4. CORPORATE GOVERNANCE

Corporate Governance Report

Ethical and Responsible Management

Remuneration Report

Risks

CORPORATE GOVERNANCE

INDEPENDENCE AND DIVERSITY

Corporate governance aligned with national and international best practices is a priority for Ferrovial. This leads to integrity, which is key to create long-term sustainable value, reinforcing the trust that shareholders and other stakeholders have in the company.

Ferrovial SE ("Ferrovial" or the "Company") is a company existing under the laws of the Netherlands. Its legal form is a European public liability company (*Societas Europaea*). The corporate seat of the Company is in Amsterdam, the Netherlands. The Company is registered in the Dutch Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under number 73422134.

The Company was originally incorporated as a public limited company under the laws of England and Wales and converted to a European public limited liability company under the laws of England and Wales on 13 December 2018. On 26 March 2019, the Company transferred its registered office to the Netherlands. Ferrovial became the parent company of the Ferrovial group as a result of the reverse cross-border merger between the former parent company of the Ferrovial group, Ferrovial, S.A. (as absorbed company) and Ferrovial International SE (as absorbing company, renamed Ferrovial SE when the merger was effective) (the "Merger"). By means of the Merger, which became effective on 16 June 2023 (the "Merger Effective Time"), the Company acquired all Ferrovial, S.A.'s assets and liabilities under universal title.

As the parent company of a group of entities operating in different jurisdictions, Ferrovial is subject to, and operates under, the laws of each country in which it conducts business.

The shares of Ferrovial are listed and traded on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V., and on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, regulated markets of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. Ferrovial is in the process of applying for admission to list and trade its shares on the National Association of Securities Dealers Automated Quotations (NASDAQ) stock exchange in the United States.

This chapter of the Annual Report addresses Ferrovial's overall corporate governance structure and states to what extent Ferrovial adheres to the best practice provisions of the Dutch Corporate Governance Code (the "Dutch Governance Code") and where it deviates. Information the Company is required to disclose pursuant to the Decree on the content of the management report (*Besluit inhoud bestuursverslag*) (the "Decree Management Report") is included in this Annual Report, including Ferrovial's corporate governance statement in Section 9.

This chapter takes into account matters and facts of Ferrovial, S.A. (former parent company of Ferrovial group) before the Merger Effective Time and of the Company as from the Merger Effective Time.

EXTERNAL BOARD ASSESSMENT
9
consecutive years

VOTING RIGHTS HELD BY THE BOARD OF DIRECTORS
28.86%

LEAD DIRECTOR
1

INDEPENDENT DIRECTORS
75%

AUDIT AND CONTROL COMMITTEE
100%
Independent

NOMINATION AND REMUNERATION COMMITTEE
100%
Independent

FEMALE REPRESENTATION
33.33%

1. GOVERNANCE STRUCTURE

Pursuant to the Company's articles of association (*statuten*) (the "Articles of Association"), the Company has a one-tier board (*bestuur*) structure consisting of executive directors (*uitvoerend bestuurders*) (the "Executive Directors") and non-executive directors (*niet-uitvoerend bestuurders*) (the "Non-Executive Directors"), who together constitute the Board of Directors (the "Board" and each member of the Board a "Director").

The Board has constituted, from among its members, an Executive Committee, an Audit and Control Committee and a Nomination and Remuneration Committee (the "Committees").

The Executive Committee consists of Directors who are appointed to such committee by the Board. The Executive Committee is authorized to adopt any resolution the Board may adopt, subject to such restrictions as set out by applicable law, our Articles of Association and the written rules of procedure of the Board (the "Board Rules").

The Audit and Control Committee and the Nomination and Remuneration Committee have a preparatory and advisory role to the Board. Each of these committees has a charter on its role, responsibilities and functioning. They consist of Non-Executive Directors who are appointed to such committees by the Board. Both committees report their findings to the Board, which is ultimately responsible for all decision-making.

2. BOARD

2.1 Introduction

The Company is managed by the Board. The Board responsibilities include, among other things, setting the Company's strategy, developing a view on its sustainable long-term value creation, enhancing its performance, developing a strategy, identifying, analyzing and managing the risks associated with its strategy and activities, and establishing and implementing internal procedures to ensure that all relevant information is known to the Board in a timely manner.

The Board may allocate its duties among the Directors by means of the Board Rules or otherwise in writing, with due observance of any limitations provided for by law or in the Articles of Association. Directors may validly adopt resolutions on matters that fall within the scope of such Directors' duties. In fulfilling their responsibilities, the Directors are required to be guided by the interests of the Company and its affiliated enterprise, taking into consideration the interests of the Company's stakeholders (which include but are not limited to, the shareholders, its creditors and its employees).

The Board has adopted Board Rules, regulating internal matters concerning its organization, decision-making, the duties and organization of committees and other internal matters concerning the Board, the Executive Directors, the Non-Executive Directors, and the Committees.

The Board as a whole, as well as each Executive Director acting individually, may represent the Company. In addition, the Board may authorize persons, whether or not employed by the Company, to represent the Company on a continuing or ad hoc basis.

2.2 Composition of the Board

Pursuant to the Articles of Association, the Board consists of one or more Executive Directors and two or more Non-Executive Directors. The Board must consist for a majority of Non-Executive Directors. The Board itself determines the exact number of Directors, as well as the number of Executive and Non-Executive Directors, provided that the number of Directors must be at least three and cannot exceed twelve.

The Board is currently composed of twelve members, which facilitates an efficient and participatory operation. There are two Executive Directors (the Chairman and the CEO) and ten Non-Executive Directors.

The Executive Directors are primarily responsible for the day-to-day management of the Company. The Executive Directors must timely provide the Non-Executive Directors with the information they need to carry out their duties.

The Non-Executive Directors supervise the Executive Directors' management and performance of duties and the Company's general affairs and its business. The Non-Executive Directors also render advice to the Executive Directors. The Non-Executive Directors also perform any duties allocated to them under, or pursuant to, applicable law, the Articles of Association or the Board Rules.

The Board has designated one of the Executive Directors as Chairman, one of its Non-Executive Directors as Vice-Chairman, one CEO, and one of the Independent Directors as Lead Director.

The Chairman has the ultimate responsibility for the effective operation of the Board. Thus, the Chairman's duties include preparing and submitting to the Board a schedule of meeting dates and agendas, the ordinary power to call the Board, setting the agenda for the meetings, leading the discussions and deliberations while ensuring that sufficient time is given to discussion of strategic questions, organizing and coordinating the periodic evaluation of the Board, and approving and reviewing refresh courses for each Director, when circumstances so advise. He also acts as the main contact for the Executive Directors, Non-Executive Directors and shareholders regarding the functioning of the Board.

The Vice-Chairman stands in for the Chairman in the latter´s unavoidable absence or inability to act, and acts as a contact for individual Directors regarding the functioning of the Chairman or the Lead Director.

The Lead Director, amongst other duties, is specifically empowered to request the convening of the Board or include new items on the agenda of a Board meeting already convened, coordinate and convene the Non-Executive Directors and direct, if applicable, the periodic evaluation of the Chairman. Similarly, the Lead Director chairs meetings of the Board in the absence of the Chairman and Vice-Chairmen and gives voice to the concerns of the Non-Executive Directors. Alongside the Chairman, he acts as the main contact for the Executive Directors, Non-Executive Directors and shareholders regarding the functioning of the Board. The Lead Director also has, together with the Chairman, the duties mentioned in article 17.3 of Board Rules.

2.3 Biographies of the Directors

Rafael del Pino

Chairman
Executive Director

- Civil Engineer (Polytechnic University of Madrid, 1981); MBA (Sloan School of Management, MIT, 1986).
- Chairman of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2000) and CEO since 1992. Chairman of Cintra from 1998 to 2009.
- Member of the MIT Energy Initiative's External Advisory Board and the MIT Sloan European Advisory Board. He also is a member of the IESE's International Advisory Board and the Royal Academy of Engineering of Spain.
- He has been Director of Zurich Insurance Group, Banesto and Uralita. Also, he was a member of the MIT Corporation and the Harvard Business School European Advisory Board.

Other information:
Mr. Rafael del Pino has a controlling interest in the shareholder Rijn Capital B.V.

Óscar Fanjul

Vice-chairman
Independent Non-Executive Director

- Degree in Economics (Universidad Complutense de Madrid).
- Director of Ferrovial since SE since 2023 (and of Ferrovial, S.A. since 2015).
- Director of Marsh & McLennan Companies and Cellnex Telecom. Trustee of the Center for Monetary and Financial Studies (Bank of Spain), of the Aspen Institute (Spain) and of the Norman Foster Foundation.
- Former founding Chairman and CEO of Repsol; Chairman of Hidroeléctrica del Cantábrico; Non-Executive Chairman of NH Hoteles and Deoleo; Non-Executive Vice-Chairman of Holcim; Director of Acerinox, Unilever, BBVA, London Stock Exchange and Areva.

Ignacio Madridejos

CEO
Executive Director

- Civil Engineer (Polytechnic University of Madrid); MBA (Stanford University).
- CEO of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2019).
- Former Regional President of CEMEX USA; Regional President of CEMEX Northern Europe; global responsible of CEMEX Energy, Security and Sustainability areas; President of CEMEX Spain; and CEO of CEMEX Egypt. He previously worked at McKinsey and Agroman. He was also President of OFICEMEN (Spanish Association of Cement Manufacturers), IECA (Spanish Institute of Cement and its Applications), and CEMBUREAU (European Cement Association).

María del Pino

Non-Executive Director

- Degree in Economics and Business Administration (Universidad Complutense de Madrid); Management Development Program (IESE).
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2006).
- Chairperson of the *Fundación Rafael del Pino*. Legal representative of Menosmares, S.L. that holds the positions of rotating Chairperson / Vice-Chairperson of the Board of Casa Grande de Cartagena, S.A.U. and Vice-Chairperson of the Board of Pactio Gestión, SGIIC, S.A.U. Member of the Board of Trustees of the Princess of Asturias.

Other information:
Ms. María del Pino is majority shareholder, as well as Director and CEO, of the shareholder Menosmares, S.L.

José Fernando Sánchez-Junco

Independent Non-Executive Director

- Degree in Industrial Engineering (Polytechnic University of Barcelona); ISMP Graduate (Harvard Business School) and member of the State Corps of Industrial Engineers (on leave since 1990).
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2009). Director of Cintra from 2004 to 2009.
- Honorary Chairman of MaxamCorp Holding and member of the Board of Trustees of the *Museo de la Minería y la Industria*.
- Former Executive Chairman of Maxam Group; Managing Director of Iron and Steel and Naval Industries and Managing Director of Industry at the Ministry of Industry and Energy; Director of Dinamia and Uralita.

Philip Bowman

Independent Non-Executive Director

- Degree with honors in Natural Science (University of Cambridge); Master in Natural Science (University of Cambridge).
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2016).
- Non-Executive Chairman of Tegel Group Holdings Limited, Sky Network Television Limited and Majid Al Futtaim Properties LLC; Non-Executive Director of the affiliates Majid Al Futtaim Holding LLC and Majid al Futtaim Capital LLC; and Non-Executive Director of Kathmandu Holdings Limited and of Better Capital PCC.
- Former Chairman of Potrero Distilling Holdings, Coral Eurobet Limited and Liberty plc; Non-Executive Chairman of The Munroe Group (UK) Limited; CEO of Smiths Group plc, Scottish Power plc and Allied Domecq plc; and Director of Burberry Group plc, Berry Bros. & Rudd Limited, Scottish & Newcastle Group plc, Bass plc, British Sky Broadcasting Group plc and Coles Myer Limited.

Hanne Sørensen

Independent Non-Executive Director

- MsC. in Economics and Management from the University of Aarhus (Denmark).
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2017).
- Vice-Chairperson of Holcim; Non-Executive Director of Tata Motors, Tata Consulting Services, Jaguar Land Rover Automotive Plc and its affiliates Jaguar Land Rover Ltd and Jaguar Land Rover Holdings Ltd.
- Former CEO of Damco and Maersk Tankers; Chief Commercial Officer at Maersk Line; and CFO for the Asia Region at Maersk Line (A.P. Moller-Maersk Group). She has also been Chairperson of ITOPF, Vice-Chairperson of Hoegh Autoliners and Director of Delhivery, Axcel and INTTRA.

Bruno Di Leo

Independent Non-Executive Director

- Degree in Business Administration from Ricardo Palma University and postgraduate degree from *Escuela Superior de Administracion de Negocios*, both in Lima (Perú).
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2018).
- Non-Executive Director of Cummins; member of the IESE's International Advisory Board in Spain and of the Deming Center Advisory Board of Columbia Business School.
- Former Non-Executive Director of Taiger. He has developed his professional career at the multinational group IBM. He served as Senior Vice-President of IBM Corporation; Senior Vice-President of Global Markets; General Manager of the Growth Markets Unit; General Manager for Global Technology Services in Southwest Europe and General Manager for Northeast Europe; General Manager for IBM Latin America and General Manager of IBM Brazil.

Juan Hoyos

Independent Non-Executive Director / Lead Director

- Degree in Economics (Universidad Complutense de Madrid); Master in Business Administration in Finance and Accounting (Columbia Business School).
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2019).
- Director of Inmoglaciar and Gescobro.
- Former Chairman, Senior Partner of McKinsey & Company Iberia and member of the McKinsey & Company Shareholder Council worldwide; Strategy, Brand & Marketing Executive Vice-President of Banco Santander Brazil; Executive Chairman of Haya Real Estate and Director of Banco Santander Chile and Banco Santander Mexico.

