 financial year. This objective has been established taking into account the opinions of stakeholders and the situation in other markets, as well as the current number of female Directors.

At its meeting held on 7 May 2020, the Board of Directors was informed of the report of an external consultant of recognised prestige specialising in selection processes for Directors in listed companies; among other matters, it set out recommendations to facilitate the identification of candidates for female Directors.

Section C.1.6 also explains the specific measures agreed by the Nominations and Remuneration Committee in order to increase the number of female Directors.

C.1.6 Explain the measures, if any, that the nominations committee has agreed to ensure that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and who enable a balanced presence of women and men to be achieved. Also indicate whether these measures include encouraging the company to have a significant number of senior female managers

Explanation of the measures

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

- Include at least one curriculum from a person of the less represented gender in the final trio of applicants.
- Choose the candidate from the less represented gender, provided that the professional evaluation of the candidates is similar in terms of appropriateness, competence and professional performance.
- Evaluate annually and adopt, if applicable, an action plan to correct the deficiencies detected in regard to the composition of the Board in terms of diversity.

In addition, the terms of reference of external advisers of recognised standing who assist in the selection process include the obligation to seek applications from women with the required skills and profiles.

The Nomination and Remuneration Committee has included in the plan of matters to be dealt with at its meetings in 2021 the specific review of the progress made by the Company in terms of the diversity of its Board of Directors.

The measures agreed by the Nomination and Remuneration Committee do not expressly include encouraging the company to have a significant number of senior female managers. However, Ferrovial has measures in place to ensure the presence of female talent in key positions, in a similar proportion to their presence in the Company. To this end, it carries out actions aimed at attracting, developing, promoting and retaining women. These include the application of the "Rooney Rule" (at least one woman in the shortlist for positions with more than 3 years of experience), specific training plans, reduction of the pay gap and the development of an inclusive culture that promotes equal opportunities.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

When, despite the measures that may have been adopted, there are few or no female directors or senior managers, explain the reasons for this:

Explanation of the reasons

There are currently two female Directors among the twelve members of the Board of Directors (representing 16.6%). At the General Shareholders' Meeting held on 17 April 2020 it was agreed to re-elect Ms. Hanne Sorensen for three years. Ms. María del Pino was re-elected for three years at the 2019 General Shareholders' Meeting.

As indicated in the response to section C.1.5, no vacancies have arisen on the Board of Directors during the 2020 financial year and, therefore, no selection processes for candidates have been followed.

The number of female Directors has not changed during the year.

C.1.7 Explain the conclusions of the nominations committee on the verification of compliance with the policy aimed at favouring an appropriate composition of the board of directors.

The Nomination and Remuneration Committee has verified compliance with the Director Selection Policy (now Board Composition Policy) at its meeting held on 29 July 2020.

The Committee considered that the Policy had been complied with in the latest selection processes carried out to fill vacancies on the Board. It noted however that the Company's internal commitment to the number of female Directors provided for in the Policy in force at that time (30% of the total number of Board members at the end of the financial year 2020) has not been met.

As stated in the response to section C.1.5, in December this Policy was amended with the aim, among others, of incorporating age as one of the criteria to be considered in candidacies in order to achieve greater diversity on the Board, and updating the target for representation of the least represented gender, placing it at 30% of the total number of Board members by the end of 2022.

C.1.8 Explain, where appropriate, the reasons why proprietary directors have been nominated at the request of shareholders whose ownership interest is less than 3% of the capital

Name or corporate name of shareholder	Reason
MR JOAQUÍN DEL PINO CALVO-SOTELO	Mr. del Pino y Calvo-Sotelo holds, individually and through Soziancor, S.L.U. and Addition Sicav, S.A., a stake (2.549%) in the share capital of the Company as of 31 December 2020. In addition, together with his sister María, he held 1.217% of the share capital at 31 December 2020 jointly and indirectly, through Casa Grande de Cartagena, S.A.U. Mr. Joaquín del Pino Calvo-Sotelo's economic interest in the Company exceeds 3% of the Company's share capital.

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained:

Yes
 No

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of the director or committee	Brief description
RAFAEL DEL PINO CALVO-SOTELO	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.
IGNACIO MADRIDEJOS FERNÁNDEZ	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.
EXECUTIVE COMMITTEE	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.

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

Name or corporate name of the director	Corporate name of the group entity Position	Position	Do they have executive functions?
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	FERROVIAL CONSTRUCCIÓN, S.A.	Chairman	YES
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	FERROVIAL SERVICIOS, S.A.	Chairman	YES

C.1.11 Give details of any directors or representatives of directors who are legal persons of your company, who are members of the board of directors or representatives of directors who are legal persons of other companies listed on regulated markets other than your group, that have been notified to the company:

Name or corporate name of the director	Corporate name of the listed company	Position
MR. ÓSCAR FANJUL MARTÍN	LAFARGEHOLCIM LTD.	VICE CHAIRMAN
MR. ÓSCAR FANJUL MARTÍN	MARSH & MCLENNAN COMPANIES	DIRECTOR
MR. SANTIAGO FERNÁNDEZ VALBUENA	AEDAS HOMES, S.A.	CHAIRMAN
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	GESTAMP AUTOMOCIÓN, S.A.	DIRECTOR
MR. BRUNO DI LEO	CUMMINS INC.	DIRECTOR
MR. PHILIP BOWMAN	KATHMANDU HOLDINGS LIMITED	DIRECTOR
MR. PHILIP BOWMAN	SKY NETWORK TELEVISION LIMITED	CHAIRMAN
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	LAFARGEHOLCIM LTD.	DIRECTOR
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	SULZER LTD.	DIRECTOR
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	TATA CONSULTANCY SERVICES LIMITED	DIRECTOR



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name of the director	Corporate name of the listed company	Position
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	TATA MOTORS LTD.	DIRECTOR

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

Yes
 No

Explanation of the rules and identification of the document where it is regulated.

Article 35 of the Regulations of the Board of Directors of Ferrovial, which regulates the duty of diligence of Directors, states that they may not belong to more than five boards of directors of listed companies other than Ferrovial and its subsidiaries. For these purposes, all the boards of listed companies that form part of the same group will be counted as one board, as well as the boards of listed companies of which the director is a proprietary director proposed by any company of that group. Exceptionally, and for duly justified reasons, the Board may exempt the Director from this limitation.

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

Remuneration accrued in the financial year in favour of the Board of Directors (thousands of euros)	8,174
Amount of the rights accumulated by the current directors in relation to pensions (thousands of euros)	503
Amount of the rights accumulated by the former directors in relation to pensions (thousands of euros)	

C.1.14 Identify the members of senior management who are not simultaneously executive directors, and indicate the total remuneration accrued in their favour during the financial year:

Name or corporate name	Position/s
MR. JUAN IGNACIO GASTÓN NAJARRO	MANAGING DIRECTOR OF CONSTRUCTION
MR. FIDEL LOPEZ SORIA	MANAGING DIRECTOR OF SERVICES
MR. PEDRO MONTOYA SANTOS	COMPLIANCE AND RISK DIRECTOR
MR. JUAN FRANCISCO POLO MARTÍN	COMMUNICATION AND CORPORATE RESPONSIBILITY DIRECTOR
MR. ANDRÉS CAMACHO DONEZAR	MOBILITY DIRECTOR
MR. ALBERTO FERREIRO PRADO	INTERNAL AUDIT DIRECTOR
MR. ERNESTO LÓPEZ MOZO	CHIEF FINANCIAL OFFICER
MR. SANTIAGO ORTIZ VAAMONDE	GENERAL COUNSEL
MR. JORGE GIL VILLÉN	MANAGING DIRECTOR OF AIRPORTS
MS. MARÍA TERESA PULIDO MENDOZA	CORPORATE STRATEGY DIRECTOR
MR. DIMITRIS MIGUEL BOUNTOLOS MONTABES	MANAGING DIRECTOR OF INFORMATION AND INNOVATION SYSTEMS



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Name or corporate name	Position/s
MR. CARLOS CEREZO PAREDES	MANAGING DIRECTOR OF HUMAN RESOURCES
MR. ALEJANDRO DE LA JOYA RUIZ DE VELASCO	MANAGING DIRECTOR OF TOLL ROADS
MR. VALENTÍN ALFAYA ARIAS	SUSTAINABILITY DIRECTOR

Number of women in senior management	1
Percentage over the total number of members of senior management	7.14

Total remuneration senior management (thousands of euros)	15,840
-----------------------------------------------------------	--------

C.1.15 Indicate whether there have been any amendments to the Board Regulations during the year:

Yes
 No

Description of amendments

During the year, the Board of Directors approved two amendments to its Regulations.

A) At its meeting of 27 February 2020, it approved the amendment of Article 35, which regulates the basic obligations of Directors deriving from the duty of diligence, to limit to five the maximum number of boards of listed companies other than Ferrovial and its subsidiaries to which the Company's Directors may belong. The purpose of this amendment was to introduce the content of the second paragraph of recommendation 25 of the Good Governance Code of Listed Companies.

B) At its meeting on 17 December 2020, it approved the amendment of several precepts. This reform has pursued the following objectives:

- To assume the recommendations of the Good Governance Code of Listed Companies after its partial reform in June 2020. In this regard, the changes mainly affect the functions of the Audit and Control Committee in relation to non-financial information and risks, and the transparency of the decisions adopted when the situation of a director may affect the credit and reputation of the Company.

- To introduce technical or drafting improvements, having adjusted several definitions to what is established in the regulations (internal or external) and clarified the wording of several articles.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors.

List the competent bodies, procedures and criteria used for each of these procedures.

A. Selection of Directors

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

The Nomination and Remuneration Committee is required to:

- Submit to the Board of Directors proposals to appoint Independent Directors by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report on proposals for nominations of the remaining Directors for their appointment 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.

On 15 December 2015, the Board of Directors approved the Director Selection Policy of Ferrovial, S.A. At its meeting of 17 December 2020, the Board amended this Policy, which is now called the Board Composition Policy. The Policy indicates that the director selection process must achieve the right balance on the Board of Directors 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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

may enlist the services of an external advisor in director selection procedures. Finally, the Policy lists a range of requirements that the Company must consider, among others, when selecting candidates for directorships.

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

B. Term of office

Under the Bylaws and the Regulations of the Board of Directors, Directors shall hold office for a period of 3 years and may be re-appointed.

C. Appointment of the CEO, Secretary of the Board and members of the Committees.

The Nomination and Remuneration Committee is required to:

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

D. Removal of Directors

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

C.1.17 Explain to what extent the annual evaluation of the Board has given way to important changes in its internal organisation and concerning the procedures applicable to its activity

Description of amendments

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

However, based on the findings and recommendations of the external consultant who assisted in the evaluation process, the Board agreed to establish as an action plan, among other actions: (i) to continue to strengthen its work in defining the long-term strategy; and (ii) to advance in the digital transformation of the group.

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

Description process for the evaluation and areas evaluated

The evaluation process for the Board of Directors is carried out every year with the support of a leading external consultant. In 2020 the following were reviewed: (i) the evolution of the areas for improvement identified in the previous evaluation; (ii) general issues affecting the Board (number of Directors, their experience and skills, their training and development, their independence and judgement, and the supervision of the Committees); (iii) the dynamics of its functioning, its competencies and relations with the management team; (iv) the operating dynamics and competencies of the Board's Committees; (v) the performance of the Chairman, the CEO and the Secretary.

The Directors answer a questionnaire prepared by the external advisor and have an interview with the external advisor. The consultant processes and assesses the information provided in the responses and presents the results at a Board meeting, including its analysis and conclusions.

In addition to the evaluation process, the Audit and Control and Nomination and Remuneration Committees prepare an annual report on their operation. Following the CNMV's practical guidelines on both types of Committee, the report of the former is approved by the Board and the report of the latter is submitted to the Board. Both reports are published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

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

KPMG has assisted in the evaluation process of the Board of Directors for the year 2020.

KPMG has the following business relationships with the Ferrovial Group:

- It provides various types of consulting services to the group (mainly, advice on the review of financial and non-financial information in processes of mergers and acquisitions ("due diligence"), financial audit models and expert reports).



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

C.1.19 Indicate the cases in which directors are obliged to 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 shareholding in its entirety. Directors must also resign from office, in a suitable number, if their shareholding is reduced to a level that requires a reduction in the number of Proprietary Directors.

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

- When he/she is in any situation giving rise to a conflict of interest or otherwise prohibiting him/her from holding office, whether provided for by law or by Company regulations.
- At the Board's request, because the Director has seriously breached its obligations.
- On reaching the age of 72 years.
- Should significant changes take place in his/her professional situation or the conditions by virtue of which he/she was nominated Director.
- When his/her remaining on the Board may jeopardise Ferrovial's interests or damage its credit and reputation. In the event that the Board becomes aware (through having been informed by the Director or otherwise) that the Director is in a situation, whether or not related to their performance at Ferrovial, which may damage the credit and reputation of Ferrovial; the Board shall examine the case as soon as possible and, in view of the specific circumstances, shall decide, following a report from the Nomination and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the Director or proposing his dismissal. This will be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which must be recorded in the minutes. This is without prejudice to the information to be disseminated by the company, where appropriate, when the relevant measures are taken.

With regard to Independent Directors, the Regulations of the Board of Directors state that the Board will not ask any of 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 listed 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.

