

Responsible Tax Management

Transparency, responsible management

Ferrovial's tax contribution reached 2,087 million euros, in line with previous financial years, with special mention for that corresponding to employment, which stood at 1,156 million euros, and that arising from the company's activity, 636 million euros. The effective management of these tax obligations is based on the criteria of caution and transparency, as well as maximum cooperative compliance.

In 2010, Ferrovial agreed to comply with the Contributor's Good Practices Code promoted by the Spanish Tax Agency, and included these recommendations in all its activities worldwide through its Policy of Compliance and Good Practices in Taxation. Finally, in February 2015 the Board of Directors approved Ferrovial's Tax Policy, in compliance with the provisions of Article 529 ter of the Corporate Company Law.

PRINCIPLES

- **Transparency:** Ferrovial is committed to not making use of companies registered in tax havens of other jurisdictions lacking transparency, except when the activity, a Construction project for example, is located within the territory of these jurisdictions. In this case, information will be provided for the corresponding authorities in accordance with legislation.
- **Compliance:** correct payment within the deadline of all applicable taxes, in compliance with the law in each country.
- **Professional behaviour:** management of taxes and their inherent risk by a team of professionals in the Tax Department with the support of external consultants.
- **Efficiency:** management consistent with business strategy, maximizing value for shareholders.
- **Cooperation:** good relationships with the authorities with proactive management of taxation to avoid conflict.
- **Sustainability:** establishing procedures and policies to manage tax risks.
- **Participation:** contributing its international knowledge in taxation to legislative processes.
- **Market price:** in all transfers made between Ferrovial companies.



*Incurred, paid and collected.

TAX RISK PREVENTION

In line with the recommendations in the Contributor's Good Practices Code, the company will:

- Promote measures to prevent and reduce tax risks.
- Avoid conflicts arising from the interpretation of regulations by consulting the tax authorities and prior assessment agreements.
- Collaborate with the corresponding administrations in the detection of fraudulent tax practices with the aim of eliminating them.
- Provide any information and documentation required by the administrations as quickly and as comprehensively as possible.
- Resort to adversary procedure to reach agreement with tax administrations.

THE ROLE OF THE BOARD

The Board of Directors, via the Chairman, Chief Executive Officer and Senior Management, will encourage compliance with the principles and good practices relating to taxation. It will undertake the approval of control policy and tax risk management, as well as those operations that involve special tax risk.

When the annual accounts are drawn up, the Board will be informed on the tax policies applied during the financial year and on the effective compliance with the commitments included in the Contributor's Good Practices Code and this will be included in the Annual Report on Corporate Governance. In compliance with these commitments, Ferrovial has presented the so-called "transparency report" for 2018 to the Spanish tax authorities (as it did in 2017), having received a very favorable assessment from these authorities in terms of the company's collaboration and transparency. For further information, please see section 6.6 of the Consolidated Annual Accounts.

TAX CONTRIBUTION BY MARKET 2019 AND 2018*

The following tables show the amounts (in €m) paid by Ferrovial in 2019 and 2018, respectively. They are aggregate figures based on its percentage of participation or ownership of the assets. Notably, the main assets integrated by equity accounting are 43.23% in the case of 407 ETR (Canada), 25% for Heathrow and 50% for AGS (United Kingdom). A distinction is made between taxes paid (obligations assumed by Ferrovial) and taxes collected (derived from its activity but borne by others).

2019 (M€)					2018 (M€)				
MARKET	Paid Taxes ⁽¹⁾		Collected Taxes ⁽²⁾	TOTAL	MARKET	Paid Taxes ⁽¹⁾		Collected Taxes ⁽²⁾	TOTAL
	Corporate Tax ⁽³⁾	Rest				Corporate Tax ⁽³⁾	Rest		
Spain	15	367	438	819	Spain	9	357	396	762
United Kingdom	32	167	333	532	United Kingdom	24	163	411	598
Australia ⁽⁴⁾	1	89	264	354	Australia ⁽⁴⁾	6	89	258	353
America ⁽⁵⁾	80	23	47	150	America ⁽⁵⁾	70	22	79	171
Poland	6	31	150	187	Poland	7	24	136	167
Rest of Europe	10	8	26	44	Rest of Europe	12	9	53	73
Others (<1%)	0	0	0	0	Others	0	0	3	3
TOTAL	144	685	1,258	2,087	TOTAL	128	663	1,335	2,127

(1) Taxes borne by Ferrovial derived from its activity and operations, which represent a direct cost (e.g. Corporate Tax, non-deductible VAT, Employment Taxes (Employer), Local Taxes, etc.).

(2) Taxes collected by Ferrovial and paid to public finances on behalf of third parties (e.g. Employment Taxes (Employee), net VAT, Withholding Taxes, etc.).

(3) Excluding the main assets integrated by equity accounting mentioned above, Ferrovial's payments on Corporate Tax are as follows: (a) In 2019: Spain (15), Chile (11), Portugal (9), Poland (6) and Republic of Ireland (2); and (b) In 2018: Spain (9), Portugal (9), Poland (7), Australia (6) and Republic of Ireland (3).

(4) Includes Australia and rest of the islands of the Pacific.

(5) Includes United States of America, Canada, Brazil, Chile, Colombia, Mexico, Peru and Puerto Rico.

*Further information in notes 2.10 and 5.3 of the Consolidated Annual Accounts.

