

CORPORATE GOVERNANCE

DIVERSITY AND INDEPENDENCE

Ferrovial's corporate governance seeks to guarantee integrity, which is construed as diligent, transparent and responsible conduct with its shareholders, employees, clients and the various agents involved in the company's activities. Integrity is key to ensuring profitable business and long-term sustainability in line with the company's strategy while strengthening the trust that shareholders and the different stakeholders have in the company.

In compliance with commercial law, the Annual Corporate Governance Report (ACGR) forms part of this Management Report. It was drawn up by the Board of Directors and has been filed with the Spanish National Securities Market Commission (CNMV). The ACGR details all corporate governance aspects at Ferrovial and is available at www.ferrovial.com.

As explained in the ACGR, Ferrovial is fully or partially compliant with a majority of the recommendations set out in the Good Governance Code of Listed Companies (57 out of the 59 recommendations that apply to it). The company regularly analyzes the best practices and regulations of good governance in the national and international scope to assess their application and incorporation to its internal regulations. In this regard, the Board of Directors and the Audit and Control Committee have been informed of the changes made in June 2020 to the Code of Good Governance, and of the main terms of the draft law amending Spanish legislation to incorporate the directive to promote long-term shareholder engagement.

In corporate governance, the Board agreed to the following:

- Amend its Regulations to incorporate several of the amended good governance recommendations into the internal regulations.
- A new policy for reporting corporate, financial and nonfinancial information, and for communicating with and contacting shareholders and institutional investor.
- Amend the Board of Directors' Selection Policy.
- Amend the Internal Rules of Conduct in the Securities Markets, in order to reflect the latest changes made to the Spanish Securities Market Law and to adapt the treasury stock policy.

GOVERNMENT BODIES

The ACGR details how the group's management bodies and the decision-making process work, with emphasis on the roles of the Annual General Meetings and Board of Directors as the company's most senior management bodies.

General Shareholders' Meeting

In accordance with the Company Bylaws, this is the supreme decision-making body of the company and has the power to decide on all matters attributed to it by law or the Company's Bylaws.

The General Shareholders' Meeting was held on April 17, 2020 on second call. Due to the declaration of a state of emergency on March 14, 2020, caused by the health crisis resulting from the spread of COVID-19 in Spain, the Board of Directors agreed, in accordance with current legislation, to hold the Annual General Meeting exclusively online. It also agreed to extend the means available to shareholders to exercise their rights to participate remotely, as detailed in the published complementary announcement to the call of the Meeting.

Board of Directors

The Board performs its duties with unity of purpose and independent judgment. It treats all shareholders in the same position equally, and works in the social interest, with the same understood to mean securing a profitable business that is sustainable in the long term, supporting its continuity and seeking optimal economic value for the company.

It comprises 12 members, facilitating an efficient and participative operation. Re-elections take place every three years, compared to the maximum of four prescribed by the company's regulations. This enables shareholders to validate their management more frequently.

In 2020, the Board held a total of eight meetings, with an average duration of 6 hours and 15 minutes per meeting. All directors attended all eight meetings in person. In addition, the Board of Directors adopted resolutions in writing and without a meeting on February 11, March 30, June 7 and October 29, 2020.

The Board evaluates the quality and efficiency of its operation and that of its committees on an annual basis. For the sixth consec-

EXTERNAL BOARD ASSESSMENT

6
consecutive years

VOTING RIGHTS ASSIGNED TO THE BOARD OF DIRECTORS

31.04%

LEAD DIRECTOR

1

INDEPENDENTS

58.33%

of the Directors (seven out of a total of twelve members)

RE-ELECTION OF BOARD MEMBERS

3
years

utive year, it has been assisted by a renowned external consultant, as detailed in the ACGR, which also reports on the consultant's relations with Ferroviol. As a result of the evaluation exercise, the Board agreed, among other issues, to continue to strengthen its work on the long-term strategy and to advance the Group's digital transformation.