When a Director, either by resignation or by resolution of the General Shareholders' Meeting, leaves office before the end of his term of office, they shall sufficiently explain the reasons for their resignation or, in the case of Non-Executive Directors, their opinion on the reasons for the removal by the General Shareholders' Meeting, in a letter to be sent to all members of the Board. Without prejudice to the fact that all this is reported in the Annual Corporate Governance Report, to the extent that it is relevant for investors, the Company shall publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director.

C.1.20 Are qualified majorities, other than legal majorities, required for any type of decision?

- Yes
 No

If applicable, describe the differences.

Description of differences

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

C.1.21 Explain whether there are specific requirements, other than those relating to directors, to be appointed Chairman of the Board of Directors:

- Yes
 No

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Yes
 No

	Age limit
Chairman	72
Chief Executive Director	72
Director	72

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

C.1.23 Indicate whether the Bylaws or the Regulations of the Board of Directors establish a limited mandate or other stricter requirements in addition to those legally established for independent directors, other than those established in the regulations:

Yes
 No

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

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

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

Number of Board meetings	8
--------------------------	---

Number of Board meetings held without the Chariman's attendance	0
-----------------------------------------------------------------	---

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

Number of meetings	0
--------------------	---

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

Number of meetings of the Audit and Control Committee	5
-------------------------------------------------------	---

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Number of meetings of the Nomination and Remuneration Committee	6
Number of meetings of the Executive Committee	6

The Lead Director has held individual meetings with each of the Non-Executive Directors.

In addition, the Board of Directors adopted resolutions in writing and without a meeting on 11 February, 30 March, 7 June and 29 October 2020.

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

Number of meetings attended in person by at least 80% of the directors	8
% of attendance in person of the total votes cast during the financial year	100.00
Number of meetings with attendance in person, or representations made with specific instructions, of all directors	8
% of votes cast with attendance in person and representations made with specific instructions, on the total votes during the financial year	100.00

C.1.27 Indicate whether the individual and consolidated annual accounts that are submitted to the Board for formulation are previously certified:

Yes
 No

Identify, where applicable, the person(s) who certified the Company's individual and consolidated financial statements prior to their authorisation for issue by the Board:

Name	Position
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	CHIEF EXECUTIVE OFFICER
MR. ERNESTO LÓPEZ MOZO	CFO
MR. RAFAEL DEL PINO CALVO-SOTELO	CHAIRMAN OF THE BOARD OF DIRECTORS



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

The Regulations of the Board of Directors mention, among the powers attributed to the Board, to ensure that the annual accounts that the Board of Directors prepares and submits to the General Shareholders' Meeting, prepared in accordance with accounting regulations, do not contain limitations and qualifications in the auditors' report.

The Regulations also confer on the Audit and Control Committee the power to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

C.1.29 Is the secretary of the board a director?

Yes

No

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

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

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

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

The Audit and Control Committee receives annually from the auditor the declaration of its independence in relation to the Company or entities directly or indirectly related to it, as well as detailed or individualised information on additional services of any kind rendered and the corresponding fees received from these entities by the aforementioned auditor or by the persons or entities related to it in accordance with the provisions of the legislation on auditing of accounts. Prior to the issue of the external auditor's report, the Committee approves a report every year expressing an opinion on whether the independence of the external auditor is compromised. This report contains the reasoned assessment of the provision of the additional services, considered individually and as a whole, other than the statutory audit.

The auditor has had sufficient time to inform the Audit and Control Committee at its meetings without the presence of the Company's executives.

The Company also has an internal procedure that regulates the engagement of any professional audit services and other consultancy or advisory services with any audit firms and entities related to them or belonging to the same network, regardless of whether or not they are responsible for auditing the consolidated and individual financial statements of Ferrovial, S.A. or its subsidiaries at any given time. Based on this internal procedure, the contracting of certain non-audit services has been authorised with the external audit firm and with other audit firms. When such services have been authorized by the Audit and Control Committee such Committee, in its analysis, has considered the nature and circumstances of the service, the issues that may arise in relation to the regulations on independence and the reasons that justify hiring a specific audit firm.

Likewise, the Finance Department periodically submits to the Audit and Control Committee (i) a summary of all the work authorised to date; and (ii) an estimate of the costs to be incurred in the remainder of the year. Likewise, the Finance Department ensures that this information is consistent with the information the auditor must submit to the Audit and Control Committee and with that published in the annual accounts and in the annual corporate governance report in accordance with the applicable regulations.

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The Company has put in place an internal procedure with measures to ensure that it 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.

Finally, Ferrovial has approved a general policy for corporate, economic-financial and non-financial communication and contact with shareholders, institutional investors, other stakeholders and the market in general. Such policy regulates, among other things, communication with credit rating agencies. It states that such communication is the responsibility of the Finance Department and that this department maintains fluid and permanent contact with these agencies in order to keep them up to date on the progress of the group and on the evolution of corporate and financial transactions communicated to the market by the Company, as well as to respond to their questions and suggestions, in compliance with the applicable regulations.

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

Yes
 No

Outgoing Auditor	Incoming Auditor
Deloitte, S.L.	Ernst & Young, S.L.

[The General Shareholders' Meeting held on 17 April 2020 resolved to appoint Ernst & Young, S.L. as auditors of Ferrovial and its consolidated group for the financial years 2020 to 2022, in accordance with the recommendation from the Audit and Control Committee. This agreement was the result of the selection process for which this Committee was responsible.]

In the event that there were disagreements with the outgoing auditor, explain the content of these:

Yes
 No

C.1.32 Indicate whether the audit firm performs non-audit work for the Company and/or its group and, if so, state the amount of the fees paid for such work and the percentage that the above amount represents of the fees invoiced for auditing work to the company and/ or its group:

Yes
 No

	Company	Group companies	TOTAL
Amount of non-audit work (in thousands of euros)	0	550	550
Amount of non-audit work / Amount of audit work (%)	0.00	18.60%	18.60%

C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified. If applicable, indicate the reasons given to the shareholders at the General Shareholders' Meeting by the Chairman of the Audit Committee to explain the content and scope of such qualifications.

Yes
 No



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

C.1.34 Indicate the number of consecutive years that the current audit firm has been auditing the company's individual and consolidated financial statements and/or consolidated accounts. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by current audit firm/Number of ° years the Company or its group has been audited (%)	2.8%	2.8%

C.1.35 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for the meetings of the governing bodies:

Yes
 No

Procedures

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

According to the Regulations of the Board of Directors, the meetings of the Board may be called by any written method, including electronic mail, personally addressed to each Director with a notice period of, at least, forty-eight hours (In practice, the meetings are called one week in advance). 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 assists the Chairman so that Directors receive information 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 CEO and the Secretary to the Board for any further information they may reasonably require.

C.1.36 Indicate whether the company has established rules that oblige directors to report and, where appropriate, resign when situations arise that affect them, whether or not related to their actions in the company that could damage the credit and reputation of the company:

Yes
 No

Explain the rules

Article 42 of the Regulations of the Board of Directors, which regulates Directors' duties of information, states in section d) that Directors must inform the Company, through the Chairman or the Secretary of the Board, of situations affecting them, whether or not related to their performance at Ferrovial, which may damage the credit and reputation of Ferrovial; in particular, criminal cases in which they are under investigation and the progress of the proceedings.

Article 30.5 of the aforementioned Regulations establishes in section c) that Directors must tender their resignation to the Board of Directors and formalize their resignation, if the Board deems it appropriate, when their remaining on the Board could jeopardize the interests of Ferrovial, or damage its credit and reputation.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

In the event that the Board becomes aware (through having been informed by the Director or otherwise) that the Director is in any of the situations contemplated in article 42 d) above, the Board shall examine the case as soon as possible and, in view of the specific circumstances, shall decide, after a report from the Nomination and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the Director or proposing the Director's removal.

This will be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify not doing so, which must be recorded in the minutes. This is without prejudice to the information to be disseminated by the company, where appropriate, when the relevant measures are taken.

C.1.37 Indicate, unless there are special circumstances that have been recorded in the minutes, whether the Board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to their performance in the company, which could damage the credit and reputation of the company:

[] Yes
[✓] No

C.1.38 List any significant agreements entered into by the Company that come into force, are amended or terminate in the event of a change of control of the Company as a result of a takeover bid, and their effects.

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

In May and June 2020, Ferrovial, S.A. entered into credit agreements with several credit institutions to finance general corporate needs. The agreements include, as an event of early repayment, a change of control of Ferrovial, S.A. For these purposes, there will be a change of control in substantially the same terms as those described for the Multicurrency Revolving Facility Agreement in the preceding paragraph.

In May 2013 Ferrovial Emisiones, S.A., 100% subsidiary of Ferrovial S.A., issued bonds listed on the London Stock Exchange, guaranteed by Ferrovial, S.A. and maturing in 2021. Also, in July 2014, September 2016, March 2017 and in May, June and November 2020, Ferrovial Emisiones, S.A. issued bonds admitted to trading on the AIAF fixed-income market, also guaranteed by Ferrovial, S.A. and maturing in 2024, 2022, 2025, 2026, 2026 and 2028, respectively. Section 7© of the Terms and Conditions included in the issue prospectuses establishes as a case of early total or partial redemption, at the option of the holders of the bonds, the fact that there is a change of control of Ferrovial, S.A., which also results in the loss or lowering of the "rating" of Ferrovial, S.A. For these purposes, a change of control is understood to be an event of acquisition of ownership of more than 50% of the Company's voting rights at the General Shareholders' Meeting or of the right to appoint the majority of the members of the Board of Directors by a person or persons not related to Portman Baela, S.L., for the 2013 and 2014 issues, or by a person or persons not related to Menosmares, S.L.U., Rijn Capital BV, Soziancor, S.L.U., Casa Grande de Cartagena, S.L.U. or Siemprelara, S.L.U., for the 2016, 2017 and 2020 issues.

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

The Company and its group are also party to less onerous contracts, mainly financial in nature, that require authorisations or set conditions for a change of control or corporate transactions such as a merger or spin-off. These include a change of control in Ferrovial, S.A. among the grounds for early termination.

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

C.1.39 Identify individually, when referring to directors, and in aggregate in all other cases, and indicate in detail any agreements between the company and its directors, management or employees that provide for indemnities, guarantee or golden parachute clauses when they resign or are dismissed without just cause or if the contractual relationship comes to an end as a result of a takeover bid or other type of transaction.

Number of beneficiaries	0
Type of beneficiary	Description of the agreement



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

None.	None.
-------	-------

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

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

C.2. Board of Directors' Committees

C.2.1 List all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

Audit and Control Committee		
Name	Position	Category
MR. ÓSCAR FANJUL MARTÍN	CHAIRMAN	Independent
MR. SANTIAGO FERNÁNDEZ VALBUENA	DIRECTOR	Another External
MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	DIRECTOR	Independent
MR. PHILIP BOWMAN	DIRECTOR	Independent

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

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

DUTIES

The Bylaws and the Regulations of the Board of Directors attribute the following powers to the Audit and Control Committee:

In the area of financial reporting:

- Supervise and evaluate the preparation process and the integrity of the financial and non-financial information relating to the Company and its group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- Ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases in which the auditor has included a qualification in its audit report, the Chairman of the



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Audit and Control Committee shall clearly explain at the General Shareholders' Meeting the opinion of said Committee on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board, at the time of publication of the notice of the Meeting.

- Prior to its approval by the Board, report upon the financial information which the Company must furnish periodically to the markets, investors or public authorities as required by the regulations applicable.
- Supervise the effectiveness of the internal control of the Company and discuss with the auditor, any significant weaknesses detected in the internal control system detected in the course of the audit, without violating its independence; and, where appropriate, submit proposals or recommendations to the governing body and the corresponding deadline for their follow-up.

In relation to risk control:

- Supervise and evaluate the control and management systems for financial and non-financial risks relating to the Company and the Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks.

In relation to the Internal Audit:

- Propose the selection, appointment, re-election or removal of the Internal Audit Director, who will depend functionally on the Chairman of the Committee.
- Supervise the independence of the Internal Audit Department; ensure that it has the human, technical and material resources and training necessary to carry out its duties and for this purpose, propose its budget.
- Receive regular information on the activities of the internal audit services; approve, upon presentation by the Director, the orientation and its annual work plan, ensuring that its activity is primarily focused on risks (including reputational); receive information from the Director of Internal Audit on its implementation, including possible incidents and limitations to the scope of its development, the results and follow-up of its recommendations; and verify that senior management takes into account the conclusions and recommendations of its reports.

In relation to the external auditor:

- Submit 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 duties.
- Establish the appropriate relationships with the auditor so as to receive information about those issues that might represent a threat to its independence, and any others related to the performance of the audit itself.
- 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 upon the independence of the auditor, which shall be published on the website of the Company sufficiently far in advance of the date of the Ordinary General Meeting of the Company. Ensure that the auditor's remuneration does not compromise its quality or independence.
- Carry out an assessment of the service provided by the auditor every five years so as to verify its quality.

In relation to other matters:

- Inform the General Shareholders' Meeting about the issues that arise within it in matters within its competence.
- Establish and supervise Ferrovial's ethical channel (managed by the Compliance Department in coordination with other management bodies and in particular with the Internal Audit Department), which allows employees and other persons related to the Company, as Directors, shareholders, suppliers, contractors or subcontractors to report, confidentially and anonymously via the Internet or a post office box, any potentially significant irregularities, including financial, accounting or any other type of irregularity related to Ferrovial that are detected within the Company or its group.

