

## RESPONSIBLE TAX MANAGEMENT

# Contributing responsibly

In 2010, Ferrovial adhered to the Code of Good Tax Practices promoted by the Spanish Tax Agency, extending these recommendations across all its activities worldwide through the Compliance and Good Tax Practices Policy. In February 2015, the Board of Directors approved Ferrovial's Tax Policy, in compliance with the provisions of Article 529 ter of the Capital Companies Law, and in February 2021 it proceeded to its renewal through the approval of the new Compliance and Good Tax Practices Policy. In addition, there are various internal procedural rules that are directly or indirectly related to these Policies.

TOTAL TAX\* (M€)

1,810

\*Accrued, paid and collected

TAXES PAID PER PROFIT (M€)

158

The **Tax Compliance and Best Practices Policy** is part of Ferrovial's Corporate Governance Policies, its update was approved by the Board of Directors in February 2021, and is published on the corporate website (<https://www.ferrovial.com/en/ir-shareholders/corporate-governance/corporate-policies/>), as well as on the Company's intranet.

The policy reflects the Group's general commitment to comply with tax regulations in Spain and in the rest of the countries in which the company operates, as well as to develop the best practices in this matter and maintain an appropriate relationship with the corresponding Tax Authorities, being the responsibility of all its employees and collaborators to comply with this commitment, assuming the following conducts, which are considered Good Practices in Tax Matters:

#### a) Prevention of tax risk:

Without detriment to efficient business management, the Group shall attend in the development of its activities to the principles of an orderly and diligent tax policy:

- Ensuring timely and proper compliance with its tax obligations, filing its taxes in an appropriate manner, with all the relevant information and in accordance with the applicable regulations.
- Establishing the necessary mechanisms to analyze the tax implications, prior to the execution of, among others, any type of investment, corporate operation, signing of contracts or any other action that may have repercussions in tax matters.
- Ensuring that the Group's taxation is adequately related to the structure and location of its activities, the human and material resources of the different entities and the business and financial risks assumed by each of them.
- Promoting practices aimed at the prevention and reduction of significant tax risks.
- Reducing conflicts arising from the interpretation of the applicable regulations, through the use of instruments established for this purpose by the tax systems (prior consultation with the tax authorities, prior valuation agreements, etc.).
- Avoiding the use of opaque structures for tax purposes, understood as those in which, by means of the interposition of special purpose vehicles located in tax havens or territories that do not cooperate with the Tax Authorities, are intended to prevent the latter from

knowing who is ultimately responsible for the activities or the ultimate owner of the assets or rights involved.

- Valuing the related transactions at market value and complying with the transfer pricing documentation obligations established by tax legislation.
- Aligning this Tax Compliance Policy and Ferrovial's Tax Risk Management and Control System ("SGCRF") with the rest of the Group's policies, regulations and guidelines that make up the corporate governance system.

#### b) Relations with the Tax Authorities:

The Company's relations with the competent Tax Authorities shall be governed by the principles of transparency and mutual trust, with the Group assuming the following good practices:

- To collaborate with the competent Tax Authorities in the detection and search for solutions with respect to fraudulent tax practices that may develop in the markets in which the Company is present, in order to eradicate those already existing and prevent their extension.
- To provide the information and documentation with tax implications requested by the competent Tax Authorities in the shortest possible time and in the most complete manner.
- To make use of all the possibilities offered by the contradictory nature of the inspection procedure, promoting the agreement with the competent Tax Authorities in all the procedural phases in which it is feasible to do so.

The Tax Compliance Policy is developed through various internal regulations, procedures, guidelines and circulars that make up the SGCRF, and benefits from the corresponding due diligence procedures and other norms that make up the corporate governance system.

Non-compliance with the Tax Compliance Policy and/or any action that could be considered unlawful or criminal, will be sanctioned in accordance with the provisions of internal procedures, applicable legislation or the corresponding disciplinary regime. In the case of administrators, the provisions of commercial regulations shall apply. Disciplinary measures will be imposed to correct the detected infractions according to their importance.



This commitment to compliance is part of the general principles on which the Company's fiscal management is based and which are included in Ferrovial's Fiscal Policy, which has followed the Corporate Responsibility guidelines contained in the Global Reporting Initiative (GRI 207) and the information contained therein is verified in the same terms as the rest of the information included in the EINF.

The principles of the Tax Policy are mandatory for all employees of Ferrovial SA and Ferrovial Group companies who are involved, directly or indirectly, in the management of any applicable taxes in all countries in which the entities carry out their business or have a business presence.

The Tax Compliance and Best Practices Policy is in line with current international taxation standards (OECD Guidelines) and ensures a transparent tax compliance model based on the best tax practices, which guarantees the correct tax contribution of the Group in each of the countries in which it operates.

