

Corporate governance

A renewed Board

The Corporate Governance of Ferrovial seeks to guarantee integrity, understood as diligent, transparent and responsible behavior with its shareholders, employees, customers and the various agents involved in its activity. Integrity is essential to ensure that we attain a profitable and sustainable long-term business, aligned with the company's strategy, and to strengthen the confidence that shareholders and the various stakeholders have in it.

In accordance with corporate legislation, the Annual Corporate Governance Report (ACGR) is part of this Management Report and has been formulated by the Board of Directors and communicated to the National Securities Market Commission (CNMV). The ACGR details all the components of Ferrovial's corporate governance and can be accessed via www.ferrovial.com.

As indicated in the ACGR, Ferrovial fully or partially complies with most of the recommendations of the Code of Good Governance of Listed Companies (58 of the 60 that apply to it). In this regard, the company regularly analyzes the best practices and regulations of good governance at national and international level to assess their application and incorporation into its internal regulations.

GOVERNANCE BODIES

The operation of the management bodies and the decision-making process is described in detail in the ACGR, highlighting the functions of the General Shareholders' Meeting and the Board of Directors as the company's highest governing bodies.

Board of Directors

It performs its functions with unity of purpose and independence of judgement, treating all shareholders who are in the same position equally, and is guided by the social interest, understood as the attainment of a profitable and sustainable long-term business that promotes the continuity and maximization of the economic value of the company.

It is composed of 12 members, which facilitates efficient and participatory operation. Re-elections take place every three years, compared to the maximum of four established by corporate regulations. This allows shareholders to validate its management every so often.

In 2019, the Board held a total of nine sessions, with an average duration of five hours per meeting. All the Directors attended the 9 meetings in person except in two sessions in which proxy was given with instructions, and one session in which a Director who did not attend or delegate proxy. Additionally, on December 17, 2019 the Board adopted a resolution in writing and without a session that has not been accounted for in the number of meetings.

The Board assesses the quality and efficiency of its operation and that of its Committees once a year, having, for the fifth consecutive year, the help of an external prestigious consultant. As a result of the assessment exercise, the Board has agreed to further strengthen its role in (i) the group's strategy and organizational model; (ii) risk identification and management processes; (iii) gradual renewal of the Board's composition; (iv) innovation and digital transformation; and (v) increased interaction with the management team.

EXTERNAL EVALUATION OF THE BOARD

5

consecutive years

VOTING RIGHTS OF THE BOARD OF DIRECTORS

30.89%

LEAD DIRECTOR

1

INDEPENDENT

67%

of the Directors

AUDIT AND CONTROL COMMITTEE

100%

Independent Directors

NOMINATION AND REMUNERATION COMMITTEE

100%

Independent Directors

As part of the succession plan of the group's first executive line, Mr. Ignacio Madridejos Fernández has been appointed as the new Chief Executive Officer. Furthermore, as part of the gradual renewal of its composition, the Board has also appointed Mr. Juan Hoyos Martínez de Irujo and Mr. Gonzalo Urquijo Fernández de Araoz as new Independent Directors. The latter have replaced Mr. Joaquín Ayuso García and Mr. Santiago Bergareche Busquet, who had been on the Board for 17 and 20 years, respectively

Executive Commission

All the powers of the Board of Directors have been delegated, except those that are not legally or statutory delegable. It comprises six members. Among other functions, it monitors the performance of the main business indicators and the status of the most relevant matters, and approves the operations of its competence as the delegated body of the Board of Directors.

Audit and Control Committee

It consists of four Independent Directors, who were appointed in consideration of their knowledge and experience in accounting, auditing and risk management. Together, they have the relevant technical knowledge in relation to the sector in which the Company operates.

The Board of Directors agreed to appoint Mr. Oscar Fanjul Martín as Chairman of the Audit and Control Committee to succeed Mr. Santiago Fernández Valbuena after completing the four-year term for which he was appointed. It also appointed the new Independent Director, Mr. Gonzalo Urquijo Fernández de Araoz, as a member of said Committee.