Continued in Section H.

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

Name of the directors with experience	MR. ÓSCAR FANJUL MARTÍN / MR. SANTIAGO FERNÁNDEZ VALBUENA / MR. GONZALO URQUIJO FERNÁNDEZ DE ARAOZ / MR. PHILIP BOWMAN
Date of the appointment of the chairman in the position	19/12/2019



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

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

DUTIES

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

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

- Evaluate the competences, knowledge and experience necessary on the Board of Directors For these purposes, it shall define the duties and aptitudes required of the candidates for a vacancy, and evaluate the time and dedication necessary for them to be able to fulfil the duties entrusted effectively.
- Establish a representation objective for the less represented gender on the Board of Directors, and prepare guidelines as to how to attain that objective.
- Submit to the Board of Directors the proposals to appoint Independent Directors by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report on proposals for nominations of the remaining Directors for their appointment by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report on proposals to appoint the individuals who are to represent a legal person Director.
- Provide information on the nomination of the Chairman and the Deputy Chairmen of the Board of Directors, the Secretary and the Deputy Secretary to the Board of Directors.
- Report on the nomination of the CEO.
- Report on the nomination of members who are to form part of each of the Committees, taking into account the knowledge, aptitudes and experience of the Directors and the duties entrusted to each Committee.

In relation to the remuneration of Directors and senior management:

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

In relation to the 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 duties:

- Draft the reports on the annual evaluation of the Board of Directors and for the evaluation of the Committee by the Board.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- 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 the Non-Executive Directors have sufficient time available for the proper conduct of their remit.

FUNCTIONING

The Chairman of the Committee shall preside over its meetings, direct the deliberations of the matters to be discussed and shall have the casting vote in the event of a tie of the votes.

The Committee will meet following a call 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 duties.

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

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

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

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

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

Anything not specifically provided for with regard to the Committee will be subject to the Regulations of the Board of Directors 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 a forecast of matters to be dealt with at each of its meetings in 2020, incorporating one-off matters during the year.

Continued in Section H.

Executive Committee		
Name	Position	Category
MR. IGNACIO MADRIDEJOS FERNÁNDEZ	DIRECTOR	Executive
MR. ÓSCAR FANJUL MARTÍN	DIRECTOR	Independent
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	DIRECTOR	Independent
MS. MARÍA DEL PINO CALVO-SOTELO	DIRECTOR	Proprietary
MR. JUAN MANUEL HOYOS MARTÍNEZ DE IRUJO	DIRECTOR	Independent
MR. RAFAEL DEL PINO CALVO-SOTELO	CHAIRMAN	Executive

% of executive directors	33.33
% of proprietary directors	16.67
% of independent directors	50.00
% of other external directors	0.00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9, and describe the procedures and rules of organisation and operation of the committee. For each of these functions, indicate its most important actions during the financial year and how it has exercised each of the duties attributed to it in practice, whether by law, in the Bylaws or in other corporate resolutions.

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

FUNCTIONING

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

The Executive Committee shall consist of no fewer than three and no more than eight members. It must have at least two Non-Executive Directors, at least one of whom must be an Independent Director.

The Executive Committee shall ordinarily meet once per month, and as often as the Chairman should deem fit for the proper operation of the Company.

The meetings of the Executive Committee shall be called by any written means addressed to each of its members at least one day prior to the date of the meeting, except in the event of extraordinary circumstances deemed necessary by the Chairman, in which case the Executive Committee may be called without such prior notice.

The meeting of the Executive Committee shall be quorate when more than one half of its members attend, in person or represented.

In the absence or impossibility of the Chairman, his functions shall be exercised by the Vice-Chairman if he is a member of the Committee and, failing this, by the Director appointed by the Committee.

The agreements shall be adopted by absolute majority of those present at the session. The Chairman shall have the casting vote in the event of a tie.

Minutes are taken of all meetings of the Executive Committee and are circulated to all members of the Board for information on the issues discussed and the decisions reached on each item.

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

MOST IMPORTANT ACTIONS CARRIED OUT DURING THE YEAR

During the meetings held over the year, the Executive Committee has approved and was informed of those operations when it proceeds in accordance with the internal regulations of the Company.

Likewise, within the framework of its duty to supervise the Company's activity as a delegated body of the Board of Directors, the Executive Committee has monitored the evolution of (i) the Group's cash flow and financial information; (ii) the main operating indicators of each of the business divisions; (iii) the most relevant indicators on health and safety and the impact of Covid 19 on the group; and (iv) the most relevant issues and projects affecting Ferrovial.

C.2.2 Complete the following table with information on the number of female directors on the Board of Directors' Committees at the end of the last four financial years:

	Number of female directors							
	Financial year 2020		Financial year 2019		Financial year 2018		Financial year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	1	25.00	1	25.00	0	0.00	0	0.00
Executive Committee	1	16.67	1	16.67	1	14.29	1	14.29

C.2.3 Indicate, where applicable, the existence of regulations governing the Board committees, where they are available for consultation, and any amendments made during the year. In turn, indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

The Audit and Control Committee and the Nomination and Remuneration Committee have drawn up reports on their operation, which are published on the Company's website (www.ferrovial.com) 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).



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

D. RELATED-PARTY TRANSACTIONS AND INTER-GROUP OPERATIONS

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

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

- Article 229 section 1 a) of the revised text of the CCA. This obliges directors, as a general rule, to abstain from engaging in transactions with the Company as there is a conflict of interest.
- Articles 529 ter section 1 h) of the CCA and 38.2 s) of the Bylaws. These provisions vest a non-delegable duty and power in the Board, supported by a prior report from the Audit and Control Committee, to approve transactions concluded by the Company or its group companies with Directors or shareholders who individually or in concert with others hold a significant interest, including shareholders represented on the Board(s) of the Company or of other companies in the same group, or their related parties.
- Article 230 section 2, paragraph 2 of the CCA attributes the competence to authorize such operations to the General Meeting in the event that the value of the transaction exceeds 10% of the corporate assets.
- Article 529 ter 1 h) of the CCA states that only operations which simultaneously fulfil all of the following three conditions shall be exempted from this requirement for approval: a) that the transactions are conducted by virtue of contracts whose conditions are standardised and which are applicable en masse to a large number of customers; b) that they are undertaken at prices or tariffs established in general by whoever acts as the supplier of the good or service in question; and c) that the value does not exceed 1% of the annual revenue of the Company.
- The Regulations of the Board of Directors reflect this legal obligation in their article 38. The same article also states that in cases of ordinary transactions with the Company or its subsidiaries, it shall be sufficient for the Board of Directors to approve the line of operations in a generic manner.

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

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

Note 6.8 to the consolidated annual accounts and note 20 to the individual annual accounts provide information on the transactions that the Company or its group companies have carried out during 2020 with their related parties, all of which are within the ordinary trading or exchange activities of the Company and its group and under normal market conditions.

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

Name or corporate name of the directors or managers	Name or corporate name of the company or entity of its group	Link	Nature of the operation	Amount (thousands of Euros)
No data				N.A.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Note 6.8 to the consolidated annual accounts and note 20 to the individual annual accounts provide information on the transactions that the Company or its group companies have carried out during 2020 with their related parties, all of which are within the ordinary trading or exchange activities of the Company and its group and under normal market conditions.

D.4 Report on the important operations carried out by the company with other entities belonging to the same group, provided that they are not deleted in the drafting process for consolidated financial status and they do not form part of the normal traffic of the company in terms of its purpose and conditions.

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

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

Note 6.8 to the consolidated annual accounts provide information on the transactions between the entities controlled by Ferrovial, S.A which, belonging in any case to the ordinary trading in terms of their purpose and conditions, have not been eliminated in the process of preparing such consolidated annual accounts.

D.5 List any significant transactions between the company or group entities and other related parties that have not been reported under the preceding headings.

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

Note 6.8 to the consolidated annual accounts and note 20 to the individual annual accounts provide information on the transactions that the Company or its group companies have carried out during 2020 with their related parties, all of which are within the ordinary trading or exchange activities of the Company and its group and under normal market conditions.

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

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

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

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

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

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

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

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

The following persons are subject to these rules:

- The Directors of Ferrovial, S.A. Directors must abstain from participating in the deliberation and voting on resolutions or decisions in which they or a related person has a conflict of interest.
- Shareholders who individually or combined with others hold a significant ownership interest.
- Individuals representing Directors that are legal persons.
- Senior managers, as far as compatible with the nature of their relationship with Ferrovial.
- Other persons to whom, in accordance with Art. 3 of the Regulations of the Board of Directors, the Board decides that the Regulations of the Board of Directors shall apply in full or in part, by communicating it to them.
- And the persons related to all persons included in the above categories, under the terms provided in the Regulation itself.

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

[] Yes
[✓] No

E. RISK CONTROL AND MANAGEMENT SYSTEMS

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

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

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

Based on these principles, Ferrovial has a risk identification and assessment process called Ferrovial Risk Management (FRM). This is supervised by the Board of Directors, through the Audit and Control Committee, and managed by the Management Committee and the Compliance and Risk Department, and is implemented in all the Group's business areas.

Such function of identifying and assessing risk events, including those of a fiscal nature, is carried out based on their probability of occurrence and their potential impact on strategic business objectives (including the potential impact on corporate reputation). The purpose of this is to take the most appropriate management and insurance measures according to the nature and location of the risk.

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

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

The Compliance and Risk Department is the unit responsible for coordinating the application and use 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 tax nature, to which they are exposed in the pursuit of their business objectives, to identify sufficiently in advance appropriate mitigating measures that reduce or eliminate the probability of the risk occurring and/or its potential impact on objectives in the event it were to materialise.

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

In the pursuit of its business objectives, Ferrovial is exposed to a variety of risk factors inherent to the nature of the activities it carries out and the countries in which it operates. The following risks, according to their residual assessment, may impact the development of Ferrovial's strategy:

1. Effects of the Covid19 pandemic: Restrictive mobility measures put in place by national and international authorities to cope with the severe effects of the pandemic on people's health (border closures, lockdowns, partial mobility limitations, etc.) have had an adverse effect on the global economy, contracting activity and reducing individual income, which has had a negative impact on the margins and flows of the mobility-dependent infrastructure projects managed by Ferrovial (toll roads and airports).

Uncertainty about the evolution and duration of the pandemic, as well as its effects on mobility habits in the medium and long term and on the need to provide safe mobility, create an uncertain risk scenario for the fulfilment of Ferrovial's strategic objectives.

2. Divestment processes: In December 2018 Ferrovial decided to begin the process of selling the assets linked to its Services Division. The process has been delayed in part by the effects of the covid19 pandemic on economic activity, putting at risk the achievement of sales targets and asset values.
3. Political Factors/ Regulatory framework: Some of Ferrovial's assets are subject to specific activity regulations. The increase in protectionist policies in some of the areas in which Ferrovial operates, together with the general situation of economic contraction, could lead to regulatory changes or the non-granting of permits or authorisations, which could have a negative impact on asset management and development plans, and on the tendering of new projects.

In the case of Heathrow Airport, the negotiation of the next regulatory period, together with the uncertainty regarding the airport's expansion, put the achievement of business targets at risk. On the other hand, the start of the negotiation of the next regulatory period represents an opportunity to improve the value of the asset

4. Cyber-threats: The infrastructures that Ferrovial operates are exposed to risks associated with threat agents in cyberspace (Mafias, Government Agencies, Hacktivists, Insiders, etc.) that can compromise the security and normal operation of assets through cyber-attacks of various kinds.
5. Tendering of projects and election of partners: Ferrovial participates in highly competitive bidding processes for large infrastructure projects with long maturity periods until the contract is awarded. Success in these processes requires an adequate study of prices and deadlines, the availability of reliable suppliers, as well as the selection of suitable partners with sufficient technical and economic capacity.
6. In this context, Ferrovial is exposed to the risk of committing errors in the study and choice of suitable partners and suppliers, with a potential impact on the profitability targets established.
7. Quality of Service/ Contractual Disputes: Ferrovial's strategy is focused on technically complex projects in the development of which numerous risk factors may arise, sometimes difficult to foresee, which may generate conflicts and disputes with third parties.
8. Generation and attraction of talent: The concentration of business opportunities in certain geographical areas in which Ferrovial operates increases competition and generates a strong demand for qualified professionals, making it difficult to attract, generate and retain the talent necessary to develop business plans.

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

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

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

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

On 19th October 2020, the Spanish Supreme Court communicated it did not admit the appeal against the High Court of Catalonia's judgement which ratified the changes introduced in the concession regime by the Catalanian Regional Government (the Grantor) in 2015.

The 2015 changes implied moving from a regime with no traffic risk (the Grantor paid the operator the difference between tolls collected and operating surplus established in the Economic and Financial Plan), to one with traffic risk (with the Grantor subsidizing a portion of the tolls). This resolution is final in terms of Spanish courts.

As a result of this resolution, Autema has been classified as an "intangible asset" (vs. a "financial asset" before). This change, in 2020 results, has no impact on cash generation nor cash position, but at P&L level, it implies a positive impact of EUR10mn (pre-tax), EUR6mn (post-tax), as a result of:

- A loss of -EUR168mn: difference between the financial asset's Dec 2019 book value and the intangible asset's estimated value (net present value of estimated future revenues according to the new regulation).