Gonzalo Urquijo

Independent Non-Executive Director

- Degree in Economic and Political Sciences (Yale University). MBA (Instituto de Empresa, Madrid).
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2019).
- CEO of Talgo; Non-Executive Director of Gestamp Automoción; Chairman of the Hesperia Foundation; member of the Board of Trustees of the Princess of Asturias Foundation.
- Former Chairman of Abengoa and ArcelorMittal Spain; member of the General Management of ArcelorMittal and head of the sectors of Long Products, Stainless Steel, Tubes, Emerging Markets; CFO and head of the Distribution sector of Arcelor; CFO of Aceralia Corporación Siderúrgica. He previously worked at Citibank and Crédit Agricole. He was also Chairman of the ArcelorMittal Foundation and of UNESID (the Spanish union of steel companies); Director of Aceralia, Atlantica Yield, Aperam, Vocento and other companies.

Hildegard Wortmann

Independent Non-Executive Director

- Degree in Business Administration (University of Münster, Germany); MBA from the University of London.
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2021).
- Member of the Extended Executive Committee of Volkswagen Group; member of the Board of Management of Audi AG as Head of Sales and Marketing; Non-Executive Director of Volkswagen Financial Services AG and of the Supervisory Board of Porsche Holding, Porsche Austria and Porsche Retail.
- Former member of the Board of Management of the Volkswagen Group, Senior Vice-President for Product Management, Senior Vice-President for the Brand and CEO for the Asia-Pacific region of the BMW automotive group; Non-Executive Director of the Supervisory Board of Cariad and several executive posts at Unilever for Germany and United Kingdom.

Alicia Reyes

Independent Non-Executive Director

- Degree in Law, Economics and Business Administration (Madrid Universidad Pontificia de Comillas, ICADE); PhD (*summa cum laude*) in quantitative methods and financial markets from the same university.
- Director of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2021).
- Independent Director of Banco Sabadell; Independent Director of KBC Group and Director of its affiliate KBC Bank; Guest Professor at the Institute of Finance and Technology in the School of Engineering at University College London (UCL).
- Former CEO of Momentus Securities and CEO for the EMEA region of Wells Fargo Securities; Director of TSB Bank; Global Head of structuring in the investment banking division and Global Head of insurance solutions and strategic equity derivatives of Barclays Capital; Country Manager for Spain and Portugal of Bearn Stearns; Chief Investment Officer of the Abengoa group's venture capital fund specialized in technology (Telecom Ventures). She previously worked for Deutsche Bank.

Santiago Ortiz Vaamonde

Secretary

- Spanish State Attorney (on voluntary leave); PhD in Law (Universidad Complutense de Madrid).
- General Counsel and Secretary of the Board of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2009).
- He has been a partner in the litigation and regulatory departments of two well-known law firms; Agent of the Kingdom of Spain before the Court of Justice of the European Union; professor at the Diplomatic School and the Carlos III University.

Independence Statement

The following Non-Executive Directors are considered independent within the meaning of the Dutch Governance Code:

- Mr. Óscar Fanjul.
- Mr. José Fernando Sánchez-Junco.
- Mr. Philip Bowman.
- Ms. Hanne Sorensen.
- Mr. Bruno Di Leo.
- Mr. Juan Manuel Hoyos.
- Mr. Gonzalo Urquijo.
- Ms. Hildegard Wortmann.
- Ms. Alicia Reyes.

Non-Executive Director Ms. María del Pino is not considered independent within the meaning of the Dutch Governance Code, since she is the sister of the Executive Director Mr. Rafael del Pino.

Additionally, the independence requirements under the Dutch Governance Code do not apply to Mr. Rafael del Pino and Mr. Ignacio Madridejos, since they are Executive Directors of the Company.

2.4 Appointment and Dismissal of Directors

The General Meeting appoints the Directors, pursuant to a nomination thereto by the Board in the notice of the General Meeting at which the nomination is to be considered.

The Articles of Association provide that a Director shall be appointed for a term as set out in the nomination for appointment and the term of appointment of a Director lapses (at the latest) at the end of the first General Meeting held in the third calendar year following the year of appointment. A Director may be re-appointed with due observance of the Articles of Association and applicable law. The Board has drawn up a rotation schedule for the Non-Executive Directors which is published on Ferrovial's website.

Each current Director of Ferrovial has been appointed for a term ending at the end of the Annual General Meeting of the Company held in the year in which his or her term as Ferrovial, S.A. Director, as before the Merger Effective Time, would have ended.

The General Meeting may suspend or dismiss a Director. A suspension by the General Meeting may, at any time, be discontinued by the General Meeting. The Board may, at any time, suspend an Executive Director. A suspension by the Board may, at any time, be discontinued by the Board or by the General Meeting. A suspension may be extended one or more times, but the total duration of the suspension may not exceed three months. If at the end of that period, no decision has been taken on termination of the suspension or on dismissal, the suspension ends.

2.5 Board rules, decision making, meetings and attendance

2.5.1 Board rules and decision making

The Articles of Association and the Board Rules regulate internal matters of the Board. The Board Rules are available on Ferrovial's website.

Unless applicable law, the Articles of Association or the Board Rules provide otherwise, resolutions of the Board are adopted both at and outside a meeting by a majority of the votes cast. In the event of a tied vote, the Chairman has a casting vote, provided at least two other Directors entitled to vote are in office.

At a Board meeting, resolutions can only be validly adopted if the majority of the Directors entitled to vote attends the meeting, in person or represented.

A Director may only be represented at a meeting of the Board by another Director who is entitled to vote and has been authorized to do so in writing. Non-Executive Directors may only grant a proxy to another Non-Executive Director.

The approval of the General Meeting is required for resolutions of the Board regarding an important change in the identity or character of the Company or its business. The absence of approval of the General Meeting does not affect the authority of the Board or the Executive Directors to represent the Company. The approval of the General Meeting is in any event required for Board resolutions relating to:

- the transfer of the business enterprise, or practically the entire business enterprise, to a third party;
- concluding or cancelling a long-lasting cooperation of the Company or a Group Company with another legal person or company, or as a fully liable general partner in a partnership, provided that the cooperation or cancellation is of material significance to the Company; and
- acquiring or disposing of a participating interest in the share capital of a company with a value of at least one third of the Company's assets, as shown in the consolidated balance sheet with explanatory notes according to the last adopted annual accounts, by the Company or a Group Company.

2.5.2 Meetings

Pursuant to the Board Rules, the Board meets at least once every three months. Additionally, the Board meets whenever the Chairman, the Lead Director or at least three Directors requested a meeting. Meetings of the Board are typically attended by the Directors in person.

Directors are expected, as much as possible, to attend the meetings of the Board, the Committees of which they are a member and the General Meeting, in person. In Financial year 2023, seven Board meetings were held.

2.5.3 Business dealt with by the Board

Annually, at the proposal of the Chairman, the Boar draws up a calendar and matters to be discussed at each of the meetings scheduled for the following year, without prejudice to other matters that may arise during the year. The main matters discussed in 2023 include the below.

- Approval of the Merger and follow-up of the progress of the Merger process, including the listing and trading of Ferrovial shares on Euronext Amsterdam and Spanish Stock Exchanges, and the application for listing in the US.
- Strategy of Ferrovial group. Specifically, as is customary each year, the Board received comprehensive presentations detailing the strategies of the Ferrovial group's business divisions, Human Resources, and IT department. The Board discusses the reported strategies and results extensively.
- Report on matters discussed at Committee meetings.
- Periodic financial information.
- Cash availability, which is reviewed at each Board meeting.
- Internal control system for financial information
- Risk management and control system. Main risks of Ferrovial group.
- Preparation of the General Meeting (scheduling of the meeting, proposed resolutions, mandatory reports).
- Reports from business divisions and corporate areas.
- Annual budget and forecasts of the current year's budget.
- Health, Safety and Wellbeing, which is reviewed at each Board meeting.
- Tax policies followed during the previous year.
- General operations of the Ferrovial group.
- Guarantees provided by the Group's parent companies.
- Effectiveness of the compliance program.
- Technology and cybersecurity.
- Innovation and digitalization.
- Sustainability (submitting to the General Meeting the approval of the Climate Strategy report for the financial year to a consultative vote).
- Social action.
- Shareholder analysis and market perception.
- Composition of the Board.
- Ferrovial Flexible Dividend Program.
- Annual evaluation.
- Remuneration of Directors (including the submission of a Directors' Remuneration Policy to the General Meeting).

2.5.4 Individual attendance

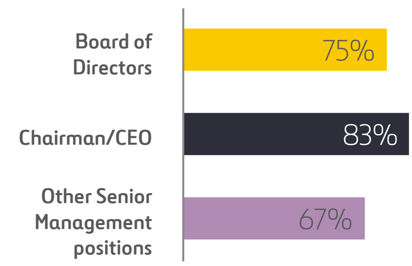
In the table below, the individual attendance of Directors to the meetings of the Board and Committees is described.

The table below shows, for each of the Directors, the name, position held in the Board, Committees' membership, attendance to the meetings of the Board and its Committees, shareholding (information on the number of shares held by the Directors is included in Section 2.8.2), appointment date, current term in office, age, nationality, and other listed companies in which they are Directors.

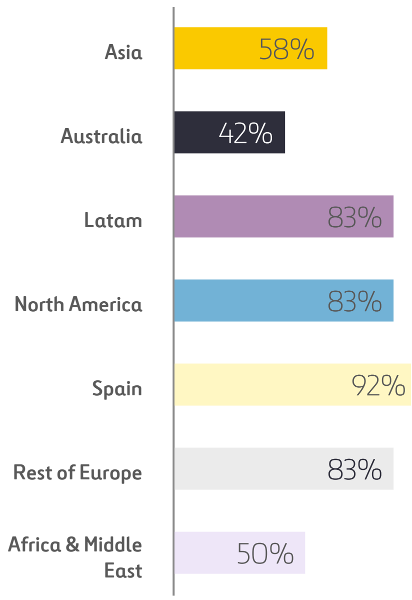
		RAFAEL DEL PINO	ÓSCAR FANJUL	IGNACIO MADRIDEJOS	MARÍA DEL PINO	JOSÉ FERNANDO SÁNCHEZ-JUNCO	PHILIP BOWMAN	HANNE SØRENSEN	BRUNO DI LEO	JUAN HOYOS	GONZALO URQUIJO	HILDEGARD WORTMANN	ALICIA REYES
Position		Chair-man	Vice-Chair-man	CEO	Member	Member	Member	Member	Member	Lead Director	Member	Member	Member
Category	Executive Director	✓		✓									
Category	Non-Executive Director		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Category	Independent		✓			✓	✓	✓	✓	✓	✓	✓	✓
Board	Board	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)	(7/7)
Board	Executive Committee	**C** (8/8)	(8/8)	(8/8)	(7/8)	(8/8)				(8/8)			
Board	Audit and Control Committee		**C** (6/6)				(6/6)				(6/6)		(6/6)
Board	Appointments and Remuneration Committee					(4/4)		(3/4)	**C** (4/4)		(4/4)		
Shareholding	% direct and Indirect capital	20.56	0.01	0.01	8.26	0.02	0.00	0.00	-	-	0.00	-	-
Other data	Date of first appointment*	09/01/1992	31/07/2015	30/09/2019	29/09/2006	03/12/2009	29/07/2016	05/04/2017	25/09/2018	02/10/2019	19/12/2019	06/05/2021	06/05/2021
Other data	Term**	2025	2025	2026	2025	2025	2026	2026	2025	2026	2026	2025	2025
Other data	Nationality	Spanish	Spanish	Spanish	Spanish	Spanish	Australian	Danish	US&Ita-lian	Spanish	Spanish	German	Spanish
Other data	Positions as directors at other listed companies	0	2	0	0	0	2	3	1	0	2	0	2
Other data	Age	65	74	58	67	76	71	58	66	71	62	57	52
Other data	Gender	Male	Male	Male	Female	Male	Male	Female	Male	Male	Male	Female	Female

Information updated as of February 2024
C: Chairperson of the respective Committee.
** The date of first appointment reflects the respective Director's date of first appointment for the similar role in the Ferrovial, S.A. Board prior to the Merger Effective Time.*
*** The term of office will be a period ending at the end of the Annual General Meeting to be held in the year indicated in the chart, with possibility of reelection for one or more additional periods of maximum duration of three years each.*
***Figures in parentheses reflect the attendance of each Director at meetings of the Board and its Committees.*

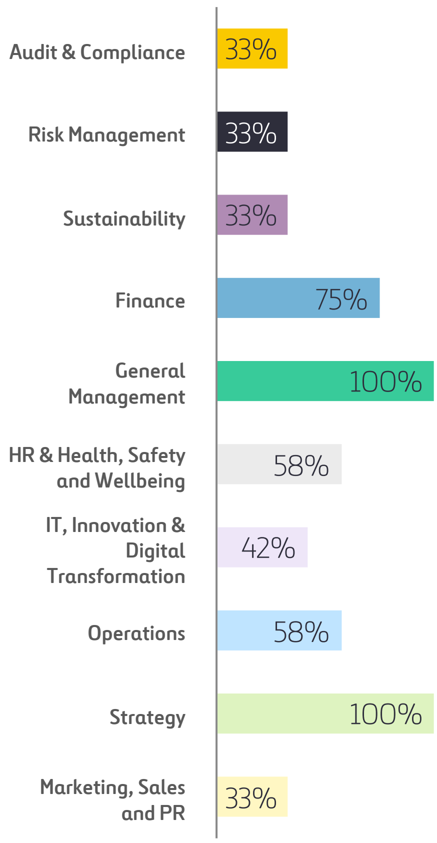
BOARD EXPERIENCE
PROFESSIONAL BACKGROUND



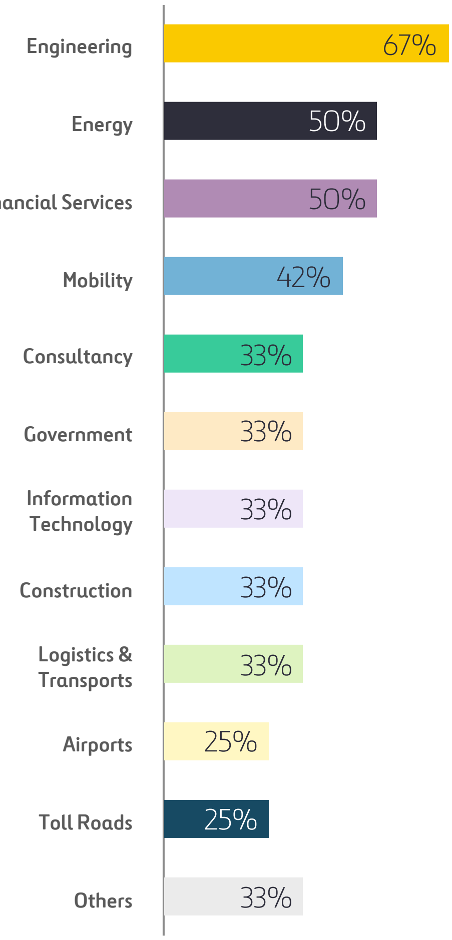
INTERNATIONAL EXPERIENCE



FUNCTIONAL AREAS



INDUSTRY EXPERIENCE



2.6 Amount and Composition of the Remuneration of the Directors

Details of the remuneration of the Directors set forth within the Remuneration Report included in this Integrated Annuall Report.

