

# Transparency and efficient management

**FERROVIAL'S TOTAL TAX CONTRIBUTION CAME TO EUR2,127 MILLION, INCLUDING MOST NOTABLY TAXES ON EMPLOYMENT (EUR1,182 MILLION) AND TAX ON BUSINESS ACTIVITIES (EUR685 MILLION). THE COMPANY IS GUIDED BY THE PRINCIPLES OF PRUDENCE AND TRANSPARENCY AND FULL COOPERATION WITH THE AUTHORITIES WHEN MANAGING ITS TAX AFFAIRS**

In 2010, Ferrovial adhered to the Code of Good Tax Practices promoted by the Spanish Tax Agency. It follows these recommendations across all its activities worldwide through the Compliance Policy and Good Practices in Tax Matters. In February 2015, the Board of Directors approved the Ferrovial Tax Policy, thus complying with the provisions of Article 529 ter of the Spanish Corporate Enterprises Law.

## PRINCIPLES

- **Transparency:** Ferrovial does not make use of any companies domiciled in tax havens or other non-transparent jurisdictions, except when a given activity –such as a construction project– is located in any such jurisdiction. In these cases, the company will provide information to the competent authorities in compliance with applicable law.
- **Compliance:** timely payment of all applicable taxes, in strict compliance with the law in each country.
- **Professionalism:** all taxes and the associated risks are managed by a team of specialized professionals, namely the Ferrovial Tax Advisory Division, which is aided in its work by a team of external advisors.
- **Efficiency:** taxes are managed consistently and coherently with the business strategy, thus maximizing the value for shareholders.
- **Cooperation:** the company maintains good relations with the tax authorities by proactively managing its tax affairs to avoid any possible conflict or dispute.

- **Sustainability:** Ferrovial has procedures and policies in place to manage its tax risks.
- **Participation:** Ferrovial offers its extensive international knowledge of tax matters to aid with legislative processes.
- **Market price:** all sales and transfers among Ferrovial companies are performed at arm's length.

## PREVENTION OF TAX RISKS


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

- Implements measures to prevent and reduce tax risks.
- Avoids conflicts arising from the interpretation of law and regulations by consulting regularly with the tax authorities and entering into preliminary valuation agreements.
- Collaborates with the competent tax authorities to detect and eradicate fraudulent tax practices.
- Provides all information and documentation requested by the tax authorities as swiftly as possible.
- Relies on inspection proceedings to settle possible disputes with the tax authorities.

## THE ROLE OF THE BOARD

The company's Board of Directors, acting through the Chairman, CEO and senior executives, ensures that Ferrovial adheres to good

tax practices and principles. The Board is responsible for approving a control and management policy for tax risks, as well as for any operations that carry a special tax risk.

When drawing up the annual accounts, the Board is informed about the tax policies applied during the year and about the effective fulfillment of the commitments included in the Code of Good Tax Practices. This compliance is discussed and explained in the Annual Corporate Governance Report. For further information, please see section 6.6 of the Consolidated Financial Statements. 

**TOTAL TAX\* (M€)**

**2,127**

...

**TAXES PAID BY BUSINESS (M€)**

**128**

...

\* Incurred, paid and collected in 2018 (cash basis).

## TAX CONTRIBUTION BY MARKET - 2018

This chart shows the amounts paid by Ferrovial in 2018. They are aggregate figures based on its percentage of participation or ownership of the assets (notably 43.23% in the case of the 407 ETR, 25% for Heathrow and 55.14% at Budimex). A distinction is drawn between input taxes (obligations assumed by Ferrovial) and output taxes (arising from its activity, but actually paid by other parties).

MARKET	PAID TAXES		COLLECTED TAXES <sup>(2)</sup>	TOTAL (€)
	CORPORATE TAXES	REST <sup>(3)</sup>		
Spain	€9,079,686	€356,623,272	€396,398,950	€762,101,907
United Kingdom	€24,244,699	€162,757,153	€410,610,479	€597,612,331
Australia <sup>(3)</sup>	€6,242,129	€88,693,100	€257,680,983	€352,616,212
America <sup>(4)</sup>	€69,797,960	€22,070,508	€79,349,842	€171,218,310
Poland	€7,200,868	€23,651,100	€135,980,999	€166,832,967
Rest of Europe	€11,813,898	€8,819,612	€52,585,463	€73,218,973
Others (<1%)	€67,972	€472,346	€2,501,074	€3,041,392
<b>Total</b>	<b>€128,447,213</b>	<b>€663,087,091</b>	<b>€1,335,107,788</b>	<b>€2,126,642,092</b>

(1) Includes Employment Taxes (Employer), Value Added Tax paid and Other Taxes.

(2) Includes Employment Taxes (Employee), Value Added Tax collected and Withholding Taxes.

(3) Includes Australia and the rest of the Pacific Islands.

(4) Includes United States of America, Canada, Brazil, Chile, Colombia, Mexico, Peru and Puerto Rico. 98% of corporate tax corresponds to Canada.

More information in notes 2.10 and 5.3 of the Consolidated Financial Statements