- A profit of EUR179mn: positive value of the 2008 Inflation derivative to fix the inflation of revenues to be received. The new contract regulation implies lower total revenues so part of the above-mentioned derivative will no longer be efficient.

Additionally, operational results of Autema for 2020 have been restated applying the new concession regime (intangible asset model). Revenues and EBITDA for 2020 result in EUR51mn and EUR44mn, respectively, vs EUR74mn and EUR66mn for 2019 (when the financial model still applied).

On the other hand, in December 2020, Amey, the British services subsidiary of Ferrovial, was the victim of a ransomware cyberattack that also affected other large companies in the United Kingdom.

The case required the activation of the containment, response, recovery and lessons learned protocols defined by the Company, which made it possible to isolate the incident at the local level of Amey, without affecting the rest of Ferrovial's businesses and activities.

E.6. Explain the response and supervision plans for the entity's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to new challenges that arise:

1. Risk Management System (FRM)

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

2. Compliance Programme

Ferrovial has implemented a Compliance Programme. For the legal framework included whereby for the regulatory frameworks 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.

Ferrovial has a Crime Prevention Model integrated into its Compliance Programme whose aim is avoiding or mitigating the risks of committing criminal conduct in accordance with the provisions of the Spanish Criminal Code for crimes that could attract the criminal liability of the company. This Model is certified by AENOR in accordance with UN 19601 "Criminal Compliance Management System" and UNE-ISO 37001 "Anti-bribery Management System".

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 2020, 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.

In addition, Ferrovial has digital platforms to ensure compliance with legislation and technical regulations throughout all stages of the contract life cycle.

4. Environmental management

Ferrovial has implemented environmental management systems in the contracts managed by its business areas. Most of these systems are certified by external entities accredited according to ISO 14001. In 2020, the percentage of certified activity in the environment under this standard was 89%. In addition, there are certificates in compliance with other standards, including ISAE 3410 "Assurance Engagements on GHG Statements", ISO 50001 Standard for the energy certification system and EMAS.

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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.

In this regard, Ferrovial has a digital platform to ensure compliance with environmental legislation throughout the company. the phases of the life cycle of contracts.

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.

On the other hand; within the framework of energy audits, in order to comply with RD56/2016 and continue the work carried out in 2016, during 2020 an energy audit was carried out of all the company's assets with activity in Spain.

5. Reliability of financial reporting

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

6. Financial risk control mechanisms

In general, this risk is managed centrally by the Finance Department by means of a proactive global risk management policy and hedging mechanisms when appropriate.

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

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 Entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1. The bodies and/or duties are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

The design, implementation and maintenance of the Internal Control over Financial Reporting System (hereinafter, ICFR) are functions attributed to the members of the Management Committee, as established in the "General framework for the operation of the Internal Control over Financial Reporting System", available to all employees on the Company's Intranet. Therefore, this responsibility is not only framed within the economic-financial function, but involves the entire organisation, including other support areas, such as Human Resources, Legal Counsel or Information Systems, as well as the business areas.

The economic-financial function is responsible for coordinating these tasks, and at a global level, through the General Finance Department (hereinafter GFD), in monitoring all stages of the process and periodically reporting to the Audit and Control Committee (hereinafter ACC) on the progress made.

In accordance with Article 38 of the Company's Bylaws, the Board of Directors is responsible for supervising the internal information and control systems, which includes the ICFR.

In addition, in accordance with section b) of article 51.3 of these Bylaws, the supervision of the effective functioning of the Company's internal control, which includes the ICFR, is one of the functions attributed to the ACC, for which it relies on the Internal Audit function.

The Board of Directors is also informed by the GFD once a year concerning the operations of the ICFR. This complies with Article 38.2 m) of the Company's Bylaws, which grants the Board of Directors the power to supervise the internal information and control systems.

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

In accordance with the provisions of the Company's Bylaws, the Nomination and Remuneration Committee is responsible, among other duties, for examining and organising the process that allows for the orderly succession of the Chairman and the CEO, whose appointment is the responsibility of the Board, and for reporting on the appointment or removal of the executives who report immediately to the CEO, who is also the responsibility of the Board of Directors.

The CEO, with the involvement of the Human Resources Managing Director in their advisory role to the CEO, is responsible for designing and reviewing the organisational structure for the first line of reporting in the organisation (executives who report to him/her).

In turn, the latter are responsible for setting changes in the organisational structure under their immediate control, in accordance with the operating model defined by the Company and with the Organisation's policies and procedures in force. The Compensation and Benefits Department and the Organisation Department, belonging to the Human Resources Department, periodically evaluate the organisational design and reporting lines, as well as the classification and description of the Group's job positions, in order to maintain an adequate segregation of functions, avoid duplication and improve the coordination of the different departments, which results in greater efficiency in the Company's operations. In relation to this, within the framework of Strategic Plan HORIZON 24, in 2020 Ferrovial reviewed its operational model and carried out a reorganization of the financial function with the aim of simplifying, homogenizing and making processes more efficient.

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

- **Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), the body in charge of investigating breaches and proposing corrective or disciplinary action.**

Corporate Code of Ethics

Ferrovial's Code of Business Ethics, which is applicable to all companies in the Group, establishes the basic principles and commitments to which its directors, managers and employees must adhere.

These principles are embodied in a series of commitments to stakeholders in Ferrovial's professional activities and are reflected in policies and procedures aimed at promoting professional performance in accordance with ethics, integrity and compliance with applicable legislation.

The Code of Business Ethics states that "Ferrovial assumes as a guiding principle of its business behaviour towards its shareholders, investors, analysts and the market in general, to transmit true and complete information that expresses the true and fair view of the company and the group, its business activities and its business strategies. This communication shall always comply with the standards and deadlines established in applicable legislation".

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

The Code also states that "Ferrovial's subsidiaries must have accounting practices in place that help ensure the accuracy of its books and records.

All employees adhere to the principles and requirements contained in the Code of Ethics and undertake to comply with it.

The Code of Business Ethics is accessible to all Ferrovial employees on the intranet and to any third party on the corporate website www.ferrovial.com. In addition, all new employees are physically handed this during the welcome process, and the Company promotes a mandatory online course on the Code of Business Ethics, which explains the basic principles and commitments of the Code.

Failure to comply with the Code may constitute a labour violation and be subject to appropriate sanctions, regardless of other responsibilities that the employee may have incurred.

In addition, Ferrovial has a Third Party Ethical Integrity Due Diligence Policy and another specific procedure for suppliers, which involve the extension of Ferrovial's values set out in its Code of Business Ethics to these groups, in order to ensure that the business is conducted in accordance with applicable national and international laws in force.

Compliance Programme

Ferrovial has a Compliance Programme, the main objective of which is to establish a common process to monitor and control the Company's compliance risks under the principle of "zero tolerance" towards the commission of criminal acts. This Compliance Programme makes effective the commitment to strict compliance with applicable laws and the application of the highest ethical standards in the development of the company's activities. The management and analysis of the operation of the Programme is the responsibility of the Compliance and Risk Department, which reports directly to the Audit and Control Committee.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The Compliance Model is described in the Compliance Policy and its main purpose is to promote a culture of business ethics in the organisation and in the decision-making and training processes of directors, managers and employees and to establish a common and homogeneous framework for monitoring, controlling and managing compliance risks (especially those aimed at preventing criminal behaviour).

In addition, the Policy develops the stages of the Compliance Programme implemented in the company, and establishes the competencies of the company's governing and management bodies, as well as those of its employees in the area of regulatory compliance.

The Compliance Model includes a Crime Prevention Model aimed at preventing or significantly reducing the risks of committing criminal acts, especially those involving the criminal liability of the legal person within the scope of the latest reform of the Spanish Criminal Code - in this area.

The Crime Prevention Model establishes the different stages and the competencies of the governing and management bodies responsible for the implementation, review, management, supervision and periodic evaluation of the operation of the model and highlights the obligation of all employees, managers and directors of Ferrovial to report any alleged irregular, fraudulent or criminal acts through the communication channels provided for this purpose. For this, Ferrovial offers you and any other party with a legitimate interest, an Ethical Channel to report complaints with the maximum guarantees of confidentiality and no reprisals. Likewise, in certain companies or areas of activity specific communication channels have been enabled that, due to their importance demand it.

Non-compliance with the law, policies, procedures or internal rules that make up the Crime Prevention Model will be sanctioned in accordance with the provisions of internal procedures, applicable legislation or the disciplinary regime provided for in the corresponding Collective Agreement.

Anti-corruption policy

Ferrovial has an Anti-Corruption Policy that governs the behaviour of all directors, managers and employees, and their partners, in the development of the business, under the principle of "zero tolerance" for any practice that may be classed as corruption, both active and passive.

The policy states that all Ferrovial employees must be aware of and strictly comply with anti-corruption laws worldwide, including the Spanish Criminal Code (and those of the other jurisdictions in which Ferrovial operates), the U.S. Foreign Corrupt Practices Act and the United Kingdom Bribery Act.

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

CERTIFICATION UNE 19601 "Management system for criminal compliance" and UNE-ISO 37001 "Anti-bribery management systems".

In March 2019, Ferrovial, S.A. obtained from AENOR (Spanish Association for Standardisation and Certification) the certification of its Crime Prevention Model in accordance with the reference standards UNE 19601 "Management system for criminal compliance" and UNE-ISO 37001 "Anti-bribery management systems".

Together with Ferrovial, S.A. and as part of its Crime Prevention Programme, the companies in its group Ferrovial Construcción, S.A., Ferrovial Aeropuertos España, S.A. and Cintra Infraestructuras España, S.L. have also obtained certification in accordance with the aforementioned reference standards.

- **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 Regulations of the Board of Directors provides that one of the powers of the ACC is to "Establish and supervise a mechanism that allows employees and other persons related to the Company, such as Directors, shareholders, suppliers, contractors or subcontractors to report potentially significant irregularities, including financial and accounting irregularities, or any other type of irregularity, related to Ferrovial that are detected within the Company or the Group. This mechanism should guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the complainant and the accused".

The Company has a whistle-blowing channel, called the "Ethical Channel", which allows for confidential queries and complaints or reports to be made, even completely anonymously. Ferrovial will not tolerate any retaliation against users of the Ethical Channel.

The operation of the Channel is governed by a corporate policy approved by the CEO. The Ethical Channel is accessible by any employee and any interested party, by telephone or via the Intranet, the websites (both Spanish and English versions) and a post office box. Likewise, specific communication channels have been set up in certain companies or areas of activity that require it, due to their importance or circumstances.

The supervision of these channels corresponds to the ACC and is entrusted to the Compliance and Risk Department with the assistance of the Internal Audit Department.

In 2020, 50 communications were received in the



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Ethical Channel. 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 2020, 1,992 hours of training were given in finance, focusing on international accounting regulations, consolidation of financial statements and taxation, with the participation of 411 attendees.

F.2 Financial reporting risk assessment

Report, at least, of:

F.2.1. Which are the main characteristics of the risk identification process, including those of error or fraud.

- **Whether 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 Ferrovial's "ICFR Annual Wheel" 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 these stages are supported by an IT tool that comprehensively manages the process and allows the assignment of responsibilities in the execution and documentation of controls to be extended. Nearly 900 employees have used this software application, in which evidence has been documented showing the execution of approximately 1900 controls (reduction compared to 2019, as a result of the departure of BRS from the Group; 220 controls have been assessed again in the "Rolling Forward" process carried out due to the aforementioned organizational changes in the finance function.

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 judgements, 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. The headings are grouped into processes that are analysed and for which a narrative is drawn up, describing the information generation process and the main associated controls.

This documentation is available through the tool, which also includes the description of the controls. Regarding acquisitions in the scope of consolidation, a work plan is designed to implement and develop the Group's ICFR process into the new companies.

The risk assessment is carried out once a year, starting from the operation of the controls implemented for their mitigation. The risk assessors (mostly Financial Directors) assess the risks that are identified until their presentation to the ACC.

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 (CEOs 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.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The annual review of the entire process is coordinated by the Planning and Control Department, 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 the objectives of the financial information: existence and occurrence; integrity; valuation; presentation; breakdown and comparability; and rights and obligations.

- **A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

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 corporate 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.

In addition, according to the Bylaws, the Board of Directors is responsible, according to Article 38 sections p) and r), for "the definition of the structure of the group of companies of which the Company is the parent company" and "the approval of the creation or acquisition of shareholdings in special-purpose entities or entities domiciled in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the company and its group".

- **Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) as far as the financial statements are concerned.**

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

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

Additionally, approximately 60 people (CEOs 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 Risk Assessment of ICFR 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. As indicated in section F.1.1., the Board of Directors is informed annually about the supervision of the ICFR.

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**

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 information reported for the preparation of the group's consolidated financial statements is certified by different levels of the organisation in a cascading, bottom-up process. Thus, the CEOs and Chief Financial Officers of the businesses and main subsidiaries certify the financial information of their areas of responsibility. This certification includes an express mention of their responsibility for maintaining a system of internal control that enables the financial information to be free from material error or fraud. In addition, a statement is included regarding the self-assessment exercise of the effectiveness of the controls and that the results obtained do not give rise to any significant deficiency or material error in the financial information.

The financial statements are then certified by the Chief Financial Officer, CEO and Chairman. Subsequently, they are submitted to the Board for their formulation in accordance with article 38.2 of the Company Bylaws.