2.7 Committees

2.7.1 Executive Committee

2.7.1.1 Duties

Pursuant to Dutch law and the Articles of Association, the Board may allocate its duties among its Directors. Directors may validly adopt resolutions on behalf of the Board on matters allocated to them. The Board has allocated all its duties to the Chairman and the CEO (acting individually) and also to the Executive Committee (consisting of Directors only), subject to applicable law, the Articles of Association and the Board Rules.

Among its duties, the Executive Committee monitors the Group's financial information, the evolution of the main business indicators, as well as the status of the most relevant matters of the year. It also approves the operations within its competence as a delegated body of the Board.

2.7.1.2 Composition

Pursuant to the Board Rules, the Executive Committee shall be composed of no less than three and no more than eight Directors. It should have, at least, two Non-Executive Directors, at least one of whom should be an Independent Director.

The Executive Committee is currently composed of six members: (i) Mr. Rafael del Pino (Chairman; (ii) Mr. Óscar Fanjul; (iii) Mr. Ignacio Madridejos; (iv) Ms. María del Pino; (v) Mr. José Fernando Sánchez-Junco; and (vi) Mr. Juan Hoyos.

For the relevant experience of each Committee Member, please see the curriculum vitae of the Committee members in section 2.3 of this chapter.

The secretary of the Executive Committee is Mr. Santiago Ortiz, who is also the Secretary of the Board.

2.7.1.3 Meetings and activities undertaken

During Financial Year 2023, the Executive Committee held eight meetings.

The CFO attended to all the meetings of the Committee, presenting the items of his competence. Furthermore, persons responsible for the Finance and the Health, Safety and Well-being Departments were present at the Committee sessions to report on relevant matters within their respective responsibilities. The CEOs of the business divisions also appeared for the operations under their competence that were submitted for approval of the Committee. Furthermore, the Secretary of the Committee reported on matters falling within the scope of his designated functions.

In its meetings, the Executive Committee monitored the Group's cash availability and other financial information, the evolution of the main business indicators (traffic and tariffs of toll roads, traffic of airports, orderbook and main awards of Construction), the health, safety and wellbeing indicators, as well as the status of the most relevant projects and matters of the year (including the progress of the Merger process). It has drawn up the report for its evaluation by the Board. As a delegated body of the Board, the Committee has also approved (i) the operations within its competence and (ii) the implementation of the second scrip dividend of Financial Year 2023.

The minutes of the meetings of the Executive Committee have been made available to all members of the Board so that they are aware of the matters discussed and the decisions adopted. They were previously informed of the call for the meetings, and the agenda and the documentation distributed for each meeting have been made available to them on the digital platform set up for this purpose.

2.7.2 Audit and Control Committee

2.7.2.1 Duties

Generally, the Audit and Control Committee assists the Board in its decision-making in relation to the supervision of the integrity and quality of the Company's financial and sustainability reporting and the effectiveness of the Company's internal risk management and control systems. Among its duties, the Audit and Control Committee monitors the financial reporting process, ensures that the Company's annual accounts are drawn up in accordance with the applicable accounting regulations, proposes the selection process of the external auditor, advises the Board on the external auditor's nomination and engagement and proposes the selection, appointment or release of the internal audit director.

The charter for the Audit and Control Committee forms part of the Board Rules as an annex. It sets out its duties and responsibilities and is published on Ferrovial's website.

2.7.2.2 Composition

The number of members of the Audit and Control Committee is determined by the Board. The entirety of the members of the Audit and Control Committee must consist of Non-Executive Directors, the majority of which qualify as independent under the Dutch Corporate Governance Code. Pursuant to the Dutch Corporate Governance Code, the chairperson of the Audit and Control Committee shall always be an independent Non-Executive Director. The chairperson of the Audit and Control Committee cannot be the Chairman or the Lead Director or any Director that previously has been an Executive Director.

The Audit and Control Committee is currently composed of four members, all of them independent under the Dutch Governance Code: (i) Mr. Óscar Fanjul (Chairman); (ii) Mr. Philip Bowman; (iii) Mr. Gonzalo Urquijo; and (iv) Ms. Alicia Reyes. They have been appointed taking into account their knowledge and experience in accounting, auditing and financial and non-financial risk management. They also have extensive experience in managing international business groups similar to Ferrovial.

For the relevant experience of each Committee Member, please see the curriculum vitae of the Committee members in section 2.3 of this chapter.

The Secretary of the Committee is Mr. Santiago Ortiz Vaamonde, who is also the Secretary of the Board.

2.7.2.3 Meetings and activities undertaken

The Audit and Control Committee meets when convened by its chairperson, who must do so whenever requested to do so by the Board, the Chairman of the Board, or two of the Committee members, and in any case, at least once per quarter and whenever appropriate for the proper exercise of its duties.

During Financial Year 2023 the Committee held six meetings. The representatives of the external auditor have appeared in all the Committee meetings and, where appropriate, have briefed the Committee and answered its questions in the absence of group employees.

The Chairman of the Committee has invited the CEO, the CEO of Construction business division, the CFO, the Internal Audit Director and other managers from the Economic-Financial Department, Compliance and Risks Department, and Communication and Corporate Responsibility Department, who have explained specific matters or the agenda items falling under their competence.

The Secretary of the Committee has also intervened at meetings to discuss matters within his area of responsibility. Where appropriate, the Company's Internal Audit Director has met with the Committee in the absence of group employees.

The Committee also maintains regular communication with Company executives and employees, from whom it receives information on matters within its competence. In particular, the Chairman of the Committee holds (i) meetings with the Internal Audit Director prior to each meeting of the Committee, with whom he also has regular contact; (ii) periodic meetings with the Compliance and Risks Director, with whom he also meets before each Committee meeting.

The Committee also receives all the reports prepared by the Internal Audit Department in execution of its annual work plan. These reports contain the audit findings and recommendations addressed to the audited areas.

The minutes of the meetings of the Audit and Control Committee have been made available to all members of the Board so that they are aware of the matters discussed and the decisions adopted. They were previously informed of the call for the meetings, and the agenda and the documentation distributed for each meeting have been made available to them on the digital platform set up for this purpose.

A description of the main activities undertaken by the Audit and Control Committee is set out below:

Economic-financial and non-financial information

The Committee reviewed and analyzed this information prior to its knowledge by the Board and its submission to the authorities or markets and reported favorably on it. In this analysis, special attention has been paid to the main judgements and estimates made in those areas that are more complex or where the accounting impact is more relevant. It has had the collaboration of the DGEF and Ferrovial's external auditor for this review.

The Committee also reviewed the statement of non-financial information contained in the management report (which forms part of the Integrated Annual Report) and was informed by the Company's management of the most relevant social, environmental and good governance issues and their evolution in the Ferrovial group in recent years.

The auditor in charge of the audit for the financial year 2022 (Ernst & Young, S.L.) appeared before the Committee at the time of the presentation of the annual accounts for that year, outlining the main audit and accounting issues identified in the course of its work. It also reported on its independent verification of the consolidated statement of non-financial information and its adaptation to international standards for reporting non-financial information (Global Reporting Initiative -GRI- standards) and to the contents laid down in the applicable mercantile regulations.

Ernst & Young, S.L also appeared before the Committee to report on its limited review work on the semi-annual financial information (first six months of the 2023 financial year).

The statutory auditor, appointed following the Merger (Ernst & Young Accountants LLP), informed on its strategy and work plan for the audit of 2023, including the determination of the scope of this audit.

They also reported to the Committee on the key matters for the 2023 audit and the audit work based on the September figures (hard close).

Relationship with the external auditor

In compliance with the Board Rules, the Committee ensured that the external auditor appeared before the full Board of Directors to report on the audit work performed, the development of the accounting situation and the risks of the Company.

Independence of the statutory auditor

The Committee has prepared the mandatory report on this point.

In accordance with the internal procedure, and following the appropriate analysis, it has authorised/ratified the hiring of the statutory auditor to provide non-audit services. It has also authorised the hiring of other audit firms to provide these services. In its analysis, the Committee has considered: (i) the nature and circumstances of the service; (ii) in the case of the statutory auditor, the issues that the services may raise in relation to the regulations on independence; and (iii) the reasons for engaging a particular audit firm. The Committee's assessment has taken into account the DGEF's criteria.

The Committee has received information in every meeting on the purpose and amount of such services authorised in each business division to various audit firms.

It has also been informed about the audit fees received by Ferrovial's external auditor in 2022, and their variation compared to the previous year.

Internal control procedures

At its May meeting, the Committee was informed by the external auditor of the main internal control recommendations arising from the audit of the 2022 accounts, as well as the most relevant internal control improvement projects implemented by the managers of the group companies.

The Financial Department reported to the Committee on: (i) the work carried out within the group in relation to the internal control over financial reporting; (ii) the most significant risks relating to the main judgments and estimates considered in the financial information disclosed to the market, and the controls in place for each of those risks; (iii) the outcome of the self-assessment by the business divisions and corporate areas of the controls included in the ICFR and the proposed improvement actions. The improvement actions resulting from the annual self-assessment process are embedded within the process of implementation of the requirements of internal control included in the Sarbanes Oxley Act (“SOX”) indicated below.

Internal Audit

The Committee has supervised the activities carried out by the Internal Audit Department of the Company. Specifically, it has been informed of the following:

- The Internal Audit activity report for the financial year 2022, which includes the conclusions of the work carried out, the variations on the approved plan (giving reasons), the work carried out in collaboration with other areas, details of the main areas for improvement detected, the recommendations issued, the status of implementation of all those made during 2022 and previous financial years, and the evolution of the most significant audited matters.
- The quarterly reports on Internal Audit activities, which contain the degree of progress of the work programmed, compliance with the approved planning and its variations, collaboration with other areas, monitoring of the most significant audit issues, and the new recommendations issued and the status of implementation of those made in the last four financial years, and the evolution of the Internal Audit Department’s scorecard and other organizational aspects of the unit.

- The result of (i) the review of the internal control over financial reporting process and the specific work to ensure compliance; and (ii) the review of the deployment of the compliance program, the audits carried out indicating the areas where progress needs to be made, and the follow-up and implementation of the recommendations issued.
- The internal audit work plan for 2024, including: (i) the purpose of the works and the extent to which they cover the main risks of the group and the countries considered strategic; (ii) the recurring tasks (including the follow-up of the external auditor's recommendations and conclusions); (iii) the internal organisation and the Internal Audit Department's scorecard; and (iv) the expenditure budget.

Risk analysis and systems for their control

Ferrovial's Compliance and Risk Department has reported twice to the Committee on the main risks of the Company and its group, both financial and non-financial, as well as on the functioning of the systems set up for their management and control.

In particular, the Committee has been informed about the process of drawing up the risk map, which includes the most relevant risks of the group, the measures taken to mitigate them and their evolution compared to the previous reporting to the Committee.

The Committee has also instructed the Chief Compliance and Risk Officer to conduct a diagnostic of the existing risk management systems in the group, including the projects risk management in Construction, and to purpose improvements thereto, with the aim of enhancing their integration among them and with the strategic and forecasting processes.

Reverse merger between Ferrovial, S.A. (as absorbed company) and Ferrovial International SE (as absorbing company, renamed Ferrovial SE). Subsequent process to request US listing

The Committee issued the report that was required by the former Board Rules of Ferrovial, S.A. in case of structural corporate modifications. The report covered the economic conditions and the accounting impact, and in particular, if applicable, the proposed exchange ratio.

Furthermore, the Committee has been periodically informed on (i) the degree of progress of the project, including the steps for Dutch and US listings; (ii) its impact to the external audit processes; (iii) its impact in the internal control over financial reporting.