BUSINESS DISCUSSED BY THE BOARD OF DIRECTORS

Every year, at the proposal of its Chairman, the Board of Directors draws up a calendar and an agenda for each of the meetings scheduled for the following year, taking into consideration the suggestions raised by directors and the recommendations of the company's external consultant who collaborated on the Board assessment process. Naturally the Board may also address any other unforeseen matters that require its attention during the year. The main matters addressed in 2020 are as follows (in addition to those mentioned above about corporate governance):

- Periodic financial reporting.
- Group cash position.
- Internal financial reporting system.
- General Shareholders' Meeting (notice of meeting, proposal of agreements and reports).
- Reports by business divisions and corporate areas.
- Annual budget and amendments to the budget for the current year.
- Health and safety (reviewed at each Board meeting due to the importance of this subject to the company).
- Fiscal and tax policies followed by the company during the year.
- Strategy.
- Guarantees given by the Group's parent companies.
- Compliance model.
- Technology and Innovation.
- Cybersecurity.
- Sustainability.
- Analysis of the shareholding structure and investor and analyst perception of Ferroviol.
- Composition of the Board and Senior Management.
- Ferroviol Flexible Dividend Program.
- Implementation of the share buy-back program aimed at reducing the share capital.
- Annual assessment of the Board and its Committees.
- Remuneration of Directors.
- Monitoring the impact of the health crisis resulting from the spread of COVID-19.

Executive Committee

This committee has all delegated powers of the Board of Directors, except those that cannot be legally or statutorily delegated. It comprises six members, four of whom are External Directors, being three of them Independent. Among other functions, it has followed up on the Group's financial reporting, to the performance of the main business indicators, to the impact of COVID-19 on the businesses, as well as the situation of the most relevant matters. Moreover, it approved the operations within its competence as a delegated body of the Board of Directors.

Audit and Control Committee

It comprises four External Directors, three of whom are Independent, including its Chairman, who have been appointed on the basis of their knowledge and experience in accounting, auditing and financial and nonfinancial risk management. Between them, they possess the required technical knowledge and expertise in relation to the sector in which the company operates.

The main duties, other than those attributed by law, are described below, representing the adoption of recommendations from the Good Governance Code for Listed Companies:

- Overseeing and assessing the preparation process and the integrity of financial and nonfinancial reporting, and ensuring that the financial statements that the Board submits to the General Meeting are prepared in line with accounting regulations.
- Being informed of the structural and corporate change operations planned by the company, previously reported to the Board of Directors, on its economic conditions and accounting impact, particularly, if applicable, on the proposed exchange ratio.
- Ensuring that the company and the accounts auditor adhere to rules governing the provision of services other than auditing, limits on the concentration of auditor services and other general regulations concerning the independence of account auditors.
- Ensuring that the remuneration of the auditor of accounts does not compromise quality or independence.
- Receiving regular information on activities from the Internal Audit Department and ensuring their independence. Approving the guidance and its annual work plan, ensuring that its activity is primarily focused on relevant risks (including reputational), being informed of its implementation, including incidents and limitations to its scope, as well as the results and follow-up of its recommendations.
- Establishing and overseeing a system that allows employees and other persons related to the Company (directors, shareholders,

suppliers, contractors) to confidentially and anonymously report any irregularities of potential importance, including financial, accounting or any other type, that are detected within Ferrovial.

- Overseeing and assessing Ferrovial's financial and nonfinancial risk control and management systems, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks.
- Supervising compliance with internal corporate governance and conduct standards on securities markets, and proposing improvements, ensuring that the corporate culture is aligned with its purpose and values.
- Periodically assessing the effectiveness of the compliance program and the update proposals that the Compliance Directorate submits to the Board for continuous improvement, and ensuring that the Compliance Directorate has the resources and training to perform its functions.
- Ensuring that established internal control policies and systems are effectively implemented in practice.

The Committee held five meetings during 2020, all of which were attended by all its members. The activities performed by the Committee during the year are described in the report regarding its operation, available on the Ferrovial website. The Audit and Control Committee takes into account the recommendations of the CNMV Technical Guide on Audit Committees for Public-Interest Entities in its activity and operation.

Appointments and Remuneration Committee

The Committee comprises four Executive Directors, three of whom are Independent, including the Chairman. All have been appointed

taking into account the knowledge, aptitude and experience needed to perform the Committee's functions.