In addition, prior to publication and approval by the Board, the Finance Department submits to the ACC both the annual financial statements and the half-yearly financial information and, on a quarterly basis, the financial information presented to the markets, highlighting the main judgements and estimates made in the most complex areas or those with the most significant accounting impact.

The GFD also submits a specific report on the ICFR and its results to the ACC twice a year. The ACC is also informed annually of the Internal Audit Management's review of the functioning of the ICFR.

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 of the business closing accounting processes is considered as a cycle. The same applies to all the accounting closing activities carried out at corporate level, such as the full consolidation process, the breakdown of the notes to the financial statements and the preparation of the cash flow statement. 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 reviewed 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 of the above actions are documented in a corporate procedure available on the company's intranet accessible to all Group employees.

In addition, given that accounting rules require the use of judgements and estimations based on long-term projections for recording certain transactions, the Company has a process for forming medium and long-term projections that specifies how to create and update the finance models and which controls have to be introduced to ensure the coherence of the different types of financial information.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

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

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

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Ferrovial also has an Information Security Department within the DGSII, responsible for leading the governance, strategy and management of information security and cyber-security through the definition, implementation, operation and monitoring of security and control models, architectures and systems that protect the value of information and guarantee its integrity, availability and confidentiality.

Information security management is aligned with international reference frameworks, mainly with the current version of the ISO/IEC 27001 standard, as well as with the NIST, CSF, NIST SP 800-53, National Security Scheme (ENS), CSA and COBIT frameworks. As part of a process of continuous improvement in risk management, it contemplates and regulates, among other aspects, access control and segregation of duties, in order to ensure that the processing of financial information supported by the information systems is carried out in an authorised, supervised and proportional manner to the needs of each user for the correct performance of their duties.

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:

- VRM (Vendor Risk Management) programme to determine the level of risk associated with the supplier for the products and services to be provided to Ferrovial.
- Demand of safety requirements according to the level of risk associated to the supplier with the corresponding product and service, as well as the manner and frequency in which compliance with the contractual agreements and established requirements will be reviewed.
- Alignment requirement / certification of the product or service provision with respect to international reference frameworks (among others ISO/IEC 20000, ISO/IEC 22301 and ISO/IEC 27001, CSA, SSAE18, LEET Security and Cybersecurity Rating, etc.).
- Establishment of governance and monitoring mechanisms for the service, from the functional and information security perspectives.
- Monitoring and management of service levels, from the functional and information security perspectives. Security audit and review according to the established frequencies and forms.

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.

On the other hand, it should be noted that the Internal Audit Department, in accordance with its risk-based planning, periodically audits the outsourcing contracts to ensure that the contractually agreed conditions are complied with.

F.4 Information and communication

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

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 is part of 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 queries or disputes 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. It is worth highlighting the update in 2020 of Ferrovia GAAP and the internal policies on provisions for legal, tax and labour litigation risks.

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

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

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

F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning 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 "corporate" SAP, which includes most Group companies. The companies outside this "corporate" SAP are mainly entities belonging to the Amey and Budimex groups in which they have their own transactional systems, all of them 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 system operation

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

F.5.1. The ICFR monitoring activities undertaken by the committee and an internal audit function whose competencies include supporting the committee in its role of monitoring the internal control system, including 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.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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. Among the functions attributed to the ACC by the Regulations of the Board of Directors in relation to the Internal Audit Department are those of proposing the appointment and removal of its manager, proposing the budget for the internal audit services and ensuring that it has the human, technical and material resources and sufficient training to perform its functions. 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 with the main risks detected by the Company on the Risk Map, the results of the reviews of other assurance and external audit functions, international best practice standards, as well as with the material aspects identified in the Annual Report, to ensure that they are covered in the scopes of the different tasks. Then it is discussed with all members of the Management Committee and Senior Management to incorporate their suggestions, and is submitted to the ACC for approval prior to the start of the financial year. Subsequently, during the year, in addition to the degree of progress of the planning, possible deviations are reported periodically, explaining the origin of these. The guiding principle is that all work considered a priority must be audited during the current year with other work being positioned for the following years. Hence, a review of the entire "Auditable Universe" will have been completed once a certain number of years have elapsed, which Ferrovial believes is sound and representative of the level of risk.

The scope of the work carried out by the Internal Audit Department is complete, as well as reviewing the financial statements (both in its accounting and current side: balance sheet and income statement, as well as financial and prospective: business plans, budgets or financial models), it also audits non-financial information, analyses the effectiveness and efficiency of processes, internal controls, the design and compliance with applicable internal and external regulations, the integrity and functional sufficiency of information systems and the suitability of organisational responsibilities.

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

This philosophy is applicable uniformly to all the work of the Internal Audit Department. In the specific area of ICFR, and as mentioned above, as part of the work carried out in any of the units audited, the process of identifying and assessing risks of error in financial information, practices on the control environment and controls over information systems, the effectiveness of the design as well as the effective operation of the system and the possible impact on financial information are analysed. Specifically in 19 audits during 2020. In addition, among the work specifically related to the ICFR carried out in 2020, the specific audits of two business areas, one process and two IT areas stand out, as well as the continuous updating of the status of implementation of the recommendations issued in previous reports. For 2021, the planning approved by the ACC includes two ICFR audits, which may be cross-cutting processes or business or IT areas, the verification in the rest of the audits of the specific risks and controls identified, as well as the monitoring of the implementation of the recommendations issued in the work corresponding to previous years.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the Company's senior management and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The 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.

Likewise, in the Recommendations section of each Audit Report, when the Internal Audit Department identifies any weakness, it issues the corresponding recommendations for improvement. Those directly responsible for the audited units undertake to implement them on dates jointly agreed with the aforementioned Management, which carries out a continuous evaluation of their effective implementation based on the evidence provided by each person in charge, with periodic reports. This information, in turn, is reported to senior management and the ACC for their knowledge and adoption of the appropriate measures. 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

F.7 Report of the external auditor

Report of:



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 - EXTENT OF MONITORING OF THE RECOMMENDATIONS OF THE CORPORATE GOVERNANCE

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 do not limit the maximum number of votes that may be cast by a single shareholder, nor contain other restrictions that make it difficult to take control of the company through the acquisition of its shares on the market.

Compliant [X] Explain []

2. When the listed company is controlled, within the meaning of Article 42 of the Code of Commerce, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should report publicly and accurately on:

a) The respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries.

b) The mechanisms in place to resolve possible conflicts of interest.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

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

a) Changes that took 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 [X] Explain []

[Section a) is complied with. At the General Shareholders' Meeting held on 17 April 2020, the Chairman reported on the main changes in corporate governance 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.]

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

4. The company defines and promotes a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors that fully respects the rules against market abuse and treats shareholders in the same position on an equal footing. 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.

And that, without prejudice to the legal obligations to disseminate privileged information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximising the dissemination and quality of the information available to the market, investors and other stakeholders.

Compliant [X] Partially compliant [] Explain []

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

When the Board of Directors 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 [X] Partially compliant [] Explain []

6. The listed companies that prepare the reports referred to below, either in the mandatory or voluntary form must be published on their website sufficiently in advance of the Ordinary General Shareholders' Meeting, even if their dissemination is not mandatory:

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

Compliant [X] Partially compliant [] Explain []

7. The company broadcasts live, through its website, the holding of the General Shareholders' Meetings.

The company should also have mechanisms in place to enable proxies and voting by electronic means and, in the case of companies that have a large capital and to the extent that it is proportionate, to allow attendance and active participation at the General Shareholders' Meeting.

Compliant [] Partially compliant [X] Explain []

The first paragraph of the recommendation is complied with.

With regard to the second, the Company's internal regulations foresees the Board of Directors to assess the possibility of organising attendance at the General Shareholders' Meeting by telematic means. It also states that shareholders with voting rights may exercise them by post, e-mail or any other means of remote communication that the governing body may determine when calling each Meeting.

In application of these rules, the Company has been providing the necessary mechanisms in the notice of the Shareholders' Meetings both for attendance (since 2007) and for the delegation and exercise of votes (since 2005) by telematic means. Shareholders attending telematically may also ask questions or request clarifications at the time of registration on the computer platform, vote on matters not included on the agenda and submit proposals for resolutions in the cases provided for by law.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

8. The audit committee should ensure that the annual accounts submitted by the board of directors to the general shareholders' meeting are drawn up in accordance with accounting regulations. In cases where the auditor has included a qualification in their audit report, the chairman of the audit committee should clearly explain the opinion of the audit committee on its content and scope at the general meeting, and a summary of this opinion should be made available to shareholders at the time of publication of the notice of the meeting, together with the other proposals and reports from the board.

Compliant [X] Partially compliant [] Explain []

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

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

Compliant [X] Partially compliant [] Explain []

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

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

Compliant [] Partially compliant [] Explain [] Not applicable [X]

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

Compliant [] Partially compliant [] Explain [] Not applicable [X]

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

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

Compliant [X] Partially compliant [] Explain []



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 [X] Explain []

14. That the Board of Directors approves a policy aimed at encouraging an appropriate composition of the Board of Directors and that:

- a) Is specific and verifiable;
- b) ensures that proposals for appointment or re-election are based on a prior analysis of the skills required by the board of directors; and
- c) encourages diversity of knowledge, experience, age and gender. To this end, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

The result of the prior analysis of the powers required by the board of directors should be included in the justifying report of the nominations committee published when the general shareholders' meeting is called to ratify, appoint or re-elect each director.

Compliance with this policy will be verified annually by the Nominations Committee and reported in the annual corporate governance report.

Compliant [X] Partially compliant [] Explain []

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

The number of female directors should reach at least 40% of the members on the board of directors before the end of 2022 and from this moment should not be less than 30%.

Compliant [] Partially compliant [X] Explain []

The first paragraph of the recommendation is complied with.

With regard to the second, the Board currently has two female Directors out of a total of twelve members (representing 16.6%). As explained in the answers to sections C.1.5 and C.1.6, the Nomination and Remuneration Committee agreed on a series of measures to be observed in the candidate selection processes in order to increase the number of female Directors. In addition, the Board has agreed at its meeting held on 17 December 2020 to amend the Board Composition Policy by setting a target of 30% of female Directors by the end of the financial year 2022. This objective has been established taking into account the opinions of stakeholders and the situation in other markets, as well as the current number of female Directors.

16. That the percentage of proprietary directors over the total non-executive directors should not exceed the proportion between the share capital represented by such proprietary directors and the rest of the share 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 [X]



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

These Proprietary Directors are members of the former controlling family group of Ferrovial. After the termination of the shareholders' agreement (communicated by means of a significant event dated 7 August 2015 registry number 227,432-), Mr. Rafael and Ms. María del Pino continued to be members of the Board. Mr. Joaquín del Pino was at that time the natural person representative of the Director Karlovy, S.L. (who resigned as a result of the transfer of its entire shareholding in the Company).

With the appointment of Ms. María and Mr. Joaquín del Pino (both re-elected by the General Meeting in 2019) as Proprietary Directors, Ferrovial wanted to take advantage of their extensive experience and knowledge of the group, ensuring the continuity and smooth running of the Board.

17. That the number of independent directors represents at least half of the total number of directors.

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 []

18. That the companies publish the following information about their directors on their website and keep it 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 it.

Compliant [] Partially compliant [] Explain []

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

Section b). The Board considers that it can make an assessment of the independence and availability of time of each Director without the need to publish all the paid activities they perform, regardless of their nature and amount. The Company's website does list other boards to which each Director belongs, whether or not they are listed companies.

19. Following verification by the Nominations Committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the urging of shareholders controlling less than 3% of the 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 shareholdings in their 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 Nominations Committee. In particular, just cause will be presumed when Directors take up new posts or



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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 report and, if appropriate, resign when situations arise that affect them, whether or not they are related to their actions in the company, which may damage the company's credit and reputation and, in particular, obliging them to inform the board of directors of any criminal case in which they are under investigation, as well as of any procedural irregularities.

Having been informed or otherwise made aware of any of the situations mentioned in the previous paragraph, the Board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report by the Nomination and Remuneration Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing their removal. And that this is reported in the annual corporate governance report, unless special circumstances warrant it, which must be recorded in the minutes. This is without prejudice to the information to be disseminated by the company, where appropriate, when the relevant measures are taken.

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 they are not a Director.

Compliant Partially compliant Explain Not applicable

24. When, either through resignation or by resolution of the general meeting, a director leaves their position before the end of their mandate, they should give sufficient explanation of the reasons for their resignation or, in the case of non-executive directors, their opinion on the reasons for their removal by the board, in a letter to be sent to all members of the board of directors.

Without prejudice to the fact that all this is reported in the annual corporate governance report, insofar as it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Compliant Partially compliant Explain Not applicable

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



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Compliant [X] Partially compliant [] Explain []

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 [X] Partially compliant [] Explain []

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 [X] Explain []

The recommendation is complied with except for in the last part. In one of the meetings held by the Nomination and Remuneration Committee during the year, a member of such committee did not give instructions when conferring his representation.

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

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

Compliant [X] Partially compliant [] Explain []

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

Compliant [X] Explain [] Not applicable []

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

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

Compliant [X] Partially compliant [] Explain []

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

Compliant [X] Partially compliant [] Explain []

33. The Chairman, as the person charged with the efficient functioning of the Board of Directors, in addition to the duties 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,

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

Compliant [] Partially compliant [] Explain [] Not applicable []

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

Succession plan for the Chairman. The Nomination and Remuneration Committee studies and organises the succession plan for the Chairman (article 529 quinceies3 f) of the CCA. 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.