In this regard, the Committee has reviewed and discussed the European Union prospectus prepared for the admission to listing and trading of the shares of the Company on Euronext Amsterdam and on the Spanish Stock Exchanges, and the draft registration statement (Form 20-F) for requesting the listing of the shares of the Company on the US.

The DGEF periodically reported to the Committee on the works carried out to: (i) analyze the status of the internal control of financial reporting of the Company compared to the requirements of SOX (gap analysis); and (ii) implement these SOX requirements and, as part of it, the status of the material weaknesses identified in the draft registration statement.

Finally, the Committee favorably reported the approval or amendment of several internal policies regarding compliance and corporate governance, adapted to legal requirements and best practices both in The Netherlands and the US.

Corporate governance and compliance actions

The Committee has carried out the following actions in these areas:

- It has reported to the Ordinary General Shareholders' Meeting, through its Chairman, on the activities carried out during the financial year 2022.
- It has reported favorably, prior to its approval by the Board of Directors, on the Spanish Annual Report on Corporate Governance for the financial year 2022.
- It has prepared a report on related-party transactions, which was published on the Company's website at the same time as the call for the General Shareholders' Meeting.

- It has reported on the related-party transactions submitted for approval by the Board of Directors.
- It has supervised the effectiveness of Ferrovial's compliance program at two meetings. To this end, the Compliance and Risk Department has reported to the Committee on the annual objectives of the program, the work plan and the level of progress of the actions included in it.
- During those meetings, it has also received information on the compliance program, including (i) the identification and prevention of compliance risks; (ii) the actions carried out to update the crime prevention model of the Company and its group; and (iii) the result of the self-assessment of the controls and the action plans for those assessed as not effective.
- On every meeting the Committee has been informed by the Compliance and Risk Department of the activity of the group's internal concerns management system (which includes the group's ethics channel). Information has been provided on the number of queries, reports or complaints received, their origin and typology and the treatment given to them, including corrective actions for irregularities detected.
- It has approved its work plan for 2024 (matters to be discussed at each of its meetings in that year).

Profitability/risk in the main projects

The Committee has reviewed Construction projects in the United Kingdom and Ireland and the I-77 toll road project.

2.7.3 Nomination and Remuneration Committee

2.7.3.1 Duties

Among its duties, the Nomination and Remuneration Committee draws up selection criteria and appointment procedures for Directors, periodically assesses the size and composition of the Board and reports on the candidates for appointment and reappointment as Directors to be submitted by the Board to the consideration of the General Meeting.

Furthermore, the Nomination and Remuneration Committee prepares the Remuneration Policy, submits proposals to the Board concerning the remuneration of each Executive Director in accordance with the Remuneration Policy, monitors compliance with the Remuneration Policy and periodically reviews the Remuneration Policy.

The charter for the Nomination and Remuneration Committee forms part of the Board Rules as an annex. It sets out its duties and responsibilities and is published on Ferrovial's website.

2.7.3.2 Composition

The number of members of the Nomination and Remuneration Committee is determined by the Board. The entirety of the members of the Nomination and Remuneration Committee must consist of Non-Executive Directors, the majority of which qualify as independent under the Dutch Corporate Governance Code. Pursuant to the Dutch Corporate Governance, the chairperson of the Nomination and Remuneration Committee shall always be an independent Non-Executive Director. The chairperson of the Nomination and Remuneration Committee cannot be the Chairman or the Lead Director or any Director that previously has been an Executive Director.

The Committee is currently composed of four members, all of them independent under the Dutch Governance Code: (i) Mr. Bruno Di Leo (Chairman); (ii) Mr. José Fernando Sánchez-Junco; (iii) Ms. Hanne Sorensen and (iv) Mr. Gonzalo Urquijo.

They have been appointed based on their expertise, ensuring that they possess the requisite knowledge, skills, and experience necessary to fulfill the duties assigned to them.

For the relevant experience of each Committee member, please see the curriculum vitae of the Committee members in section 2.3 of this chapter.

The Secretary of the Committee is Mr. Carlos Cerezo, who is the Chief Human Resources Officer of Ferrovial group.

2.7.3.3 Meetings and activities undertaken

The Nomination and Remuneration Committee meets when convened by its chairperson, who must do so whenever requested by the Board, the Chairman, or two of its members, and in any case, whenever appropriate for the proper exercise of its duties.

During Financial Year 2023, the Committee held four meetings. The Chairman of the Committee has invited the Chairman of the Board, the CEO and the Secretary of the Board to attend when necessary. The Secretary of the Committee has also intervened at meetings to discuss matters within his area of responsibility.

The Committee's Chairman holds meetings with the Secretary of the Committee prior to each Committee meeting, with whom he also has regular contact. The Committee also receives all reports prepared by the Human Resources Department as part of the implementation of the annual work plan approved by the Committee.

The minutes of the meetings of the Nomination and Remuneration Committee have been made available to all members of the Board so that they are aware of the matters discussed and the decisions adopted. They were previously informed of the call for the meetings, and the agenda and the documentation distributed for each meeting have been made available to them on the digital platform set up for this purpose.

A description of the main activities undertaken by the Nomination and Remuneration is set out below:

The Nomination and Remuneration Committee prepares the Board's decision-making regarding:

The Committee carried out an analysis of the competencies required by the Board of Directors in connection with the proposals for re-election of Board members submitted for approval by the Ordinary General Shareholders' Meeting of the Company (the "General Shareholders' Meeting"). The result of this preliminary analysis was set out in a report which was published on the Company's website at the time of the General Shareholders' Meeting.

It reported favorably on the proposal for re-election as Executive Director of Mr. Ignacio Madridejos; and proposed the re-election as Independent Directors of Mr. Philip Bowman, Ms. Hanne B. Sørensen, Mr. Juan Hoyos and Mr. Gonzalo Urquijo. All of them were submitted to the General Shareholders' Meeting for approval.

It examined the composition of the Board of Directors and its Committees, and reviewed the category attributed to each of the Directors.

The Committee verified the Board of Directors Composition Policy.

In July 2023 the Committee submitted to the Board of Directors the Ferrovial's Board Profile which replaced the previous Board of Directors Composition Policy, approved by the Board of Director of the Company in December 2020. This Board Profile is envisaged in art. 13.1 of the Board Rules and follows the DCGC. This policy describes:

- Board size
- Board composition
- Independence of non-executive directors

Diversity and Inclusion Policy, approved by the Board of Directors in December 2022, was also reviewed in order to align it with Dutch requirements. More specifically, the following regulations were taken into consideration to review the policy: the Board Rules, DCGC and Dutch law.

It reported favorably on the draft Annual Report on Directors' Remuneration corresponding to the 2022 financial year.

Additional Duties

With regard to the remuneration of the members of the Board in their capacity as such, the Committee was informed of the settlement for the financial year 2022 in accordance with the details set out in the Annual Report on the Directors' Remuneration. It also reported favorably on (i) the maximum annual amount of their remuneration included in the Directors' Remuneration Policy approved by the General Shareholders' Meeting; and (ii) the system for distributing this amount among the Directors.

In relation to the remuneration of Executive Directors, the Committee reported favorably on the proposals for (i) variable remuneration and other remuneration items corresponding to financial year 2022; and (ii) fixed remuneration corresponding to financial year 2023.

In connection with the Merger, the Committee proposed to amend the Directors' Remuneration Policy approved by the General Shareholders' Meeting in 2023, to reflects Dutch law requirements and other changes. The Committee submitted this proposal to the Board of Directors for approval by the General Shareholders' Meeting. Included in this proposal were included the terms and conditions for the CEO due to his moving to Amsterdam in case the merger was approved by the GSM.

As for senior management, the Committee reviewed (i) their variable remuneration and other remuneration items for the 2022 financial year; and (ii) their fixed remuneration for the 2023 financial year. In Addition the specific terms for the incumbents that moved to Amsterdam where reviewed.

Likewise, it verified the information on the remuneration of the Directors and senior management contained in the corporate documents and checked the observance of the Company's remuneration policy.

At the end of the financial year, the Committee was informed of several organizational changes at senior management team, as well as the terms and conditions linked to these changes. The Committee reported favorably on the proposal and submitted it to the Board of Directors.

It also reported favorably on the appointment of Ferrovial's representatives to the Boards of Directors of its main subsidiaries and investees.

The Committee received information on the development of the voting recommendations of proxy advisors on the Directors' Remuneration Policy and the Annual Remuneration Report, and on the outcome of the vote on these two documents at the General Shareholders' Meeting.

In compliance with article 29 of the RBD, the Board of Directors has carried out the annual evaluation of the Board itself and its Committees. An external consultant assisted in this process.

During the year, the Committee formulated the report for evaluation by the Board (assuming as such the report on its activities in 2022).

The evaluation of the Committee has covered general issues (its composition, knowledge and skills of its members, independent actions and freedom of judgement, information provided to the Board on the work of the Committee, and dialogue with senior management), the dynamics of its operation (among other issues, planning of activities, meetings held and their duration, documentation of meetings, efficient use of time, participation of its members) and its responsibilities (performance and dedication to the relevant issues).

At the end of the financial year, the Committee proposed to the Board of Director a Policy for recovery of erroneously awarded compensation (Clawback Policy).

Human Capital Management. The Committee received reports on:

- diversity, equity and inclusion strategy deployment.
- the succession plan for the Chairman, the CEO and senior management team;
- talent management;
- engagement;

The Committee also received a report about a new global anti-discrimination and anti-harassment policy.

<u>2.8 Other Board-related matters</u>

<u>*2.8.1 Diversity*</u>

Pursuant to Dutch law, the Company is required to apply mandatory transitional quota of at least one-third women and at least one-third men in relation to appointments of non-executive directors. Subject to such exceptions as provided for by law, a resolution to appoint a non-executive director that does not contribute to the mandatory quota while the quota is not met, is null and void (*nietig*). In such event, the person in question will not become a

Non-Executive Director. The quota applies to new appointments, meaning companies can reappoint a non-executive director without complying with the one-third quota in respect of such re-appointment, but only where this happens within eight years after the year of the non-executive director's first appointment.

The Non-Executive Directors comprise of six male Non-Executive Directors and four female Non-Executive Directors. Accordingly, the composition of the Non-Executive Directors satisfies the quorum under this legislation.

Furthermore, pursuant to the Dutch Corporate Governance Code, the Company has approved a Diversity and Inclusion Policy which is published on Ferrovial's website. The Diversity and Inclusion Policy is designed to promote a diverse and inclusive work environment at all levels of Ferrovial. The main purpose of this Policy is to lay down the aspects and objectives of diversity within Ferrovial and the intended implementation and reporting on it. Ferrovial principles in promoting diversity and inclusion are as follows:

- Act in accordance with Ferrovial values and promote equal access to opportunities for all people to work under fair and equitable conditions.
- Leverage diversity's positive impact on the Group's competitiveness, profitability and sustainability. Through diversity, promote collective intelligence by strengthening our innovative capacity.
- Act in accordance with current legal regulations on diversity in the different countries where Ferrovial operates.

The Diversity and Inclusion Policy also sets specific, appropriate and ambitious targets in respect of gender diversity and the other diversity and inclusion aspects of relevance to the Company, with regard to the composition of the Board and a category of employees in managerial positions as determined by the Board. In particular, diversity targets are:

- The Board seeks to consist of at least one-third women and at least one-third men, which is currently fulfilled. The Board has approved a Board profile, which is available on Ferrovial's website. The Board Profile sets out: (i) the desired expertise and background of the Non-Executive Directors; (ii) the desired diverse composition of the Non-Executive Directors in accordance with the Company's Diversity and Inclusion Policy; (iii) the number of Non-Executive Directors; and (iv) the independence of the Non-Executive Directors as set out in the Dutch Governance Code.
- The Leadership Team (as defined below) seeks to consist of at least 30% women and at least 30% men by December 2025. For the purpose of this target, "Leadership Team" refers to Ferrovial's Management Committee, Corporate Directors, Business Units' Directors and their direct reports with "Head of" category. In addition, with respect to the goals articulated in the Diversity and Inclusion Policy, the applicable legal requirements of the relevant jurisdiction, including employment and labor law considerations, will be appropriately considered.

  As of 2023 year-end, the percentage of women in this group was 23.7%, having increased from 20% in 2020.

  To ensure compliance with the aforementioned target for the Leadership Team, Ferrovial has a global diversity and inclusion strategy that was approved in 2021. This strategy incorporates specific measures designed to ensure the presence of female talent across various echelons within the Leadership Team and throughout the organizational hierarchy. Among its core objectives, the strategy encompasses actions to attract, develop, promote, and retain women. These initiatives involve devising training plans tailored for the advancement of female talent, particularly focusing on our key female talent pools, vigilantly monitoring the gender pay gap, and promptly implementing corrective measures if needed. Furthermore, the company continually enhances its inclusive culture to promote equal opportunities.

Dutch companies meeting certain size criteria are also subject to Dutch statutory requirements to set gender diversity targets for their boards and senior management. Once these requirements formally apply to Ferrovial, Ferrovial will include in its board report disclosures as required under these rules.

2.8.2 Director's share ownership

The equity holdings of Directors in the share capital of the Company are:

MR. RAFAEL DEL PINO

152,251,078

shares (indirect through Rijn Capital B.V.)

174,580

units[1]

MR. ÓSCAR FANJUL

46,069

shares

MR. IGNACIO MADRIDEJOS

88,464
shares

193,825
units[2]

MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO

182,871
shares

MS. HANNE SØRENSEN

– –

MR. JUAN HOYOS

5,931
shares

MS. HILDEGARD WORTMANN

– –

MS. MARÍA DEL PINO

61,137,580
(indirect through Menosmares, S.L.)