The commitment to contribute to the economic and social development of the different markets in which Ferrovial operates is materialized in the tax sphere in compliance with all tax obligations generated as a result of its activity, in accordance with the applicable local and international regulations.

## **TAX GOVERNANCE, CONTROL AND RISK MANAGEMENT.**

### The role of the Board of Directors and Tax Compliance Body

In compliance with the provisions of commercial legislation, the Board of Directors determines the risk control and management policy, including tax risks; approves investments or transactions which, due to their high amount or special characteristics, have a special tax risk; and determines the company's tax strategy.

Under these responsibilities, the Board of Directors, through its Chairman, Chief Executive Officer, its executives and, in particular, through the Tax Advisory Department, promotes the monitoring of tax principles and good tax practices.

When formulating the annual financial statements and the filing of the corporate income tax return, the Board is informed of the tax policies applied during the year and, in particular, of the degree of compliance therewith. Likewise, it is informed about the conclusions derived from the supervision and evaluation of the operation and effectiveness of the Group's SGCRF, which is reflected in the Annual Corporate Governance Report.

In the case of transactions or matters that must be submitted to the Board of Directors for approval, the Board of Directors is informed in advance of the tax consequences of such transactions or matters when these constitute a relevant factor.

The functions of supervising the operation and effectiveness of the Group's SGCRF are assigned to Ferrovial's Compliance Department (tax compliance body), supported by the Tax Advisory Department, functions that already form part of its area of responsibility for supervising the general compliance program and which it will carry out independently and permanently.

#### The role of the Tax Advisory Department.

The Group's Tax Advisory Department is a centralized body, with sufficient financial resources and made up of experienced tax experts, whose main objective is to manage the Group's tax affairs in accordance with the general principles and guidelines set out in Ferrovial's tax policies. To this end, it is responsible for establishing the tax procedures and criteria to be followed by the group companies, by issuing and disseminating the internal standards required for their implementation, as well as establishing the appropriate control measures to ensure compliance.

The responsibilities entrusted to the Tax Advisory Department include the following:

- Verifying compliance with Ferrovial's Tax Policy, the Tax Risk Control and Management Policy and the Code of Good Tax Practices.
- Detecting, analyzing and monitoring tax risks and contingencies.
- Tax planning of investments and divestments made by the Group, recommending the use of appropriate and optimal structures.
- Providing training to employees on tax matters, as well as on the Group's Tax Risk Control and Management System.
- Participate in relevant forums for the discussion of tax issues with the intention of strengthening a model of value creation and synergies with all of them, dialogue and relationship maintained with non-governmental organizations, such as SEOPAN and CEOE, through which the Group actively participates in legislative initiatives, as well as through its participation in working groups within the Large Companies Forum, within the framework of its commitment to promote cooperative relations with the Tax Administration.
- Adopting the pertinent measures, implementing systems and automatisms that increase security and efficiency in the achievement of the objectives set.
- Attending and/or advising on claims or comments received directly or through the channels of communication of non-compliances (Ethical Channel) and solving queries related to the Group's Tax Risk Management and Control System.

Since 2017, the Tax Transparency Report has been submitted annually and voluntarily to the Spanish Tax Administration, thereby reinforcing legal certainty, mutual knowledge and reciprocal trust with the tax authorities.

#### **TAX RISK PREVENTION AND MANAGEMENT**

Ferrovial has a Tax Risk Management and Control System whose main objective is to establish a governance framework in tax matters that ensures that the group's actions and operations are governed by clear principles, values and rules, aligned with the group's Code of Business Ethics and other corporate governance rules, which enable any employee, person or entity that has a relationship with the group and the Board of Directors to adopt the appropriate decisions to comply with tax legislation, as well as to reinforce Ferrovial's commitment to stakeholders (i. e. Public Administrations, shareholders, stakeholders, employees, etc.) from a tax perspective.

Following the recommendations of the Code of Good Tax Practices, Ferrovial:

- Ensures timely and proper compliance with its tax obligations, filing its taxes in an appropriate manner, with all the relevant information and in accordance with the applicable regulations.
- Promotes measures to prevent and reduce tax risks and establishes the necessary mechanisms to analyze the tax implications prior to carrying out any transaction.
- Ensures that the Group's taxation is adequately related to the structure and location of its activities, the human and material resources of the different entities and the business and financial risks assumed by each of them.
- Avoids conflicts arising from the interpretation of the regulations by consulting the tax authorities or prior valuation agreements.
- Values related-party transactions at market value and complies with transfer pricing documentation obligations established by tax legislation.
- Avoids the use of opaque structures for tax purposes.
- Aligns its Tax Risk Management and Control Policy and System with the rest of the Group's policies, rules and instructions that make up the Group's corporate governance system.