With regard to the coordination of the execution of this plan, in 2020 there has been no succession of the Chairman and the Company's internal regulations do not assign this function to the Lead Director, without prejudice to what the Board may decide when the time comes.

Investor relations. The Board of Directors 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: mainly Investor Relations (General Finance Department) and General Secretary's Office.

35. The secretary of the board of directors should take special care to ensure that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of Good Governance that are applicable to the company.

Compliant [] Explain []

36. That the board of directors in full should evaluate once a year and adopt, where appropriate, an action plan to correct the deficiencies detected with respect to:

- a) The quality and efficiency of the Board's functioning.
- b) The performance and composition of its committees.
- c) The diversity of Board of Directors' membership and competencies.
- d) The performance of the Chairman of the Board of Directors and the Company's Chief Executive.
- e) The performance and contribution of individual Directors, with particular attention to the chairmen of the various board committees.

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

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

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

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

Compliant [] Partially compliant [] Explain []



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Compliant [X] Partially compliant [] Explain [] Not applicable []

38. That the board of directors is always informed of the business transacted and decisions taken by the executive committee and that all members of the board of directors receive a copy of the minutes of the meetings of the executive committee.

Compliant [X] Partially compliant [] Explain [] Not applicable []

39. That the members of the audit committee as a whole, and especially its chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Compliant [X] Partially compliant [] Explain []

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

Compliant [X] Partially compliant [] Explain []

41. That the head of the unit that assumes the internal audit function presents its annual work plan to the audit committee for approval by the latter or by the board, reports directly to it on its execution, including possible incidents and limitations to the extent that they occur in its development, the results and the monitoring of its recommendations, and submits an activity report at the end of each year.

Compliant [X] Partially compliant [] Explain [] Not applicable []

42. That, in addition to those provided for by law, the following functions correspond to the audit committee:

1. In relation to information and internal control systems

- a) To supervise and assess the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the company and, if applicable, to the group, including the operational, technological, legal, social, environmental, political and reputational risks or those related to corruption, reviewing compliance with regulatory requirements, appropriate delimitation of the scope of consolidation and the correct application of the accounting criteria.
- b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment and dismissal of the head of the internal audit service; to propose the budget for that service; to approve or propose the approval by the Board of the guidelines and the annual work plan of the internal audit, ensuring that its activity is focused mainly on relevant risks (including reputational risks); to receive periodic information on its activities; and to verify that senior management takes into account the conclusions and recommendations of its reports.
- c) To establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors to communicate irregularities of potential importance, including financial and accounting irregularities, or irregularities of any other nature related to the company that they notice within



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, while respecting the rights of the complainant and the accused.

- d) To ensure in general that the policies and systems established for internal control are effectively implemented in practice.

2. In relation to the external auditor:

- a) To investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) To ensure that the remuneration of the external auditor does not compromise their quality or independence.
- c) To supervise that the company communicates through the CNMV the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if they have existed, of their content.
- d) To ensure that the external auditor has a yearly plenary meeting with the Board of Directors to inform it of the work undertaken and the evolution of the Company's risk and accounting situation.
- e) To 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 [X] Partially compliant [] Explain []

43. That the audit committee may summon any employee or manager of the company, and even order their appearance without the presence of any other manager.

Compliant [X] Partially compliant [] Explain []

44. The audit committee should be informed of structural and corporate modification operations the company plans to carry out for analysis and prior report to the Board of Directors on the economic conditions and their accounting impact and, in particular, if applicable, on the proposed exchange ratio.

Compliant [X] Partially compliant [] Explain [] Not applicable []

45. That the risk control and management policy identifies or determines at least:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) faced by society, including among the financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee where sectoral rules provide for it or where the company deems it appropriate.
- c) The level of risk that society considers acceptable.
- d) The measures in place to mitigate the impact of identified risks should they occur;



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- e) 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 Nomination and Remuneration Committee - or to the Nominations Committee and the Remunerations Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the duties they are called on to perform. The majority of their members should be Independent Directors.

Compliant Partially compliant Explain

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

Compliant Explain Not applicable

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

49. The nominations committee should consult with the chairman of the board of directors and the chief executive of the company, especially on matters relating to executive directors.

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

Compliant Partially compliant Explain

50. The remunerations committee should exercise its functions independently and, in addition to the functions attributed to it by law, it should be responsible for the following:

- a) Propose the basic terms of the contracts of senior executives to the Board of Directors.
- b) Monitor compliance with the remuneration policy set by the Company.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- 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 [X] Partially compliant [] Explain []

51. The Remunerations Committee should consult with the Chairman and chief executive of the company, especially on matters relating to executive directors and senior officers.

Compliant [X] Partially compliant [] Explain []

52. That the rules governing the composition and operation of the supervisory and control committees are set out in the regulations of the board of directors and that they are consistent with those applicable to the legally obligatory committees in accordance with the above 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 of Directors 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 [X]

53. The supervision of compliance with the company's policies and rules on environmental, social and corporate governance matters, as well as with internal codes of conduct, should be attributed to one or several committees of the board of directors, which may be the audit committee, the nominations committee, a specialised sustainability or corporate social responsibility committee or any other specialised committee that the board of directors, in the exercise of its powers of self-organisation, has decided to create. Such a committee should be composed solely of non-executive directors, the majority of whom should be independent and should be specifically assigned the minimum functions indicated in the following recommendation.

Compliant [] Partially compliant [X] Explain []

The function of supervising corporate governance rules and internal codes of conduct is entrusted to the Audit and Control Committee. It is composed of four Non-Executive Directors, three of whom are Independent.

As will be seen in the explanation to recommendation 54 (given its relationship to this recommendation), the Board has not expressly attributed the remaining functions to an existing or newly created Committee as it considers it preferable for the time being to exercise them directly.

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

54. The minimum functions referred to in the above recommendation are as follows:

- a) The supervision of compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, voting advisers and other stakeholders. The way in which the entity communicates and relates to small and medium-sized shareholders will also be monitored.
- c) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, so that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- d) Monitoring that the company's environmental and social practices are in line with the strategy and policy.
- e) Monitoring and evaluating the company's processes for maintaining relations with the various stakeholders.

Compliant [] Partially compliant [] Explain []

Letter a). As indicated in the explanation relating to recommendation 53, these functions are attributed to the Audit and Control Committee by article 21 of the Regulations of the Board of Directors.

Letter b). At its meeting held on 19 October 2020, the Board approved a General Policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisers and other stakeholders. The management of this Policy is entrusted, within their respective competencies, to the Communication and Corporate Responsibility Department, the General Finance Department and the General Secretary's Office, as specialised areas of the Company in these matters. The full Board of Directors is informed twice a year about (i) the perception that analysts and investors have of the Company and its group; and (ii) the main shareholders of the Company and the evolution of their stake in the share capital.

Letters c), d) and e). 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 Annual Corporate Governance Report is submitted to it prior to its formulation by the Board; and has the power to propose improvements to internal corporate governance rules, such as the Bylaws or the Regulations of the Board Of Directors. The Nomination and Remuneration Committee (whose composition complies with the requirements of recommendation 53) has the powers pertaining to the remuneration of Directors and proposals or reports prior to their appointment, and periodically reviews the configuration of the Board and the availability of time of Non-Executive Directors.

The Company has a Sustainability Department and a Communication and Corporate Responsibility Department.

The former is responsible for designing the Ferrovial Group's sustainability strategy and leads the Sustainability Committee, which monitors its implementation and updating. The sustainability strategy includes environmental (including decarbonisation and water footprint targets), social and ethical and good governance areas. The Board is regularly briefed by the Sustainability Director on the Group's performance in these areas. In particular, the new global sustainability strategy, together with its implementation plan, was submitted to the Board on 20 October.

In addition, the Board periodically supervises environmental practices and, particularly given their importance and potential impact on the business areas, the degree of progress and compliance with the objectives of the group's climate strategy.

The Company's Communication and Corporate Responsibility Department is generally responsible for relations and dialogue with its stakeholders, and is in charge of directing, coordinating, analysing and managing relations with non-financial information stakeholders and with the third sector, acting in accordance with the principles of transparency, reliability and traceability. The Director of Communication and Corporate Responsibility periodically reports to the Board on the main aspects of the Group's corporate social responsibility, the Company's presence in international sustainability indexes and the social action programmes developed by the Group.

55. That sustainability policies on environmental and social matters identify and include at least:

- a) The principles, commitments, objectives and strategy with regards to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conduct.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) Non-financial risk supervision mechanisms, including those related to ethical and business conduct issues.
- d) The company's channels for communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that prevent the manipulation of information and protect the Company's honour and integrity.

Compliant [] Partially compliant [] Explain []

Letter a). The Company has several internal policies relating to the matters mentioned in the recommendation: (i) Code of Business Ethics; (ii) Corporate Responsibility Policy; (iii) Quality and Environmental Policy; (iv) Health and Safety Policy; (v) Compliance Policy and Anti-Corruption Policy; (vi) Tax compliance and best practices policy, Tax policy and Tax risk control and management policy; (vii) General policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders; and (viii) Human rights policy.

In addition, the Company has specific practices in its relationship with the different stakeholders in the different areas of sustainability. With regard to suppliers, it has a Code of Ethics for Buyers, a Green Purchasing Catalogue and a Global Purchasing Committee made up of the senior purchasing managers of the different business units. There are also internal due diligence procedures that seek to verify the ethical integrity of potential partners and suppliers of the group before entering into agreements with them, as well as of candidates in the employee selection processes.

Letter b).- Some of the Policies listed do not specifically allude to the monitoring of its compliance, the associated risks and their management.

Both the full Board of Directors and the Group Management Committee are informed about health and safety at every meeting. In addition, the Board of Directors is regularly informed about (i) employees and diversity, as part of the annual report of the Human Resources Department; (ii) the main shareholders and investors of the Company and the perception analysts have of it; (iii) the tax policies followed during each financial year; (iv) environmental performance; (v) performance in the area of corporate social responsibility; (vi) the implementation of the compliance model; and (vii) the main risks of the group, in accordance with the Risk Management and Control Policy.

The Audit and Control Committee also periodically monitors, through the reports of the Compliance and Risk Department, the evolution of the compliance programme and its effectiveness indicators, including in particular the operation of the Ethical Channel referred to below. This Committee also receives regular reports on the Group's risks.

In addition, this Committee reports the Integrated Annual Report, which includes both the company's financial and non-financial information.

Letter c). The aforementioned Risk Control and Management Policy regulates the Ferrovial Group's risk control and management system, known as Ferrovial Risk Management (FRM). The aim of this system is to identify potential risk factors that may be encountered in the achievement of business targets (including those relating to ethical aspects and business conduct). The FRM is described in section E of this Annual Corporate Governance Report.

Letter d). As indicated above, the Board of Directors approved a General Policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. This Policy contemplates the different communication channels that the Company uses in its relations with stakeholders. These include the CNMV, the corporate website, the press room, the corporate blog, the application for mobile devices, social networks and the Integrated Annual Report. This Policy also regulates the Investor Relations, Communication and Corporate Social Responsibility Departments, insofar as they are more directly responsible for communication with these stakeholders. Communication with proxy advisors and rating agencies is also specifically regulated.

On the other hand, periodically the Company, through the Communication and Corporate Social Responsibility Department, holds individual and joint meetings (annual or biennial) with stakeholders, at different levels, in order to maintain an ongoing dialogue. Every two years the Company updates its relevance study, which is based on a survey in which stakeholders in the main markets in which the company operates are consulted on matters related to corporate responsibility.

The Company has an Ethical Channel that allows any person to report, confidentially (and anonymously if desired), any possible irregularity, non-compliance or behaviour contrary to ethics, legality or internal rules and procedures.

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 []



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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

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

Compliant Partially compliant Explain

58. In the case of variable remuneration, 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. The payment of the variable components of remuneration is subject to sufficient verification that the performance or other conditions set out above have actually been met. Entities shall include the criteria for the time required and the methods for such verification in the annual report on directors' remuneration, depending on the nature and characteristics of each variable component.

In addition, the institutions should assess the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of payment of a part of the variable components that implies its total or partial loss in the event that, prior to the moment of payment, some event occurs that makes it advisable.

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.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Compliant Partially compliant Explain Not applicable

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been allocated, the executive directors should not be able to transfer their ownership or exercise them until a period of at least three years has elapsed.

An exception is made when the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to at least twice their fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the Nominations and Remuneration Committee, to deal with any extraordinary situations that may arise.

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. Payments on account of termination or expiry of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established for payment.

For the purposes of this recommendation, payments on termination or extinction of the contract shall include any payments whose accrual or payment obligation arises as a result of or due to the termination of the contractual relationship linking the director to the company, including amounts not previously consolidated from long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Compliant Partially compliant Explain Not applicable



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

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. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

SECTION A.2

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

The shareholder D1 CAPITAL PARTNERS MASTER, LP notified the CNMV on 18 January 2021 of the reduction of its stake to below 1% of the share capital.

SECTION A.10 Continued:

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

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

EIGHTH RESOLUTION OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING OF 17 APRIL 2020

"1. Reduction of share capital through the redemption of both own shares currently in treasury stock and own shares to be acquired through a buyback programme for their redemption.