23,320
(direct)

MR. PHILIP BOWMAN

32,760
shares

MR. BRUNO DI LEO

– –

MR. GONZALO URQUIJO

215
shares

MS. ALICIA REYES

– –

1.The total number of units represents the sum of the units granted as part of the Long-Term Value Remuneration in the years 2021, 2022, and 2023. Units may convert into Shares, subject to the satisfaction of certain conditions, including performance criteria, and hence the number of Shares to be received at vesting may be lower than the total number of units included here.

2. The total number of units represents the sum of the units granted as part of the Long-Term Value Remuneration in the years 2021, 2022, and 2023. Units may convert into Shares, subject to the satisfaction of certain conditions, including performance criteria, and hence the number of Shares to be received at vesting may be lower than the total number of units included here.

2.8.3 Evaluation

For the ninth consecutive year, the Board has evaluated its operation and that of its Committees, the Executive Directors and the Non-Executive Directors with the support of an external consultant. The independence of such consultant was reviewed by the Nomination and Remuneration Committee. The Executive Committee, the Audit and Control Committee, and the Nomination and Remuneration Committee prepared an annual report on their functioning for assessment by the Board. Based on the conclusions and recommendations of this external consultant, the Board identified some possible improvements in relation to its operation.

Directors completed a comprehensive questionnaire prepared by the external consultant and participated in interviews with the consultant. The consultant then processed and evaluated the information, suggestions, and comments gathered, presenting the outcomes during a Board meeting.

The evaluation process encompassed several aspects, including: (i) tracking the progress of previously identified areas for improvement; (ii) addressing overarching issues influencing the Board, such as the number of Directors, their expertise and capabilities, training initiatives, independence, and decision-making abilities, as well as oversight of Committees; (iii) evaluating the operational dynamics, competencies, and interactions with the management team; and (iv) assessing the performance of the Chairman, CEO, and Secretary.

The external consultant advising on the evaluation process established that (i) the evaluation did not reveal any of the red flags most frequently raised in the evaluation processes; and (ii) in general, Directors are satisfied.

As a follow-up to the evaluation, the Non-Executive Directors concluded that (i) the Board meetings should begin with an introduction by the CEO on the Group's main issues; and (ii) that the Non-Executive Directors should meet at the end of each Board meeting. These changes have been implemented.

2.8.4 Conflict of interest

Pursuant to Dutch law and the Articles of Association, if a Director has a direct or indirect personal conflict of interest with the Company and its business as referred to in article 2:129(5) of the Dutch Civil Code (*Burgerlijk Wetboek*) (the "BW"), such Director may not participate in the Board's deliberations and decision-making on that matter.

According to the Board Rules, an Executive Director must, without delay, report any potential conflict of interest that is material to the Company or such Executive Director to the other Executive Directors and the Lead Director or, if the Chairman is an Independent Director, the Chairman. The Executive Director must provide all relevant information on this subject, including information relevant to the situation regarding his spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree.

On the other hand, a Non-Executive Director must, without delay, report any potential conflict of interest that is material to the Company or such Non-Executive Director to the Lead Director or, if the Chairman is an Independent Director, the Chairman. If the conflict of interest concerns the Lead Director or, if the Chairman is an Independent Director, the Chairman, such report must be made to the Vice-Chairman. The Non-Executive Director must provide all relevant information on this subject, including information relevant to the situation regarding his spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree.

The conflicts of interest procedure incorporated in the Board Rules reflects Dutch law and the principles and best practice provisions of the Dutch Governance Code with respect to them.

Rafael del Pino and María del Pino are brother and sister. Otherwise, there is no family relationship between any of the Directors or members of Senior Management.

2.8.4.1 Transactions in which there are conflicts of interest.

A company controlled by Mr. Rafael del Pino, the Chairman of the Company and shareholder with more than 10% in the Company's share capital, has hired Ferrovial Construcción, S.A., a wholly-owned subsidiary of the Company, as project manager in charge of the control and supervision of the construction and refurbishment works of certain real estate. The underlying works are being executed by third parties. The price of the project management contract is calculated with basis on the actual costs incurred by Ferrovial Construcción, S.A. in providing these services to which a multiplier of 1.4 is applied. The resulting price is similar to the price of these services when provided by Ferrovial Construcción, S.A. to other clients that are not related parties (market price). The estimated fees for the services provided under this agreement are approximately EUR 590,000.

Mr. Rafael, Mr. Ignacio and Mr. Juan del Pino Fernández-Fontecha, all of whom are sons of Mr. Rafael del Pino, the Chairman of the Company and shareholder with more than 10% in the Company's share capital, have entered into a construction contract with Ferrovial Construcción, S.A. in relation to the completion of the construction of a real estate. The contract is an "open book project" pursuant to which the final contract price will be calculated as the sum of the actual direct and indirect costs of the works, plus a fee of 8.9% (market price). The estimated contract price under this agreement is EUR 1,846,057.

In compliance with Article 39.9 of the Board Rules, both transactions (i) have been entered into in the ordinary course of business of Ferrovial Construcción, S.A.; (ii) are in compliance with the applicable laws; and (iii) have been approved by the Board of Directors of the Company, including a majority of votes cast by Non-Executive Directors, without the Director concerned having participated in the deliberations and the decision-making process. Best practice provisions 2.7.3 and 2.7.4 of the Dutch Governance Code have been complied with.

2.8.4.2 Transactions with shareholders that hold at least 10% of Ferrovial share capital.

There have been no transactions with material significance, other from the first one mentioned in section 2.8.4.1, with shareholders that hold at least 10% of the Company's share capital. Best practice provisions 2.7.5 of the Dutch Governance Code has been complied with.

3.SENIOR MANAGEMENT

Senior Managers are defined in the Board Rules as those persons who are members of the Management Committee of Ferrovial or who report directly to the Board, a Director or the Executive Committee.

<u>3.1 Management Committee</u>

The Ferrovial group's daily management is performed by the Management Committee, consisting of the CEO and certain other members of the Senior Management.

The members of Management Committee are:

Mr. Ignacio Madridejos:Chief Executive Officer of Ferrovial.
Mr. Dimitris Bountolos: Chief Information and Innovation Officer
Mr. Luke Bugeja: Chief Executive Officer of Ferrovial Airports
Mr. Carlos Cerezo: Chief Human Resources Officer
Ms. María José Esteruelas: Chief Executive Officer of Ferrovial Energy
Mr. Ignacio Gastón: Chief Executive Officer of Ferrovial Construction
Mr. Ernesto Lopez Mozo:Chief Financial Officer
Mr. Santiago Ortiz Vaamonde: Secretary of the Board and General Counsel
Ms. María Teresa Pulido: Chief Strategy Officer
Mr. Andrés Sacristán:Chief Executive Officer of Cintra (Toll Roads)

<u>3.2 Other Senior Managers</u>

Other Senior Managers that are not part of the Management Committee but report directly to the Board, a Director or the Executive Committee are:

Mr. Valentín Alfaya: Director of Sustainability
Mr. Alberto Ferreiro: Director of Internal Audit
Mr. Benjamín Juárez: Director of Health, Safety and Wellbeing
Ms. Patricia Leiva: Director of Communication and Corporate Social Responsibility
Mr. Pedro Montoya: Chief Compliance and Risks Officer
Mr. Gonzalo Nieto: Chief Executive Officer of Mobility & Services

There are three women within the Senior Management, which represents a 20% of its members. See Section 2.8.1 for further details on Ferrovial's global diversity and inclusion strategy.

3.3 Biographies of the Senior Managers

Ignacio Madridejos

CEO

Civil Engineer (Polytechnic University of Madrid); MBA (Stanford University).
CEO of Ferrovial SE since 2023 (and of Ferrovial, S.A. since 2019).
Former Regional President of CEMEX USA; Regional President of CEMEX Northern Europe; global responsible of CEMEX Energy, Security and Sustainability areas; President of CEMEX Spain; and CEO of CEMEX Egypt. He previously worked at McKinsey and Agroman. He was also President of OFICEMEN (Spanish Association of Cement Manufacturers), IECA (Spanish Institute of Cement and its Applications), and CEMBUREAU (European Cement Association).

Dimitris Bountolos

Chief Information and Innovation Officer

Civil Engineer (ICCP) from the University of Granada and a graduate of different senior management courses at Stanford, ESADE and IESE. During his career as an entrepreneur, he was a founder and partner of different startups in the space, drones and employee experience sector including Zero 2 Infinity, Guudjob, BlueSouth, and IllusionBox. He has taken on several management positions in Iberia, including Vice President of Customer Experience, and has contributed to the transformation and development of the airline's Hub. In addition, he was Chief Digital Officer of Latam Airlines, senior advisor to NASA's Chief Innovation Officer in Houston and advisor of digital transformation for the Travel, Transportation and Logistics sector at McKinsey.

Luke Bugeja

Chie Executive Officer
of Ferrovial Airports

MBA from Deakin University and Diploma in Tourism and Travel from William Angliss College (both in Melbourne). He has spent most of his career in aviation industry and airport infrastructure with operational, commercial, and financial experience in airlines, airports and investment management. Most recently, he was an operating partner at Hermes GPE and was responsible for their transport investments. Previously, he held senior executive positions at OMERS (Ontario Municipal Employees Retirement System), Ontario Airport Investments and Macquarie Bank Limited / Map Airport. Over a period of 14 years, he has held senior positions at Changi Airports International in Singapore and airports in London City, Brussels and Bristol. He has 16 years of experience in the airline business, having worked at Virgin Blue and Qantas Airways. In May 2021 he was named CEO of Ferrovial Airports.

Carlos Cerezo

Chief Human Resources Officer

Degree in Philosophy from Complutense University of Madrid, Master in Human Resources from CEU and Executive MBA from the Instituto de Empresa. He joined Ferrovial in 2006 and since 2015, he held the position of Human Resources and Communications Director of Ferrovial Services. Previously, he was the Corporate HR Development Director and the HR Director of the Corporate Area. In 2020, he was appointed Chief Human Resources Officer. Prior to joining the company, he held various positions of responsibility in the field of consulting at IBM and PWC.

María José Esteruelas

Chief Executive Officer of
Ferrovial Energy

Degree in Industrial Electrical Engineering from ICAI (Comillas Pontifical University, Madrid), Master's Degree in Operations Management from IE Business School and a PDG from IESE Business School. She joined Ferrovial in 2021 as Managing Director of Energy Solutions. Previously, she developed her career in Abengoa, where she has held various positions in different areas, including Director of Concessions, Director of Latin America, Director of the Energy Division, Director of the Americas Region and member of the Executive Committee. Since February 2019, she was a member of the Board of Directors of Applus+.

Juan Ignacio Gastón

Chief Executive Officer of
Ferrovial Construction

Civil Engineer (ICCP) from the University of Cantabria and MBA from the London Business School. He joined Ferrovial in 1995, and during his professional career, he has held various high-level positions in the divisions of Construction and Services. In 2003, he joined Amey, and he went on to take the position of Construction Manager at Ferrovial Construction in the United Kingdom in 2007. In 2013, he was named Managing Director at Ferrovial Services Spain, a position that he held until being chosen as Chief Executive Officer at Ferrovial Construction in November 2018.

Ernesto López Mozo

Chief Financial Officer

Civil Engineer (Polytechnical University of Madrid) and holds an MBA from The Wharton School of The University of Pennsylvania. In October 2009 he was appointed Chief Financial Officer of Ferrovial. Previously, he held various management positions at Telefónica Group, JP Morgan and Banco Santander. He worked in Civil Engineering before obtaining the MBA degree. Member of the IFRS Advisory Council (2013-2015). Appointed Chairman of the Board of Directors of Directors of Aegon España, S.A. in 2023 (member of the board during 2016-2023). He is Vice President of the Audit and Control Committee.

Santiago Ortiz Vaamonde

Secretary of the Board
and General Counsel

Spanish State Attorney (on voluntary leave); PhD in Law (Universidad Complutense de Madrid). General Counsel and Secretary of the Board of Ferrovial since 2009. Former partner at two well-known law firms, in charge of Trial Law and Regulatory Law; representative of the Kingdom of Spain before the Court of Justice of the European Union; professor at the Diplomatic School and the Carlos III University.

María Teresa Pulido

Chief Strategy Officer

BA Degree in Economics from Columbia University and MBA from MIT Sloan School of Management. She has professional experience in the United States, Spain and Venezuela. In 2011 Maria Teresa joined Ferrovial as Director of Corporate Strategy. She previously held management positions in banking at Citi, Deutsche Bank, Bankers Trust, Wolfensohn and in consulting at McKinsey. Since 2014 she has been a member of the Board of Directors of Bankinter, since 2006 she is part of MIT Sloan Executive Board (EMSAEB) and of Fundación Eugenio Mendoza.

Andrés Sacristán

Chief Executive Officer of
Cintra (Toll Roads)

Civil Engineer from Madrid Polytechnical University. He began his career with Cintra in 2001 holding several positions in the car parks division, including Head of Development, before moving on to the toll roads division where he served as Head of Operations at Eurolink M4 (Ireland) and Managing Director of Radial 4 (Madrid). In 2010, he was appointed Country Manager for Spain and a member of the Executive Committee. In 2013, he became Head of Europe and also took charge of the Australian and Colombian markets in 2015. In 2017, he was appointed Director for Canada and CEO of 407 ETR. In 2020, Andrés Sacristán took over the management of Cintra US, where the company built and operates five innovative managed lanes projects. He was appointed CEO of Cintra in 2021.