The following describes the main functions, other than those attributed by law, which involve the adoption of recommendations of the Code of Good Governance of Listed Companies:

- Oversee the process for preparing and submitting mandatory financial information and ensure that the Board seeks to submit the accounts to the General Meeting without limitations or qualifications in the audit report.
- To be informed of the operations of structural and corporate modifications that the Company plans to carry out, previously informing the Board of Directors about its economic conditions and its accounting impact and especially, where appropriate, about the proposed exchange equation.
- Ensure that the Company and the auditor respect the current regulations on the provision of services other than the audit, the

JUAN HOYOS AND GONZALO URQUIJO, INDEPENDENT DIRECTORS

In 2019, the Board of Directors of Ferrovial appointed two new Independent Directors, Mr. Juan Hoyos Martínez de Irujo and Mr. Gonzalo Urquijo Fernández de Araoz. These appointments, together with those of Mr. Bruno Di Leo in 2018, Ms. Hanne Sørensen in 2017 and Mr. Philip Bowman in 2016, represent a continuous reinforcement of the presence of Independent Directors, who already represent 66.67% of all of its members, as well as the diversity of backgrounds, knowledge and experience on the Board.

limits to the auditor's business concentration and, in general, the other rules on the independence of the auditor.

- Ensure that the remuneration of the auditor does not compromise its quality or independence.
- Receive periodic information on the activities of the Internal Audit Department and ensure its independence.
- Establish and supervise a system that allows employees to confidentially and anonymously report irregularities of potential significance, especially financial and accounting, that are noticed within Ferrovial.
- Supervise compliance with internal corporate governance and conduct regulations in the securities markets and make proposals for improvement.
- Coordinate the process of reporting non-financial information, in accordance with applicable regulations and international reference standards.
- Oversee the operation and effectiveness of the compliance model and its organization and control system and ensure that the Compliance Department has the resources and training to perform its functions.

The Committee held five meetings in 2019, with all of them being attended by all of its members with the exception of a session in which a proxy with instructions was granted. The activities that the Committee carried out during the year are detailed in the report on its operation, published on the Ferrovial website. The Audit and Control Committee takes into account in its activity and operation the recommendations of the Technical Guide of the CNMV on audit committees of public interest entities.

Nomination and Remuneration Committee

The Committee comprises four Independent External Directors, including its Chairman. All have been appointed with regard to the knowledge, skills and experience appropriate for the performance of the Committee’s functions. To increase independence in its composition, the Independent Director Mr. Bruno Di Leo joined the Committee in 2019.

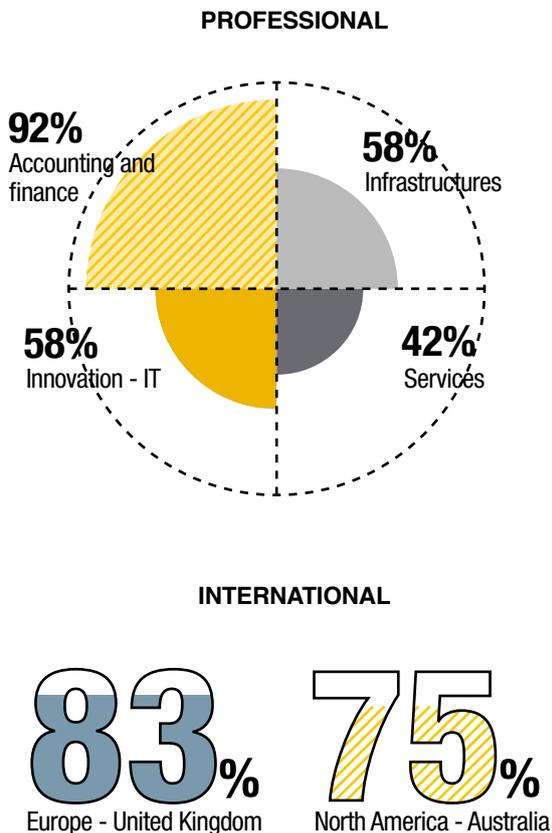
The following describes its main competences, other than those attributed by law, which involve the adoption of recommendations of the Code of Good Governance of Listed Companies:

- Propose the basic conditions of Senior Management contracts.
- Ensure that Non-Executive Directors have sufficient time available for the proper performance of their duties.
- Check compliance with the remuneration policy established by the Company.