This due diligence framework, which is undergoing a process of annual monitoring and control, embodies the company's firm commitment to strict compliance with applicable laws and the application of the highest ethical standards in the development of the company's activities. The Compliance and Risk Department is responsible for managing and analyzing the operation of this system, the independence and effectiveness of this department, has been strengthened as it has been provided with new resources and it now reports directly to the Audit and Control Committee.

The programs that form part of Ferrovial's tax risk management and control system include, among others, the following:

- Ferrovial Risk Management (FRM): Risk and Contingency Identification and Assessment Process, supported by the FRM IT tool in operation at Ferrovial and its group of companies. This process is managed by Ferrovial's Risk Department. As an integral part of this process and supported by the same tool, there is the Risk Identification and Assessment Process and Self-assessment of Compliance Controls, managed by Ferrovial's Compliance Department. This process identifies and assesses regulatory compliance risks, including the risk of committing criminal acts, and evaluates the monitoring and control measures implemented to mitigate them. Likewise, through this process, all business areas report any non-compliance with laws and regulations with potential criminal consequences for Ferrovial.
- Internal Control over Financial Reporting System (ICFR): Process of identification and assessment of risks and controls associated with the preparation and reliability of financial information, supported by the Diana IT tool.
- SIGEFI, Alphatax, Tagging XBRL Services, Vat Controller, Katalist and Link 360: Systems for management and control of tax obligations, to be complied with in all jurisdictions in which Ferrovial operates.
- System for evaluating the performance of the tax compliance management system through Key Risk Indicators (KRIs), which make it possible to periodically assess the suitability and effectiveness of the procedures established in this area and to measure the degree of objective compliance with them and their degree of effectiveness.

It should also be noted that Ferrovial has an Ethics Channel available to its employees and any counterparty with a legitimate interest, which may be used to report any non-compliance related to the group's Tax Risk Management and Control System, as well as to report any illegal act or behavior of a tax nature. The Compliance Department is responsible for managing the operations of the Ethics Channel, in coordination with the appropriate management bodies in each case and, in particular, with the Internal Audit Department.

## Ferrovial certifies its tax compliance management system

In February 2021, Ferrovial, S.A. obtained certification from AENOR of its tax compliance management system in accordance with the UNE 19602 reference standard "Management system for tax compliance".

This certification endorses Ferrovial's commitment to regulatory compliance, responding to the regulatory requirements of markets, customers, shareholders and investors and other stakeholders, and position the company with a high ethical standard and commitment to best corporate governance practices.

This certification, which is valid for three years from the date it was granted, was reviewed and audited by AENOR in February 2022, and it is considered that Ferrovial's Fiscal Management System complies with the requirements of the Standard and with the rest of the audit criteria, and it is considered to be effectively implemented.

### COUNTRY BY COUNTRY REPORT 2021 AND 2020\*

These charts show the amounts (in €m) paid by Ferrovial in 2021 and 2020, respectively. They are aggregate figures based on its percentage of participation or ownership of the assets. Notably, the main assets integrated by equity accounting, 43.23% in the case of 407 ETR (Canada), 25% for Heathrow and 50% for AGS (United Kingdom).

2021 (M€)				
Market	Paid Taxes <sup>(1)</sup>		Collected Taxes <sup>(2)</sup>	Total (M€)
	Corporation Taxes	Rest		
Spain	44	334	389	767
United Kingdom	3	116	525	644
Australia <sup>(3)</sup>	0	1	3	4
America <sup>(4)</sup>	65	32	117	214
Poland	33	21	69	123
Rest of Europe	12	16	29	57
Others	0.5	0.5	0	1
<b>TOTAL</b>	<b>158</b>	<b>520</b>	<b>1,132</b>	<b>1,810</b>

2020 (M€)				
Market	Paid Taxes <sup>(1)</sup>		Collected Taxes <sup>(2)</sup>	Total (M€)
	Corporation Taxes	Rest		
Spain	-2	363	388	749
United Kingdom	-30	151	374	495
Australia <sup>(3)</sup>	0	133	50	183
America <sup>(4)</sup>	38	32	55	125
Poland	39	36	95	170
Rest of Europe	15	10	37	62
Others (<1%)	0	0	1	1
<b>TOTAL</b>	<b>60</b>	<b>725</b>	<b>1,000</b>	<b>1,785</b>

(1) Taxes borne by Ferrovial derived from its activity and operations, which represent a direct cost (e.g. Corporation 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) Includes Australia and the rest of the Pacific Islands.

(4) Includes USA, Canada, Brazil, Chile, Colombia, Mexico, Peru and Puerto Rico.