Biographies of Other Members of Senior Management

Valentín Alfaya

Sustainability Director

Ph.D. cum laude in Biology (Complutense University, Madrid), and a M.Sc. in Environmental Engineering (EOI Business School, Madrid). Professional career in various sectors extends over 25 years, currently as Sustainability Director at Ferrovial. Between 2004 and 2008 he performed also as Group Risk Manager. Founder and former Chairman of the Spanish Green Growth Group, member of the Governing of the EIT Climate-KIC and the Advisory Board at REDS (Spanish chapter of the UN-SDSN), among other institutions. Author of several books and scientific papers, he teaches regularly at Rey Juan Carlos University (Madrid) and Comillas Pontificia University (ICAI).

Alberto Ferreiro

Chief Audit Executive (CAE)

Business degree from ICADE, Master in Finance from CUNEF, AMP from IESE and GSMP from the University of Chicago Booth School. In May 2008 he joined Ferrovial when he was appointed Chief Audit Executive. All his professional life has been devoted to internal audit in leading international and diversified groups. He started in Banco Santander in 1991, moved to Union Fenosa (now Naturgy) in 2000, before joining Ferrovial in 2008. He actively works with the internal audit industry in promoting its value to the organizations.

Benjamin Juarez

Director of Health, Safety and Wellbeing

Bachelor of Science from the University of Nevada Las Vegas (UNLV), Master of Science from Eastern Kentucky University (EKU), he also holds the Certified Safety Professional (CSP), and Construction Health and Safety Technician (CHST) designations from the Board of Certified Safety Professionals. In February 2023 he was appointed as the Global Director of Health, Safety and Wellbeing. Benjamin is a safety professional and organizational leader with 20 years of construction industry experience. He has led teams of safety professionals across 17 countries in Europe, Middle East, Asia, and North America, and led the digital transformation of health and safety across a global organization.

Patricia Leiva
Director of Communications & CSR

Degree in Communications from the Complutense University of Madrid and a PDD from the IESE Business School.
She has more than 20 years of experience. As a journalist, she worked at ABC, Cadena COPE and Europa Press, where she specialized in economic information. In corporate communications, she was head of External Communications and Media Relations at KPMG and executive vice president of Communications, Corporate Responsibility and Institutional Relations at ING DIRECT. Until her appointment at Ferrovial, she held the position of director of Communication, Institutional Relations and Sustainability for Mahou San Miguel.

Pedro Montoya
Group Chief Compliance and Risk Officer

A graduate in Law from the Complutense University of Madrid, LLM from IE Business School and IESE PDD management program. He started his professional career in Procter & Gamble in 1986, later joined the C.A.S.A. legal department in 1991, where he was General Counsel and General Secretary. In 2001, he was brought into EADS (later renamed AIRBUS), where he held several positions in the legal department. In 2006, he was appointed General Counsel International, and in 2008, Group Chief Compliance Officer. In 2018 he was appointed Chief Compliance and Risk Officer at ALEATICA.

Gonzalo Nieto
CEO Ferrovial Mobility and Services

Degree in Physics from the Complutense University of Madrid and an MBA from the Stern School of Business in New York. He joined Ferrovial Services in 2004 where he held different positions in Business Development area, Amey, Cespa and as director of the International and Transformation divisions. Before joining Ferrovial, he worked at McKinsey and Merrill Lynch, among other companies.

4. GENERAL MEETING, SHARE CAPITAL AND VOTING RIGHTS

4.1 General Meeting and its Powers

4.1.1 Place and Time of the General Meeting

General Meetings, unless held fully electronically where permitted by law, are held in the municipality where the Company has its seat (Amsterdam), or in Rotterdam, The Hague or Utrecht, in the Netherlands. Each year, the Board convenes at least one General Meeting to be held within six months after the end of the Company's financial year. Extraordinary General Meetings may be held as often as the Board deems desirable. In addition, subject to applicable law, one or more persons with the right under Dutch law to attend a general meeting ("Meeting Rights") individually or jointly representing at least 10% of the outstanding share capital may request the Board in writing to convene a General Meeting.

4.1.2 Calling and Agenda of the Meeting

The notice calling a General Meeting is issued by an announcement, which is published electronically and which is directly and permanently available until the time of the General Meeting. The notice must state the subjects to be dealt with, the time and place (where applicable) of the meeting, the record date, the manner in which persons entitled to attend the General Meeting may register and exercise their rights, the time by which registration for the meeting must have occurred, as well as the place where the meeting documents may be obtained, and such other information as may be required by Dutch law. The notice must be given by at least 42 days prior to the day of the meeting.

The agenda for the annual General Meeting, among other things, typically includes the adoption of the Annual Accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profit, insofar as this is at the disposal of the General Meeting. At least every four years, the adoption of the remuneration policy for the Board is included in the agenda.

Subject to applicable law, items requested to be added to the agenda by one or more persons with Meeting Rights in writing, individually or jointly representing at least 3% of the outstanding share capital, will be included in the notice calling the General Meeting or announced in the same manner if the Company has received the substantiated request no later than 60 days before the day of the General Meeting.

4.1.3 Conduct of the General Meeting

General Meetings are chaired by the Chairman or such other person as determined in accordance with the Articles of Association. The Directors may attend a General Meeting. In these General Meetings, they have an advisory vote, *i.e.*, a Director may indicate to the General Meeting how he or she would vote, but such advisory vote does not have formal voting power in the General Meeting. The chairperson of the General Meeting may decide at his or her discretion to admit other persons to the General Meeting.

Each shareholder (as well as other persons with voting rights or Meeting Rights) may attend the General Meeting, address the General Meeting and exercise voting rights *pro rata* to his or her shareholding, either in person or by proxy.

Shareholders may exercise these rights, if they are the holders of shares on the 28th day before the day of the General Meeting and they have timely registered to attend the General Meeting.

The notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

4.1.4 Resolutions of the General Meeting and amending the Articles of Association

Each share confers the right to cast one vote in the General Meeting, and resolutions are adopted by a simple majority of votes cast without a quorum requirement being applicable, subject to certain exceptions provided by Dutch law or the Articles of Association. Pursuant to Dutch law, no vote may be cast at the General Meeting on a share held by the Company or a subsidiary. If there is a tie in voting, the proposal will be rejected.

The Articles of Association stipulate that certain resolutions necessitate a majority exceeding a simple majority of votes cast. Specifically, the limit and exclusion of pre-emptive rights, the reduction of share capital, and amendments to the Articles of Association require a majority of at least two-thirds of votes cast if less than one-half of the issued share capital is represented at the meeting. The Articles of Association stipulate that certain resolutions may only be adopted upon a proposal thereto by the Board. These include resolutions on the amendment of the Articles of Association, on legal mergers and legal demergers, the appointment of Directors, the issue of shares, limitation or exclusion of pre-emptive rights, the reduction of share capital, distributions in kind, the remuneration policy, and dissolution.

If a proposal is made to the General Meeting to amend the articles of association, this must be stated in the notice convening the General Meeting, and a copy of the proposal, stating the proposed amendment verbatim, must be made available for inspection by every Person with Meeting Rights at the Company's office from the day of the convocation of the relevant General Meeting until the end of such General Meeting.

4.1.5 General Meetings in 2023

The Annual General Meeting of Ferrovial S.A. was held on April 13, 2023 in Madrid (Spain), with an attendance quorum of 77.6%. All the resolutions proposed by the Board were approved and are available on Ferrovial's website. Prior to the Merger Effective Time, Ferrovial S.A., as sole shareholder of Ferrovial International SE, adopted certain general meeting resolutions in respect of Ferrovial SE in connection with the Merger.

4.2 Share capital

Pursuant to the Articles of Association, Ferrovial's authorized share capital amounts to EUR 30,000,000 representing 3,000,000,000 shares with a nominal value of EUR 0.01 each.

The issued share capital per 31 December 2023 is:

Issued share capital (€)	Number of shares	Number of voting rights	Registration date
7,406,883.65	740,688,365	740,688,365	22 November 2023

4,759,301 shares were held in treasury per 31 December 2023.

All issued shares are fully paid-up.

Each share gives the right to cast one vote at the General Meetings. All shareholders have the same voting rights. There are no different types of shares with different associated rights.

4.3 Transfer of shares, special voting rights and restrictions voting rights

The transfer of shares (not being, for the avoidance of doubt, a beneficial entitlement to a share held through the systems of the Depository Trust Company ("DTC"), Iberclear, Euroclear Bank or Euroclear Nederland) requires a deed executed for that purpose and, save in the event that the Company itself is a party to the transaction, written acknowledgement of that transfer by the Company.

Serving of the deed of transfer or of a certified notarial copy or extract of that deed, on the Company, will be the equivalent of acknowledgement. This applies equally to the creation of a right of pledge or a right of usufruct on a share, provided that a right of pledge may also be established without acknowledgement by, or service on the Company, with due observance of section 2:86c(4) BW.

There are no restrictions on the transferability of shares in the Articles of Association or under Dutch law. However, the transfer of the shares into jurisdictions other than the Netherlands and Spain may be subject to specific regulations or restrictions.

There are no agreements between shareholders which are known to the Company that may result in restrictions on transfer of shares or the exercise of voting rights.

4.4 Issue and repurchase of (rights to) shares

4.4.1 Issuance of Shares

Pursuant to the Articles of Association, the Board resolves on the issue of shares and determines the issue price, as well as the other terms and conditions of the issue, if and insofar as the Board has been authorized by the General Meeting to issue shares with due observance of the applicable statutory provisions. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn without a proposal thereto by the Board. The authorization of the Board may be extended by specific consecutive periods with due observance of applicable statutory provisions. If and insofar as the Board has not been authorized, the General Meeting, pursuant to a proposal thereto by the Board, resolves on the issue of shares and determines the issue price, as well as the other terms and conditions of the issue. The above equally applies to the granting of rights to subscribe for shares, such as options, but is not required for an issue of shares pursuant to the exercise of a previously acquired right to subscribe for shares. The Company may not subscribe for its own shares on issue.

The Board has been authorized by the General Meeting, for a period of eighteen months from the Merger Effective Time, to issue shares, or grant rights to subscribe for shares, for an amount up to 10% of the Company's issued share capital. In addition, the Board has been authorized, for a period of eighteen months from the Merger Effective Time, to resolve to issue shares in relation to a one or more scrip dividends, materially in the amount of the scrip dividends approved by the Ferrovial, S.A. general meeting held on 13 April 2023.

4.4.2 Acquisition by the Company of its Shares

The Company may acquire fully paid-up shares if and insofar the General Meeting has authorized the Board to do so with due observance of the statutory provisions.

The Company may acquire fully paid-up shares at any time for no consideration or, subject to Dutch law and the Articles of Association, if: (i) the distributable part of the shareholders' equity is at least equal to the total purchase price of the repurchased shares, (ii) the aggregate nominal value of the shares that the Company acquires, holds or holds as pledge or that are held by a subsidiary does not exceed 50% of the issued share capital, and (iii) the Board has been authorized by the General Meeting to repurchase shares.

No authorization from the General Meeting is required if the Company repurchases fully paid-up shares for the purpose of transferring these shares to employees of the Company or of a Group Company pursuant to any applicable equity plan, provided that the shares are quoted on an official list of a stock exchange.

The Company may acquire shares against payment in cash or in a form other than cash.

The Company or a subsidiary may not cast votes on shares held by it nor will such shares be counted for the purpose of calculating a voting quorum. Usufructuaries or pledgees of shares belonging to the Company or any of its subsidiaries are not excluded from voting if the right of usufruct or the right of pledge was created before such share was held by the Company or any of its subsidiaries. The Company or a subsidiary may not cast a vote in respect of a share on which it holds a right of usufruct or a right of pledge.

When determining the allocation of an amount to be distributed, shares held by the Company in its capital are not taken into account, unless those shares are encumbered with a right of usufruct or a right of pledge. The Board is authorized to dispose of the Company's own shares held by it.

The Board has been authorized by the General Meeting, for a period of eighteen months from the Merger Effective Time, to resolve on the acquisition of shares provided that the Company and the Group Companies do not hold more than 10% of the Company's issued share capital, and against a price of up to 125% of their quoted price on a market on which the shares are listed, as determined by the Board, on the date of repurchase.

Pursuant to this authorization, the Company has agreed to implement a share buy-back program, with the purpose of reducing its issued share capital. The share buy-back program has a maximum investment of 500 million euro, and the number of shares to be acquired under the share buy-back program may in no case exceed 34 million of shares. The share buy-back program has been authorized from 1 December 2023 to 1 May 2024.

4.4.3 Capital Reduction

Pursuant to a proposal of the Board, the General Meeting may decide to reduce the issued share capital with due observance of article 2:99 BW. The issued share capital may be reduced by reducing the nominal value of shares by means of an amendment to the Articles of Association or by cancelling shares.

A resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast, if less than one-half of the issued share capital is present or represented at the General Meeting or a simple majority if one-half or more of the issued share capital is present or represented at the General Meeting.

A resolution to cancel shares can only relate to those held by the Company itself or all shares of a particular class. In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

The General Meeting has resolved to cancel shares as these may be held by the Company from time to time. The number of shares that will be cancelled will be determined by the Board. The cancellation may be implemented by the Board in one or more tranches. This resolution will lapse 18 months after the Merger Effective Time.