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

- i. €551,192, through the redemption of 2,755,960 own shares held as treasury shares at 27 February 2020, with a par value of twenty cents of a euro (€0.20) each, acquired under the authorisation granted by the General Shareholders' Meeting held on 5 April 2017 under item ten of the agenda, and within the limits provided for in articles 146 and related articles and 509 of the CCA (the "Existing Treasury Shares"); and
- ii. the aggregate nominal value, subject to the maximum indicated below, represented by shares of twenty cents of a euro (€0.20) par value which are acquired for redemption through a share buy-back programme for all shareholders of up to 25,000,000 own shares, which will be in force until 4 December 2020 at the latest, and which has been approved by the Board of Directors at its meeting held on 27 February 2020, pursuant to (i) Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, on market abuse, and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing the Market Abuse Regulation as regards regulatory technical standards on conditions for buy-back programmes and stabilisation measures; and (ii) the authorisation granted by the General Shareholders' Meeting held on 5 April 2017 under agenda item ten (the "Buy-Back Programme" or the "Programme").

Pursuant to the resolution adopted by the Board of Directors at its meeting held on 27 February 2020, the Buy-Back Programme is subject to two quantitative limits in terms of the amount of the investment and the number of shares to be acquired:

- i. The maximum net investment of the Programme is €360 million (the "Maximum Investment"). For the purposes of calculating the amount of the Maximum Investment, only the purchase price of the shares shall be counted. Therefore, any expenses, commissions or brokerage fees that may be charged to the acquisition transactions will not be counted.
- ii. The maximum number of shares to be acquired under the Programme is 25 million, representing 3.40% of the Company's share capital as at the date of formulation of this draft agreement.

Consequently, the maximum amount of the capital reduction (the "Capital Reduction") will be €5,551,192, through the redemption of a maximum of 27,755,960 treasury shares with a par value of twenty cents of a euro (€0.20) each, representing a maximum of 3.775% of the share capital at the time of the adoption of this resolution. This figure is the sum of the aggregate nominal value of the number of own shares corresponding to the existing treasury stock and the aggregate nominal value of the maximum number of shares to be acquired under the Buy-Back Programme.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Pursuant to the following, the final amount of the Capital Reduction will be set by the Board of Directors (with express power of substitution) according to the final number of shares to be acquired from the shareholders within the framework of the Buy-Back Programme, in accordance with the aforementioned Maximum Investment and maximum number of shares to be acquired.

2. Purpose of the reduction

The aim of the Capital Reduction is to redeem own shares, contributing to the Company's shareholder remuneration policy by increasing the profit per share. This operation is established as a nominal or accounting reduction, since its execution will not involve either a refund of contributions to shareholders or amendment of the system for corporate equity availability, as set out below.

3. Procedure for the acquisition of shares to be redeemed

Without prejudice to the Existing Treasury Stock, and by virtue of the provisions of the resolution of the Board of Directors adopted at its meeting held on 27 February 2020, the Company may acquire, in execution of the Buy-Back Programme, a maximum number of 25 million treasury shares representing, at most, 3.40% of the share capital of the Company at the date of this resolution, an amount which is within the legal limit and that provided for in the authorisation for the acquisition of treasury shares conferred by the General Shareholders' Meeting held on 5 April 2017 under item ten of the agenda.

Pursuant to the provisions of the aforementioned resolution of the Board of Directors, the acquisition of the own shares shall be made subject to the price and volume conditions set out in Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and in Articles 2, 3 and 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 on market abuse as regards regulatory technical standards concerning the conditions applicable to buy-back programmes and stabilisation measures, without it therefore being necessary to make a tender offer for the shares of the Company to be acquired in exercise of the Buy-Back Programme.

4. Features of the Buy-Back Programme

Pursuant to the resolution adopted by the Board of Directors at its meeting held on 27 February 2020, the main features of the Buy-Back Programme are as follows:

The Company will acquire, for redemption, own shares for a maximum investment of €360 million. Under no circumstances may the number of shares to be acquired under the Buy-Back Programme exceed 25 million shares, representing 3.40% of the Company's share capital at the date of this proposed resolution.

The acquisition of the shares will be carried out in accordance with the price and volume conditions set out in Article 3 of the Delegated Regulation (EU) 2016/1052 of the Commission, 8 March 2016.

The Buy-Back Programme will remain in effect until 4 December 2020 (inclusive). Notwithstanding the above, the Company may finalise to the Programme prior to the deadline if its aim has been met and, in particular, if prior to the expiry of the Programme the Company has acquired, under the Programme, the maximum number of shares indicated in section 1 above, or shares at an acquisition price that reaches the amount of the Maximum Investment stated in section 1 above, or if any other circumstance occurs that makes this advisable.

It is hereby stated for the record that the full details of the Buy-Back Programme were duly communicated to the market through the National Securities Market Commission, in accordance with the provisions of article 5.1 a) of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

5. Procedure for the reduction, the reserves to be drawn from and the time limit for implementation

In accordance with the provisions of Article 342 of the Capital Companies Act, own shares acquired by the Company under the Buy-Back Programme must be redeemed within one month after the completion of the Buy-Back Programme. Therefore, the Capital Reduction must be executed within the same period and, in any case, within one year from the date of adoption of this agreement.

In accordance with the provisions of article 340.3 of the Capital Companies Act, if the Company does not make acquisitions for the amount of the Maximum Investment under the Buy-Back Programme, it will be understood that the capital is reduced by the nominal value corresponding to the number of shares effectively acquired under the Buy-Back Programme.

The Reduction of Capital will not imply the return of contributions to the shareholders, given that, at the time of execution of the reduction, the Company will be the owner of the shares to be redeemed. The reduction will be made with a charge to free reserves, through the allocation of a reserve for redeemed capital for an amount equal to the par value of the redeemed shares, which will only be available with the same requirements as those required for the reduction of share capital.

Consequently, in accordance with Article 335 c) of the Capital Companies Act, there will be no right of opposition by creditors under Article 334 of the same act.

6. Ratification of resolutions of the Board of Directors



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

It is resolved to ratify the resolutions of the Board of Directors regarding the approval of the Buy-Back Programme and the setting of its terms and conditions, including the setting of the maximum number of own shares to be acquired under the Programme, the Maximum Investment and its period of validity, as well as the actions, declarations and steps taken to date regarding the public communication of the Buy-Back Programme.

7. Delegation of powers

It is agreed to delegate to the Board of Directors, with express powers to sub-delegate to the Executive Committee, the Chairman or the CEO, the power to determine the terms and conditions of this agreement in all matters not expressly provided for herein. In particular, and by way of illustration only, the following powers are delegated to the Board of Directors, with express powers to sub-delegate to the Executive Committee, the Chairman or the CEO

- a) To amend the maximum number of shares that may be subject to buy-back by the Company and any other conditions of the Programme, within the limits set out in this agreement and the law, all in accordance with the provisions of Article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052, 8 March 2016.
- b) Proceed with the execution of the Capital Reduction within a period not exceeding one month from the end (anticipated or planned) of the Buy-Back Programme and, in any case, within the year following the date of adoption of this agreement.
- c) Set the final figure for the Capital Reduction in accordance with the rules set out in this agreement and based on the final number of shares acquired from shareholders under the Buy-Back Programme.
- d) Declare closed and executed the Capital Reduction agreed establishing, for this purpose, the final number of shares to be redeemed and, therefore, the amount by which the Company's capital must be reduced in accordance with the rules established in this agreement.
- e) Redraft Article 5 of the Company's Bylaws, relating to the Share Capital, in order to adapt it to the result of the Capital Reduction.
- f) Carry out any actions, declarations or steps that may be necessary in relation to the provision of public information on the Buy-Back Programme and any actions that may be necessary before the National Securities Market Commission and the Stock Exchanges on which the Company's shares are listed, as well as before the regulators and governing bodies of the markets on which the share acquisition operations are carried out. Negotiate, agree and sign as many contracts, agreements, commitments or instructions as necessary or convenient in order to ensure a positive outcome of the Buy-Back Programme.
- g) Carry out the necessary procedures and actions and submit the necessary documents to the competent bodies so that, once the Company's shares have been redeemed and the deed for Capital Reduction has been granted and registered in the Mercantile Registry, the redeemed shares are excluded from trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Stock Exchange Interconnection System (Continuous Market) and the corresponding accounting records are cancelled.
- h) Carry out any actions that may be necessary or convenient to execute and formalise the Capital Reduction before any public or private entities and bodies, both Spanish and foreign, including the declaration, complement or correction of defects or omissions that may prevent or hinder the full effectiveness of the preceding agreements".

SECTION A.14

A subsidiary of Ferrovial, S.A. has issued bonds admitted to trading on the London Stock Exchange since June 2013 with the guarantee of Ferrovial, S.A.

SECTION B.4

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

SECTION C.1.2

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

SECTION C.1.13

Remuneration in favour of the Board of Directors: The Company has insurance policies covering death (for which premiums totalling €12 thousand were paid in 2020), of which the Executive Directors are beneficiaries. No life insurance premiums were paid for the Directors of the Company who are members of other Boards of Directors and/or senior executives of Group Companies or Associates. Additionally, during 2020, the current CEO, Mr. Ignacio Madridejos, has been allocated the amount of €8 thousand as remuneration in kind corresponding to a company car.

Rights accumulated by the current directors in relation to pensions: Mr. Ignacio Madridejos participates in a deferred remuneration scheme. This is extraordinary deferred remuneration, which will only be made effective once the relationship with the Company terminates by mutual agreement, upon attainment of a certain age, with no other consolidated rights existing. The contributions made for this concept in 2020 amounted to €401 thousand, with the total accumulated at the closing date of this report amounting to €503 thousand for Mr. Ignacio Madridejos.

SECTION C.1.32



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

The amount stated for work other than audit work does not include services related to auditing. The latter amounted to €500 thousand in 2020.

SECTION C.2.1. Continued:

AUDIT AND CONTROL COMMITTEE:

- Report, in advance, to the Board of Directors on all matters envisaged in the law, the Bylaws and the Regulations of the Board of Directors, and in particular, about: (i) the creation or acquisition of stakes in special purpose entities or those domiciled in countries or territories considered to be tax havens; and (ii) operations with related parties.
- Supervise compliance with internal regulations on corporate governance and conduct in the securities markets and make proposals for their improvement, also ensuring that the corporate culture is aligned with its purpose and values. In particular, to report on the Company's transactions with Directors or their related parties and to prepare a report on related-party transactions, which shall be published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.
- Periodically evaluate the effectiveness of the compliance programme and the proposals for updating that the Compliance Department submits to the Board of Directors for its continuous improvement, and ensure that the Compliance Department has the personal, technical and material resources and sufficient training to carry out its functions.
- To ensure in general that the policies and systems established for internal control are effectively implemented in practice.

FUNCTIONING

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

The Committee will meet following a call 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 duties.

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

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

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

The Committee may require the auditors to attend its sessions.

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

In all matters not specifically provided for the Committee, the regulations of the Board of Directors shall apply, provided that they are compatible with the nature and function of the Committee.

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

MOST IMPORTANT ACTIONS CARRIED OUT DURING THE YEAR

As in previous years, in December 2019 the Committee approved a work plan with the forecast of matters to be dealt with at each of its 2020 meetings (adding, where appropriate, those that will be dealt with during the year).

A summary of the main activities carried out during the 2020 follows.

Financial information

During the year, the Committee reviewed and analysed the integrity of this information prior to its knowledge by the Board of Directors and its transmission to the authorities or markets, reporting favourably on it. In this analysis, special attention has been paid to the main opinions and estimates made in those areas that are more complex or where the accounting impact is more relevant. For this review, it was assisted by the General Finance Department (GFD) and Ferrovial's external auditor.

The external auditor responsible for carrying out the audit for the 2019 financial year (Deloitte, S.L.) appeared before the Committee for the presentation of the annual accounts for that year to set out the salient features of its audit work, the main risks and the issues to be followed up during 2020. It reported on its independent review of the consolidated statement of non-financial information contained in the consolidated management report (which forms part of the Integrated Annual Report), and its adaptation to international standards for reporting non-financial information (Global Reporting Initiative -GRI- standards) and to the contents established in the applicable mercantile regulations.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Newly appointed auditor (Ernst & Young, S.L.) informed the Committee of its work on the limited review of the half-yearly financial statements as of 30 June 2020, reporting on the most relevant issues identified in this limited review, as well as the aspects to be followed at the end of the year. The auditor has also appeared in the meetings of the Committee in which the economic-financial information closed on 30 March and 30 September was discussed.

Finally, the auditor also presented to the Committee its strategy and work plan for the audit of the annual accounts for the financial year 2020, and the previous work carried out on the basis of the financial information closed on 30 September.

Relations with the external auditor

In accordance with articles 529 quaterdecies.4 d) of the CCA and 51.3 d) of the EESS, it is incumbent upon the Committee to propose the appointment of the auditor to the Board of Directors, for submission to the General Shareholders' Meeting. Following the selection process conducted by the Committee and the proposal submitted to the Board of Directors, the Company's General Shareholders' Meeting held on 17 April 2020 agreed to appoint Ernst & Young, S.L. as the new Group auditor for the financial years 2020, 2021 and 2022.

It also gave its approval to the GFD's proposal for the external audit of certain subsidiaries by 2020

The Committee also ensured that the external auditor appeared once before the full Board of Directors to inform it of the work performed, the evolution of the accounting situation and the Company's risks.