Their main duties resulting from the adoption of the recommendations contained in the Good Governance Code of Listed Companies are described below, without prejudice to any others prescribed by law:

- Proposing basic terms for senior management contracts.
- Ensuring that all nonexecutive directors have sufficient time to duly perform their duties.
- Ensuring compliance with the remuneration policy established by the company.
- Verifying information on remuneration for directors and senior management contained in the various corporate documents, including the Annual Board of Directors' Remuneration Report.
- Ensuring that any conflicts of interest do not impair the independence of the advice provided to the committee.
- Reporting on the appointment of the members that are to sit on the committees, in view of the knowledge, skills and experience of directors and the duties of each committee.

The Committee held six meetings during 2020, all of which were attended by all its members, except for one meeting at which one of the members did not attend. The activities performed by the Committee during the year are described in the report regarding its operation, available on the Ferrovial website. Detailed information on the Committee's activities in the area of remuneration is also available in the Annual Report on Directors' Remuneration, available at www.ferrovial.com. The Appointments and Remuneration Committee takes into account the recommendations of the CNMV Technical Guide on Audit Committees for Public-Interest Entities in its activity and operation.

DETAIL OF ATTENDANCE TO THE BOARD OF DIRECTORS AND COMMITTEES

	BOARD OF DIRECTORS	EXECUTIVE COMMITTEE	AUDIT AND CONTROL COMMITTEE	APPOINTMENTS AND REMUNERATION COMMITTEE
NUMBER OF MEETINGS IN 2020	8	6	5	6
RAFAEL DEL PINO Y CALVO-SOTELO	8/8	6/6		
ÓSCAR FANJUL MARTÍN	8/8	6/6	5/5	
IGNACIO MADRIDEJOS FERNÁNDEZ	8/8	6/6		
MARÍA DEL PINO Y CALVO-SOTELO	8/8	6/6		
SANTIAGO FERNÁNDEZ VALBUENA	8/8		5/5	6/6
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	8/8	6/6		6/6
JOAQUÍN DEL PINO Y CALVO-SOTELO	8/8			
PHILIP BOWMAN	8/8		5/5	
HANNE BIRGITTE BREINBJERG SØRENSEN	8/8			5/6
BRUNO DI LEO	8/8			6/6
JUAN HOYOS MARTÍNEZ DE IRUJO	8/8	6/6		
GONZALO URQUIJO FERNÁNDEZ DE ARAOZ	8/8		5/5	

		RAFAEL DEL PINO	ÓSCAR FANJUL	IGNACIO MADRIDEJOS	MARÍA DEL PINO	SANTIAGO FERNÁNDEZ VALBUENA	JOSÉ FERNANDO SÁNCHEZ-JUNCO	JOAQUÍN DEL PINO	PHILIP BOWMAN	HANNE SØRENSEN	BRUNO DI LEO	JUAN HOYOS (Lead Director)	GONZALO URQUIJO
CARGO		Chairman	VP	CEO	Member	Member	Member	Member	Member	Member	Member	Member	Member
Board of Directors	Executive Director	✓		✓									
	Proprietary	✓			✓			✓					
	Independent		✓				✓		✓	✓	✓	✓	✓
	Other external					✓							
Committees	Executive Committee	✓C	✓	✓	✓		✓					✓	
	Audit and Control Committee		✓C			✓			✓				✓
	Appointments and Remuneration Committee					✓	✓C			✓	✓		
Shareholding	% direct and indirect capital	20.265	0.005	0.009	8.143	0.003	0.024	2.55	0.003	0.000	0.000	0.000	0.000
Other data	Date of first appointment	1/9/1992	7/31/2015	9/30/2019	9/29/2006	5/30/2008	12/3/2009	10/29/2015	7/29/2016	4/5/2017	9/25/2018	10/2/2019	12/19/2019
	Nationality	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	AUSTRALIAN	DANISH	PERUVIAN	SPANISH	SPANISH
	Positions as directors at other listed companies*	0	2	0	0	1	0	0	2	4	1	0	1
	Age	62	71	55	64	62	73	59	68	55	63	68	59

C: Chairman of the Executive Committee, Chairman of the Audit and Control Committee and Chairman of the Appointments and Remuneration Committee. Information updated in February 2021.

TRAINING AND EXPERIENCE OF BOARD MEMBERS