4.5 Major shareholders and related party transactions

4.5.1 Major Shareholders

The following table sets out the shareholders (either directly or indirectly) holding a substantial interest (*substantiële deelneming*) (*i.e.*, a holding of at least 3% of the share capital or voting rights) in the Company (the "Major Shareholders"). This list of Major Shareholders is based on the information published on the website of the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten, AFM*) on major shareholders in the Company as at 31 December 2023.

	Amount of Share Capital Owned		
Shareholder	Number / class of Shares	Percentage of share capital	Percentage of Voting Rights
Rafael del Pino	152,251,078	20.56%	20.56%
María del Pino	61,160,900	8.26%	8.26%
Leopoldo del Pino	30,924,323	4.17%	4.17%
Blackrock Inc.	23,276,732 (1)	3.14%	3.88%
TCI Fund Management Ltd	72,970,294 (2)	9.85%	9.85%
Bank of America Corporation	39,592,791 (3)	5.35%	5.35%
Lazard Asset Management LLC	38,974,088	5.26%	4.99%

(1) This figure also includes contracts for difference.
(2) This figure also includes swaps.
(3) This figure also includes swaps and put options.

The Company is not directly or indirectly controlled. The Company is not aware of any arrangement that may, at a subsequent date, result in a change of control.

4.5.2 Related-Party Transactions

Information on related party transactions is included in the note 6.8 to the consolidated financial statements of Ferrovial and its group of companies.

5. CHANGE OF CONTROL ARRANGEMENTS AND SPECIAL RIGHT OF CONTROL.

5.1 Cooling-Off Period in Response to Shareholder Activism or Hostile Take-Over

The board of a Dutch listed company, such as the Company, may invoke a statutory cooling-off period with a maximum of 250 days (*wettelijke bedenktijd*). During such cooling-off period, the General Meeting would not be able to dismiss, suspend or appoint Directors or amend the provisions in the Articles of Association relating to such matters.

The legislation allows the Board to invoke a cooling-off period in case:

- one or more shareholders who (jointly or individually) have the right to include an item on the agenda of a General Meeting as referred to under Section 4.1.1, propose an agenda item for the General Meeting to consider a proposal for the appointment, suspension or dismissal of one or more Directors or a proposal for the amendment of one or more provisions in the Articles of Association relating to such matters; or
- a public offer for the shares is announced or made without the Company's support for such offer, provided, in each case, the Board considers such proposal or offer to be materially conflicting with the interests of the Company and its business.

5.2 Rules Governing Obligations of Shareholders to Make a Public Takeover Bid

Pursuant to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) ("FMSA") and Dutch Decree on public takeover bids (*Besluit openbare biedingen*), and in accordance with European Directive 2004/25/EC, also known as the takeover directive, any shareholder who (individually or jointly) directly or indirectly obtains control of a Dutch listed company is required to make a public takeover bid for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to an exemption for Major Shareholders who, acting alone or in concert, already had such stake in the company at the time of that company's initial public offering).

In addition, it is prohibited to launch a public takeover bid for shares of a listed company, such as the shares of the Company, unless an offer document has been approved. Pursuant to Article 4(2)(a) of European Directive 2004/25/EC, as implemented in Article 4:74(2)(a) FSMA, the AFM shall be the authority competent to supervise such public takeover bid and approve such offer document. A public takeover bid may only be launched by way of publication of an approved offer document unless a company makes an offer for its own shares. The public takeover bid rules are intended to ensure that in the event of a public takeover bid, among others, sufficient information will be made available to the shareholders, that the shareholders will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

5.3 Significant agreements with change of control clauses

Significant agreements of the Company that incorporate change of control clauses include the following:

- Ferrovial has had a Multicurrency Revolving Facility Agreement with certain financial institutions since April 2014. This stipulates early repayment in the event of a change in control at Ferrovial, authorizing each of these institutions to withdraw the financing given on an individual basis for 90 days thereafter. In 2022 Ferrovial entered into a series of loans/lines of credit with several banks that include, among other reasons for early termination, a change of control of Ferrovial.
- In July 2014, March 2017 and May, June and November 2020, Ferrovial Emisiones, S.A. (a subsidiary of the Company) issued bonds admitted to trading on the AIAF fixed income market, guaranteed by Ferrovial and maturing in 2024, 2025, 2026, 2026 and 2028, respectively. Section 7(c) of the Terms and Conditions included in the issue prospectuses establishes as an event of total or partial early redemption, at the option of the bondholders, the occurrence of a change of control of Ferrovial that also results in the loss or downgrading of Ferrovial's rating.

  In September 2023, Ferrovial SE issued sustainability-linked bonds admitted to trading on Euronext Dublin, maturing in 2030. Section 6 (c) of the Terms and Conditions included in the issue prospectus, establishes as an event of total or partial early redemption, at the option of the bondholders, the occurrence of a change of control of Ferrovial SE, that also results in the loss or downgrading of Ferrovial SE´s rating.

  In December 2016 and November 2017, Ferrovial and several of its subsidiaries entered into counter-guarantee contracts with several insurance companies for the issuance of bonding guarantees on behalf of Ferrovial Group companies. The contracts include the ability of insurers to request counter-guarantees in cash if there is a change of control at Ferrovial.
- The Company and its group are also party to less significant contracts, mainly of financial nature, that require authorizations or set conditions for a change of control or corporate transactions such as a merger or spin-off. These include a change of control in Ferrovial among the grounds for early termination.
- There are also contracts with suppliers of IT services that include a change of control in Ferrovial among the grounds for early termination.

5.4 Employment, Service and Severance Agreements

There are no agreements between the Company and its directors or senior managers that provide for indemnities, guarantee or golden parachute clauses when they resign or are dismissed without just cause or if the contractual relationship comes to an end as a result of a takeover bid.

6. COMPLIANCE AND OTHER POLICIES OF FERROVIAL

Ferrovial management report contains specific sections regarding sustainability and environment; human rights; health, safety and wellbeing; integrity; and tax management. Please see these sections for detailed information on these matters.

6.1 Code of Ethics and Business Conduct

The Code of Ethics and Business Conduct (the "Code") is the most important document of the Ferrovial internal regulations and it is the founding stone of its compliance program, which aim is to promote a culture of integrity and establish a common process for monitoring and controlling the Company's compliance risks under the principle of "zero tolerance" for the commission of irregularities or criminal acts. The Code is available on Ferrovial's website.

The Code is applicable to all group companies and establishes the basic principles to which its directors, managers and employees must adhere.

Pursuant to the Code, the key principles of Ferrovial business conduct are:

- Compliance with the Law: the activities of Ferrovial shall be conducted in strict compliance with the applicable law.
- Respect for Human Rights: All actions carried out by Ferrovial and its employees shall strictly comply with the human rights and public liberties included in the Universal Declaration of Human Rights.
- Integrity: The business and professional activities of Ferrovial and its employees shall be based on integrity, honesty, preventing corruption and maintaining respect for the individual circumstances and needs from every person involved.

These key principles are embodied in a series of commitments: regarding (i) Ferrovial relationship with and among its employees (respectful treatment and prevention of discrimination; abolition of child labor; equal opportunities; workplace health and safety; respect of confidentiality and privacy of employee data; encouraging personal and professional balance); (ii) compliance with applicable laws (relationships with governments; anti-corruption laws; inside information; anti-money laundering laws; fair competition; accurate books and records); (iii) with third parties and the market (quality; confidentiality of third-party data; transparency, creating value and corporate governance; protection of company property; and conflicts of interest); and (iv) with the community (environment and social).

The Compliance Program is directly supervised by the Board through the Audit and Control Committee, under the chairmanship of the Compliance and Risk Director. The Compliance and Risk Director reports periodically to the Audit and Control Committee and at least once a year to the Board on the effectiveness of the Compliance Program. The latter includes a review of the controls established for compliance with the Code of Ethics and Business Conduct and other compliance regulations.

The Compliance and Risk Director also report at each meeting of the Audit and Control Committee on the performance of the Ethics Channel, which is the mechanism established by the Company to facilitate the communication of any possible irregularity, non-compliance or behavior contrary to ethics, legality and Ferrovial internal rules by Ferrovial employees or third parties. Please see the Ethical and Responsible Management section of the management report for further information on the Ethics Channel.

6.2 Anticorruption Policy

Ferrovial has an Anti-Corruption Policy, available on Ferrovial's website.

The Anti-Corruption Policy governs the behavior of all directors, officers and employees of Ferrovial and its group of companies, as well as their business partners, in the conduct of business, bearing in mind that Ferrovial has implemented a policy of "zero tolerance" of any practice that may be deemed as corruption or the giving or receipt of bribes. The Anti-Corruption Policy will govern the interactions between Ferrovial or any companies that comprise the group and any person, including but not limited to public officials.

In addition to the voluntary commitments with integrity and business ethics, the Anti-Corruption Policy mandates strict compliance with applicable anticorruption laws worldwide, including any laws prohibiting the giving or receiving of bribes and corrupt practices, including but not limited to the Dutch Criminal Code, the Spanish Criminal Code, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2015, the United Nations Convention against Corruption and the OECD Anti-Bribery Convention.

6.3 Code of Conduct in the Securities Market

Ferrovial has a Code of Conduct in the Securities Markets, also available on Ferrovial's website.

The Code sets forth the guidelines and prohibitions for Directors, managers and employees regarding the legal and regulatory duties and sanctions applicable to insider trading and unlawful disclosure of inside information/material nonpublic information. In addition, the Code regulates other matters, such as the blackout periods, insiders list, or notification obligations that have to be fulfilled under Dutch law by members of the Board or other Persons Discharging Managerial Responsibilities when dealing in securities of Ferrovial.

The Code of Conduct in the Securities Market is also applicable to persons closely associated (immediate family members or members of the same household and legal entities closely linked) with the members of the Board, managers and employees.

7. FINANCIAL REPORTING AND AUDIT

7.1 Main characteristics of the internal control system over financial reporting

Ferrovial has implemented a system of internal control over financial reporting based on the model outlined by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO"), known as the Internal Control Framework for Reporting Standards (the "ICFRS"). This framework delineates the internal control system as a set of rules, procedures and tools designed to reasonably ensure the financial information (i) fairly depicts, in all material respects, the financial condition, cash-flows and results of operations of the Company and (ii) it is free from material errors. The reliability, accuracy, completeness and timeliness of information significantly contribute to meeting this objective. The periodic evaluation of the internal control system is essential to ensure it remains effective.

The subsequent paragraphs delve into the specifics of the ICFRS framework currently in place.

7.2 Responsibilities

The Board of Directors is responsible for supervising the internal control over financial reporting system. Additionally, the Audit and Control Committee is tasked with supervising the effective functioning of the Company's internal control, including the ICFRS, relying on support from the Internal Audit function.

The practical design, implementation, and maintenance of the ICFRS are responsibilities assigned to the members of the Management Committee, who rely on the Corporate Finance Department to globally lead and oversees all phases of the process, as outlined in the 'General Framework for the Operation of the Internal Control over Financial Reporting System'. This framework is available to all employees through the Company's intranet. Notably, this responsibility extends beyond the Finance Department, encompassing the entire organization, including Human Resources, Legal Advisory, Information Systems, and all the Business Divisions.

The Corporate Finance Department provides periodic status reports to the Audit and Control Committee. Additionally, on a yearly basis, a report on internal control is presented to the Board of Directors.

7.3 The Process

Identifying risks of error in financial reporting is one of the most important stages within the ICFRS process, the purpose of which is to ensure (with reasonable security) the reliability of the financial information disclosed to the market.

The ICFRS process, also known as the 'ICFRS Annual Wheel', is aligned with the COSO III Enterprise Risk Management Framework. This wheel provides a structured approach to manage internal controls systematically throughout the year, ensuring reliability in financial reporting and compliance with accounting regulations. The process encompasses several key stages:

- Scope Definition: Determining the legal entities and processes for which internal controls are essential to ensure reliability of the consolidated financial statements.
- Process and Control Updates: Periodically revising process documentation and enhancing controls.
- Self-Assessment of Control Effectiveness: Evaluating the design and operational efficiency of the identified key controls.
- Risk Assessment: Evaluating residual risks associated with financial reporting.
- Results Update ("Rolling Forward"): Incorporating changes and addressing post-evaluation control shifts.
- Annual Certification: Certifying the financial information's accuracy.
- Internal audit of the controls.

These stages are supported by IT tools, facilitating comprehensive management of the process and enabling clear assignment of responsibilities for executing and documenting controls.

The methodology is based on the analysis of the financial information in the various companies controlled by Ferrovial, selecting the material financial statement lines according to quantitative and qualitative criteria (mainly financial statement lines that involve judgements, estimations and complex calculations, and which are at risk of fraud). In this stage, risks of error and fraud in the financial information are identified, in relation to the existence, completeness, accuracy, valuation, presentation and disclosures, rights and obligations associated with the financial statement lines within the scope. The main financial statements lines are grouped into processes that are analyzed and for which a narrative is prepared describing the information generation process and the main associated controls.

The risk assessment is carried out once a year, based on the functioning of the key controls implemented. The most significant observations and residual risks are presented to the Board of Directors and Audit and Control Committee.

The results of the self-assessment of controls are ratified during the “Roll Forward” phase, checking whether between the date of the evaluation of controls (September) and the end of the year there have been significant changes in the processes, systems and/or in the organization that could affect internal control. The Roll Forward is launched in January together with the self-assessment of the annual frequency controls associated with the year-end closing. Also, when issues are identified in the self-assessment process, action plans are defined to ensure they are solved.