And the new auditor presented the Committee with its transition plan for the audit of the 2020 financial year and the composition of its team

Independence of the external auditor

The Committee has formulated the legally binding report on this point, which is referred to below.

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

The Committee has regularly received information on the purpose of the services of this type authorised to the various audit firms and their amount.

It has also been informed of the audit fees received by Ferrovial's external auditor (and by the rest of the group's auditors) in 2019, and their variation in relation to the previous year.

Internal Control Procedures

At its May meeting, the Committee was informed by the outgoing external auditor (in the presence of the new auditor for the 2020-2022 period) of the main internal control recommendations made as a result of the audit of the 2019 accounts, as well as the most significant internal control improvement projects implemented during the year. The external auditor did not identify any significant weakness that should be reported to the Committee in accordance with the international financial reporting standards.

The GFD regularly reported to the Committee on (i) the work carried out in the group during the 2020 financial year in relation to the design, implementation and maintenance of the ICFR; (ii) controls over significant judgements and estimates made in the financial information presented to the market; (iii) the result of the self-assessment by the business divisions and corporate areas of the controls included in the ICFR and the proposed actions for improvement; and (iv) the modifications to the ICFR caused by organisational changes in the group's financial function.

Internal Audit

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

The report on Internal Audit activities corresponding to financial year 2019, which includes the conclusions of all the work carried out, the variations on the approved plan (stating the reasons), the work carried out in collaboration with other areas, details of the main aspects of improvement detected, the recommendations issued, the state of implementation of all those formulated during 2019 and previous financial years, the evolution of the most significant audited matters and the assessment of the quality perceived by those audited.

Quarterly reports on Internal Audit activities containing the degree of progress of programmed work, compliance with approved planning and its variations, collaboration with other areas, monitoring of the most significant audit issues, new recommendations issued and the state of implementation of those made in the last four years, the impact of covid-19 on audit work and evaluation of its quality.

The result of (i) the review of the ICFR process and of specific work to ensure compliance; and (ii) the review of the deployment of the compliance model in Spain, the audits carried out with an indication of the aspects in which progress must be made, the conclusions of the reviews carried out and the follow-up and implementation of the recommendations issued.

The internal audit work plan for 2021, approved by the Committee, which includes (i) the purpose of the work and the extent to which it covers the main risks of the group and the countries considered strategic; (ii) recurring tasks (including the follow-up of the external auditor's recommendations and conclusions); (iii) the internal organisation of the Internal Audit Department; and (iv) the expenditure budget.

Analysis of risks and systems to control them



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

Ferrovial's Compliance and Risks Department has appeared twice before the Committee to report on the main risks of the company and its group, both financial and non-financial, as well as on the functioning of the systems established for their identification, management and control.

In particular, the Committee has been informed about the process of drawing up the risk map and the most relevant risks of the group, the measures adopted to mitigate them and their evolution with respect to the previous information given to the Committee.

Finally, the Committee was informed by the Internal Audit Department of the annual report (referring to 2019) on the activity of the "Ethical Channel", indicating the number of complaints received and their evolution, their origin and typology, the procedures established for the prevention, detection and management of fraud, and the areas for improvement identified. The Compliance and Risk Department reported to the Committee on the activity of this incident management system in the period January-November 2020, distinguishing the different types of communications made, the business division they affect and the geographical area in which they were presented.

Corporate governance and compliance actions

The Committee has carried out the following actions in this area:

- It informed the Ordinary General Shareholders' Meeting of Ferrovial, through the Chairman of the Committee, about the activities carried out during financial year 2019.
- It reported favourably, and in advance of its approval by the Board of Directors, on the Annual Corporate Governance Report corresponding to the financial year 2019.
- It approved a report on related-party transactions, which was published on the Company's website at the same time as the call for the General Shareholders' Meeting.
- It has informed, prior to its approval by the Board, on the transactions of Directors of the Company with companies of the Ferrovial group.
- It became aware of the main new features included in (i) the GGC following the partial reform approved by the CNMV in June 2020; and (ii) in the draft law amending the CCA and other financial regulations with regard to promoting the long-term involvement of shareholders in listed companies.
- It has twice proposed the amendment of the Rules of Procedure of the Board of Directors. The first is to include a limit on the number of Boards outside the Company to which Directors may belong. The second is intended, among other things, to incorporate the functions assigned to the Committee by the GGC following its last reform.
- It has reviewed the modification of the Code of Conduct in the Securities Markets, which adapts it to the most recent regulations and to the repeal by the CNMV of its criteria on discretionary treasury stock trading.
- At the December meeting, it followed up on the situation of some of the Ferrovial Group's main projects.
- It has overseen the effectiveness of Ferrovial's compliance model. To this end, the Compliance and Risks Department informed the Committee of its work plan and the level of progress of the actions comprising it (including, among other indicators, the preparation or review of internal procedures or policies and the training carried out and planned for employees in this area).
- It has also received information on two other occasions regarding the compliance programme, including (i) the identification and prevention of compliance risks; (ii) the actions carried out to update the crime prevention model of the Company and its group (iii) the result of the self-assessment of the controls and the action plans for those assessed as not effective; (iv) the criminal risk map and ongoing actions for its mitigation.
- It was informed of the proposal to amend the Compliance Policy and the Crime Prevention Model and gave its approval to the Ferrovial Group's Policy on Ethical Channels and Management of Queries, Reports and Complaints.
- It approved the Committee's work plan with a forecast of matters to be discussed at each of its meetings in 2021.

COMPOSITION

All the members of the Audit and Control Committee as a whole, and especially its Chairman, have been appointed taking into account their knowledge and experience in accounting, auditing or risk management, both financial and non-financial.

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

Composition of the Board of Directors and its Committees

The Committee analysed the needs of the Board of Directors and considered it appropriate, within the framework of the gradual renewal of the Board included in the action plan derived from the evaluation of the Board and contained in the Annual Corporate Governance Report, to reinforce the following aspects in the composition of the Board: diversity of origin, gender and professional background, looking for people with experience in Ferrovial's priority markets and with knowledge and experience in the financial, business, innovation and new technology fields, maintaining the number of independent directors in accordance with regulations and best practices.

The amount and nature of the operations that, during the financial year 2019, Ferrovial (or its group companies) carried out with other companies in which the Independent Directors of Ferrovial are also directors was also reviewed, considering that these do not prevent the performance of the duties of said Independent Directors as such, giving its approval to the reasoned statement included in the draft of the Annual Corporate Governance Report corresponding to the aforementioned financial year (section C.1.3.)

It examined the current composition of the Board of Directors and reviewed the category attributed to each of the Directors.

The Committee verified compliance with the Ferrovial Board of Directors' composition policy and proposed its review to adapt it to the recommendations of the Good Governance Code following its reform in June 2020.

Remuneration of the Directors and Senior Management



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

It reported favourably on the draft Annual Report on Directors' Remuneration corresponding to the financial year 2019.

In relation to the remuneration of the members of the Board in their capacity as such, the Committee proposed to the Board of Directors (i) the settlement of the 2019 financial year in accordance with the detail contained in the Annual Report on Directors' Remuneration; and (ii) to propose that the Directors' Remuneration Policy in force from time to time establish a maximum annual amount of remuneration for 2020 and its distribution among the Directors, instead of the automatic review based on the CPI.

With respect to the remuneration of the Executive Directors, the Committee proposed to the Board (i) their variable remuneration for the financial year 2019; and (ii) their fixed remuneration corresponding to the financial year 2020.

With regard to senior management, the Committee reported (i) their variable remuneration for financial year 2019; (ii) their fixed remuneration corresponding to the financial year 2020.

With reference to the Remuneration Policy for Directors and Senior Management, this was submitted to the Board of Directors for approval by the General Shareholders' Meeting.

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

As a consequence of COVID-19 the Committee proposed to the Governing Board to apply different exceptional measures on the compensation elements.

The Committee also received a benchmarking on the remuneration of directors in their capacity as such.

The Committee also received information on the analysis carried out by an external consultant on the current system of variable remuneration for Executive Directors and senior management, to identify the level of compliance with international standards and several companies considered "peers".

In addition, the Committee has given its approval to the action plan designed, following an analysis by an external consultant of the Annual Remuneration Report and the Directors' Remuneration Policy, to identify improvements to be made in order to strengthen our practices.

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

The Committee reported favourably on the proposed appointment of Mr. Carlos Cerezo Paredes as Managing Director of Human Resources and Mr. Dimitris Bountolos Andrés as Managing Director of Information Systems and Innovation, and proposed the basic conditions of their contracts, including their remuneration to the Board of Directors.

It also reported favourably on the appointment of Ferrovial representatives to the boards of directors of the main subsidiaries and investees.

In relation to other matters:

The Committee received reports on:

- the succession plan for the CEO, senior management and other management positions
- talent management

COMPOSITION

The members of the Nomination and Remuneration Committee are appointed in such a way as to ensure that they have the knowledge, skills and experience appropriate to the functions they are called upon to perform.

SECTION E.6 Continued:

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 81% 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 site 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.



ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

b) Non-payment or default

The risk of non-payment by private customers is mitigated by a solvency evaluation prior to entering into any agreement. The contractual requirements are supervised by the legal and economic-financial departments, to ensure that guarantees of response in the event of non-payment are established. During the work, the General 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.

Likewise, and without prejudice to the corporate policies established at business level for the transfer of risks to the insurance market, Ferrovial takes out a series of insurance policies at corporate level that seek to expand the transfer of risks throughout the group, extending coverage and indemnity limits for risks: activity liability, directors' and officers' liability, environmental and cyber-security risks.

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

G. RECOMMENDATION

Letter e). The principles to be observed in the Company's communication activity are set out in the Policy mentioned in the reply to letter d): a) transparency and immediacy in the dissemination of information and facts that are relevant to the market; b) truthfulness and relevance of the data and concepts provided; c) open dialogue with the different stakeholders; d) equal treatment in the recognition and exercise of the rights of all shareholders who are in identical conditions and are not affected by conflicts of interest; e) protection of the legitimate rights and interests of all shareholders; f) continuous and permanent information through the use of effective communication channels; g) development of information channels that allow the advantages of new technologies to be exploited; and h) compliance with applicable regulations, as well as with the principles of cooperation and transparency with the competent authorities, regulatory bodies and administrations.

Such principles help to avoid manipulation of information and to protect the integrity and honour of the addressees or those to whom the information refers.

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.

In this regard, on 27 February 2020 the Company's Tax Director appeared before the Board of Directors to inform about tax matters with impact on the Group tax position, complying with the commitments included in said Code. In 2020, the Company voluntarily prepared and presented the Annual Tax Transparency Report before the Spanish Tax Authorities, as instructed in the Code.

This annual corporate governance report was approved by the company's board of directors at its meeting held on

25/02/2021

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

[] Yes
[✓] No



Building a better
working world

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

REPORT ON THE “INFORMATION RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)”

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

To the Board of Directors of Ferrovial S.A.:

In accordance with the request from the Board of Directors of FERROVIAL S.A. (hereinafter the Entity) and our engagement letter dated January 18, 2021, we have performed certain procedures on the ICFR-related information included within 2020 Corporate Governance Report of Ferrovial S.A. which summarizes the internal control procedures of the Entity in relation to the annual financial information.

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 as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR-related information disclosed in the ICFR.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Entity in relation to its annual financial information, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the entity’s internal control was to enable us to establish the scope, nature, and timing of the audit procedures to be applied to the Entity’s financial statements. Therefore, our assessment of the internal control performed for the purposes of the audit of the 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 information.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors’ report relating to information on the Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of these procedures was limited and substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or its design or operating effectiveness, in relation to Entity’s annual financial information for 2020 described in the ICFR related information of the Corporate Governance Report. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters might have been disclosed which would have been reported to you.

Likewise, since this special engagement does not constitute an audit of the financial statements or a review in accordance with prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for therein.

The procedures applied were as follows:

1. Read and understand the information prepared by the Entity in relation to the ICFR - which is provided in the Annual Corporate Governance Report disclosure information included in the Directors' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the model established by CNMV Circular nº 5/2013 dated June 12, 2013 and subsequent amendments, the most recent one being CNMV Circular 1/2020 of October 6 (hereinafter, the CNMV Circulars).
2. Make enquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) Obtain an understanding of the process followed in its preparation; (ii) Obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) Obtain information on whether the control procedures described are implemented and in use by the Entity.
3. Review the explanatory documentation supporting the information described in point 1 above, which should basically include that which is provided directly to those responsible for preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes related reports prepared by the Internal Audit Department, senior management, and other internal and external experts providing support to the Audit and Compliance Committee.
4. Compare the information described in point 1 above with our knowledge of Entity's ICFR obtained as a result of performing the external audit procedures within the framework of the audit of the financial statements.
5. Read the minutes of the meetings held by the Board of Directors, Audit and Compliance Committee and other Entity committees in order to assess the consistency between the ICFR issues addressed therein and the information provided in point 1 above.
6. Obtain the representation letter related to the work performed, duly signed by the personnel in charge of preparing the information discussed in point 1 above.

As a result of the procedures applied, no inconsistencies or issues were observed that might have an impact on ICFR-related information.

This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the Consolidated text of the Corporate Enterprises Act and CNMV Circulars on ICFR description in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(signed on the original version In Spanish)

Francisco Rahola Carral

February 25, 2021