- Verify the information on remuneration of Directors and Senior Managers contained in the various corporate documents, including the Annual Report on Directors’ Remuneration.
- Ensure that any conflicts of interest do not prejudice the independence of the advice given to the Committee.
- Report on the appointment of the members that must form part of the Committees, taking into account the knowledge, skills and experience of the Directors and the duties of each Committee.

The Committee held seven meetings in 2019, with all of them being attended by all of its members with the exception of a meeting in which one member was absent. The activities that the Committee carried out during the year are detailed in the report on its operation, published on the Ferrovial website. The Nomination and Remuneration Committee takes into account in its activity and operation the recommendations of the Technical Guide of the CNMV on nomination and remuneration committees.

TRAINING AND EXPERIENCE OF THE BOARD MEMBERS



ISSUES ADDRESSED BY THE BOARD OF DIRECTORS

Once a year, at the proposal of its Chairman, the Board of Directors prepares a schedule of dates and issues to be addressed in each of the meetings planned for the following year, taking into account the suggestions of the Directors as well as the recommendations of the external consultant who collaborated in the evaluation process of the Board, notwithstanding other issues that may arise throughout the year. The main issues examined in 2019 are detailed below:

- Periodic financial information.
- Internal control system of financial information.
- Ordinary General Shareholders’ Meeting (notice of meeting, proposal for resolutions, reports).
- Reports of business divisions and corporate areas.
- Annual budget and budget revisions for the current year.
- Health and safety (reviewed in each session of the Board due to the relevance of this matter to the Company).
- Tax policies followed by the company during the year.
- Strategy.
- Guarantees provided by the group’s parent companies.
- Compliance model.
- Innovation.
- Cybersecurity.
- Technology.
- Quality and Environment.
- Shareholding and perception of investors and analysts about Ferrovial.
- Composition of the Board and senior management.
- Ferrovial Flexible Dividend Program.
- Implementation of the share buyback program aimed at reducing share capital.
- Annual evaluation of the Board and its Committees.
- Director’s remuneration.
- Follow-up of the disinvestment of the Services division.

		RAFAEL DEL PINO	IGNACIO MADRIDEJOS	MARÍA DEL PINO	SANTIAGO FERNÁNDEZ VALBUENA	JOSÉ FERNANDO SÁNCHEZ-JUNCO	JOAQUÍN DEL PINO	ÓSCAR FANJUL (Lead Director)	PHILIP BOWMAN	HANNE SØRENSEN	BRUNO DI LEO	JUAN HOYOS	GONZALO URQUIJO
POSITION		Chairman	Chief Executive Officer	Member	Member	Member	Member	Member and Lead Director	Member	Member	Member	Member	Member
Board of Directors	Executive	✓	✓										
	Proprietary	✓		✓			✓						
	Independent				✓	✓		✓	✓	✓	✓	✓	✓
Committees	Executive Commission	✓ ^P	✓	✓		✓		✓				✓	
	Audit and Control Committee				✓			✓ ^P	✓				✓
	Appointments and Remuneration Committee				✓	✓ ^P				✓	✓		
Stakeholding in the share capital	% direct and indirect capital	20.196	0.002	8.118	0.003	0.024	2.542	0.004	0.003	0.000	0.000	0.000	0.000
Other data	Date of first appointment	9/1/1992	30/09/2019	29/9/2006	29/5/2008	3/12/2009	29/10/2015	30/7/2015	28/7/2016	5/4/2017	26/7/2018	30/9/2019	19/12/2019
	Nationality	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	SPANISH	AUSTRALIAN	DANISH	PERUVIAN	SPANISH	SPANISH
	Positions as directors in other listed companies	0	0	0	1	0	0	2	3	4	1	0	2
	Age	61	54	63	61	72	58	70	67	54	62	67	58

P: Chairman of the Executive Committee, Chairman of the Audit and Control Committee or Chairman of the Nomination and Remuneration Committee. Information up-to-date as of February 2020.