The process of identifying risks of error in financial information considers the effects of other types of risk, mainly operational, technological, legal, tax and labor risks, to the extent that they affect the financial statements. These risks are assessed and managed by the businesses and the various corporate functions, such as the Information and Innovation Systems Department hereinafter the “DGSSII”, Tax Department, Legal Department, Human Resources Department and others.

Ferrovial has also documented its entity level controls, following the principles of the COSO III framework, and the Information Technology General Controls following the international standard included in the Corporate Information Security Model. This includes internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

On an annual basis, the Information Systems Directors of the main subsidiaries and business units, as well as the Group’s Global CISO, carry out an evaluation of the effectiveness of the internal controls implemented on the main information systems that support the financial reporting processes in their respective areas of responsibility (local and corporate environments). This assessment provides an overview of the main risks associated with the use of Ferrovial’s digital products and services and information, as well as facilitating the definition and implementation of action plans to manage the identified risks.

Based on all the key ICFR activities undertaken during 2023, together with the action plans in place to address residual risks, it has been concluded that the 2023 aforementioned systems provide reasonable assurance that the company’s financial reporting does not contain any material inaccuracies.

7.4 Monitoring of the system

Ferrovial has an Internal Audit Department that reports to the Audit and Control Committee. The scope of the Internal Audit Department’s work includes all companies in the Ferrovial Group.

The scope of the reviews and analysis carried out by the Internal Audit Department includes the following:

- Financial statements.
- Business plans, budgets and financial models.
- Non-financial information.
- Design, effectiveness and efficiency of processes and internal controls.
- Compliance with applicable internal and external regulations.
- Integrity and functional sufficiency of information systems, and
- The adequacy of organizational responsibilities.

The Internal Audit Department provides regular updates to both the Executive Committee and the Audit and Control Committee.

7.5 Process of preparing the annual accounts

The preparation of the Annual Accounts starts with the creation of the annual closing calendar by the Finance department, that includes the main tasks to be performed to prepare the consolidated Annual Accounts of the Group. It is a bottom-up process where controls are defined for key activities: all the accounting closing activities carried out at corporate level, such as the full consolidation process, the breakdown of the notes to the financial statements and the preparation of the cash flow statement have their own controls.

At transactional system level, Ferrovial has a harmonized system, internally called "corporate" SAP, which includes most Group companies. The companies outside this "corporate" SAP have their own transactional systems, all of them developed under the SAP platform. The mechanism for capturing and preparing the information that supports Ferrovial' s consolidated financial statements is mainly based on a consolidation tool known as SAP BPC. The companies and subgroups not included in the corporate SAP application upload their end of period financial information into this application. A large part of the information supporting the breakdowns and notes to the financial statements is included in the consolidation tool, with the remainder being captured using standard-format spreadsheets, called Reporting Packages, which are prepared for half-yearly and annual closes.

The information reported for the preparation of the Group's consolidated financial statements is certified by different levels of the organization in a bottom-up process. Thus, the businesses and main subsidiaries' Chief Executive Officers and Chief Financial Officers certify the financial information of their areas of responsibility. This certification includes an explicit mention of their responsibility for maintaining a system of internal control that enables the financial information to be free from material error or fraud. It also includes a statement regarding the self-assessment exercise of the effectiveness of the controls and that the results obtained do not give rise to any significant deficiency or material error in the financial information.

The financial statements are submitted to the Board for their formulation. In addition, prior to publication and approval by the Board, the General Finance Department submits to the Audit and Control Committee the annual financial statements, highlighting the main judgements and estimates made in the most complex areas or those with the most significant accounting impact.

The external auditor periodically participates in the Audit and Control Committee, presenting their scope, planning, identification of key risks, conclusions of interim work and final conclusions of the audit. They also submit any internal control weaknesses found during its audit work to the Audit and Control Committee, on a yearly basis. These weaknesses are incorporated into the ICFRS action plan; the Corporate Finance Department is responsible for designing an action plan to correct such shortcomings and for reporting progress to the Audit and Control Committee and Internal Audit for supervising its completion.

7.6 Appointment of the group external auditor

In accordance with Dutch law, Ferrovial's external auditor is appointed by the General Shareholders Meeting, based on a nomination for appointment by the Board. The Board bases its nomination on the advice from the Audit and Control Committee, who annually provide a report to the Board on the performance of and relationship with the external auditor, as well as its independence.

Ernst & Young, S.L., Ferrovial's predecessor external auditor, was initially appointed by the General Meeting as the external auditor of Ferrovial, S.A. (the former parent company of the Ferrovial group) on 17 April 2020 for a three-year term, starting from 31 December 2020. Following the Merger where the Company acquired all assets and liabilities of Ferrovial, S.A. under universal title, Ernst & Young Accountants LLP now serves as the auditor for Ferrovial.

7.7. Transitioning to a Sarbanes – Oxley Act (SOX) compliant model

In connection with Ferrovial's planned listing on Nasdaq, in 2023 we started a process determining whether our existing system of ICFR was compliant with the Sarbanes-Oxley Act and the existing controls operating at the level required, initiating a program to adapt our prior ICFR framework to the requirements of the Sarbanes-Oxley Act. The implementation program will continue during 2024.

In the prior ICFR System no material weaknesses nor significant deficiencies in our internal controls had been identified. However, the SOX implementation program has evidenced the need to introduce additional requirements not currently met (e.g. implementation of management review controls with a required level of precision or documentation). As a result, in the preparation of our 2023 IFRS financial statements, we identified three material weaknesses in the design and operating effectiveness of our internal controls over financial reporting related to the following: (i) lack of evidence of management review controls pertaining to control attributes, precision level applied and documentation of matters resolved and over the completeness and accuracy of reports used in the controls, (ii) lack of designed, implemented and operating effectiveness testing internal controls over information technology general controls impacting systems and applications used in significant processes, and (iii) lack of control design to ensure appropriate segregation of duties is maintained in recording transactions.

The Company has already made significant progress in remediating these material weaknesses by carrying out a SOX Act compliance program with the support of an external advisor with specific actions being taken for each material weakness as follows:

- Identifying the complete population of management review controls and improving preparation and retention of the documentation of the control performance by using standardized templates with all the required control attributes, including the precision level applied, investigation and resolution of review matters, testing of system reports used in performing the controls;
- Following a readiness assessment of the information technology (IT) general controls of the main systems and applications supporting the preparation of our consolidated financial statements, the Company is working to evidence the effective design and operation of the implemented IT general controls surrounding those applications, as well as to implement such framework for all other IT service and business applications in scope. Remedial actions resulting from the readiness assessment are being carried out to improve SOX compliance.
- An action plan with 4 lines of work has been defined, including tactical actions in the systems to improve access controls; definition of controls for new users in IT applications; definition of a new procedure to ensure segregation of duties is a requirement in any new system implementations; and actions at processes level ensuring adequate oversight of main control activities and identifying adequate access to those systems supporting the control performance.

Notwithstanding the ongoing internal control improvements resulting from the SOX Act compliance program, management has concluded that the aforementioned systems as a whole provide reasonable assurance that the company's financial reporting does not contain any material inaccuracies.

INTERNAL CONTROL STATEMENT

The Board of Directors of Ferrovial SE, based on the internal control procedures carried out during 2023 described in section 7.3 and on the going concern assessment included in note 1.2.1 "Going concern assessment" of the Consolidated Financial Statements, hereby states that:

- the management report of Ferrovial SE provides sufficient insights into any deficiencies in the effectiveness of the internal risk management and control systems with regard to the risks as referred to in best practice provision 1.2.1 of the Dutch Corporate Governance Code;
- the aforementioned systems provide reasonable assurance that the company's financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis;

and

- the aforementioned report states the material risks, as referred to in best practice provision 1.2.1 of the Dutch Corporate Governance Code and the uncertainties, to the extent that they are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

8. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Dutch Governance Code (https://www.mccg.nl/english) applies to all Dutch companies with listed shares on a government-recognized stock exchange, whether in the Netherlands or elsewhere, and therefore also applies to Ferrovial. The amended Dutch Governance Code was published on 20 December 2022, and for reporting purposes, applies to the financial years commencing on or after 1 January 2023. The Dutch Governance Code contains a number of principles and best practice provisions in respect of boards, shareholders and the general meeting, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Company acknowledges the importance of good governance. At the same time, the Company is continuing the good governance practices developed by Ferrovial S.A., in the Spanish context and international market practice. The Company has taken into consideration for its corporate governance, and will continue to do so in the future, the best practice provisions of the Dutch Governance Code. Ferrovial complies with the majority of the best practice provisions of the Dutch Governance Code, except for those listed below:

Best practice provisions 1.5.3 and 1.5.4 - The Audit and Control Committee does not fully follow the manner of reporting to the Board indicated in the Dutch Governance Code for the financial year 2023. However, the Audit and Control Committee does report to the Board through several ways: (i) the Chairman of the Committee summarizes at each Board meeting the main items discussed in the previous Audit and Control Committee meeting; (ii) once drafted, all the minutes of the Audit and Control Committee meetings are made available to all Directors; and (iii) the Audit and Control Committee has approved a report on its operation during the financial year 2023 that has been presented to the Board, which report covers items such as the Audit and Control Committee's composition, duties, meetings held and attendees to such meetings (both members and invitees), activities undertaken, annual evaluation and conclusions. Ferrovial considers that, in this manner, the Board has the appropriate information of the activities carried out by the Audit and Control Committee.

Best practice provision 2.2.1 - Including the period that he served on the board of Ferrovial S.A., Executive Director Mr. Rafael del Pino has been an Executive Director for more than eight years. Mr. Rafael del Pino has served as Executive Director since 1992, and Chairman since 2000. He has an extraordinary knowledge of Ferrovial and its Group and the sectors in which it operates. He has been instrumental in the growth and internationalization of Ferrovial and its Group. Under his initiative, management and drive, Ferrovial has become one of the leading and most prestigious global infrastructure operators.

Best practice provision 2.2.2 - Including the period that he served on the board of Ferrovial S.A., Non-Executive Director Mr. José Fernando Sánchez-Junco has been on the Board for more than twelve years. Mr. José Fernando Sánchez-Junco has a deep knowledge of Ferrovial and its Group, having contributed to its important development and internationalization and to its consolidation as a global operator in the infrastructure sector. Likewise, the curriculum of Mr. José Fernando Sánchez-Junco also shows his extensive training with a solid knowledge of business and commercial strategy.

Best practice provision 2.3.7 – The Dutch Governance Code recommends that a vice-chairperson is appointed that deputizes for the chairman of the Board. Ferrovial has implemented an executive chairman governance model. This means that one of Ferrovial's Non-Executive Directors, with the title Lead Director, serves as 'chairperson' as contemplated under the Dutch Governance Code, and that one of Ferrovial's Executive Directors holds the title of Chairman. Ferrovial's Vice-Chairman deputizes for Ferrovial's Chairman, and not for Ferrovial's Lead Director. A number of duties contemplated under the Dutch Governance Code for the 'chairperson' are exercised by Ferrovial's Chairman (where applicable together with Ferrovial's Lead Director) and, accordingly, having the Vice-Chairman deputize for the Chairman (and not the Lead Director) is consistent with Ferrovial's choice for an executive chairman governance model.

Best practice provision 2.4.2 – The Board Rules provide for a limitation to the number of boards outside Ferrovial in which Directors may sit (five listed companies other than the Company and its Subsidiaries, counting as one the positions in the same group of companies). The Company considers that this limitation sufficiently ensures an adequate level of involvement of Ferrovial Directors. Furthermore, and with the same purpose, the Nomination and Remuneration Committee oversees each year the positions outside Ferrovial in which Non-Executive Directors sit.

Best practice provision 2.6.2 – The Policy of the Ethics Channel states that the communications involving the actual or suspected misconduct of a member of the Board shall be managed under the direct oversight of the Chairman of the Audit and Control Committee. The Company believes this to be the most appropriate considering Ferrovial's overall governance, given that the Audit and Control Committee, which is composed by independent Non-Executive Directors only, among its duties, is responsible for the establishment of procedures for the receipt, retention and treatment of complaints, concerns and questions of employees and third parties. In addition, the Chief Compliance Officer, who is responsible of the whistleblowing system, reports to the Chairman of the Audit and Control Committee, who is therefore familiar with the complaints' investigation procedures.

Best practice provision 3.1.2 vi) – Ferrovial's Remuneration Policy states that once the shares corresponding to the remuneration systems have been attributed, the Executive Directors may not transfer their ownership or exercise them until a period of at least three years. An exception is made if an Executive Director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments. The objective of the holding period of the shares delivered by the Company is to align its interests and those of its shareholders. Ferrovial understands that these interests are aligned when an amount equivalent to at least twice the fixed remuneration is reached, as it represents a relevant exposure to the value of the Company.

Best practice provision 3.2.3 – Pursuant to the Remuneration Policy, the contract with the CEO states that he will be entitled to receive the gross compensation equal to the greater of the following two amounts in some cases of termination of his contract: (i) the amount resulting from adding the annual amount of the fixed remuneration and the annual variable target remuneration corresponding to the year in which the contract is terminated; or (ii) the amounts accumulated on the date on which the contract is terminated in the extraordinary deferred remuneration plan referred to in the Long-Term Savings System with the limit of two annual payments of the total annual remuneration. This regime is in line with Spanish good governance recommendations, which Ferrovial, S.A. followed before the Merger Effective Time.

Best practice provision 3.3.3 – Non-Executive Directors are not remunerated in shares. Ferrovial has not adopted any formal shareholding guidelines for Non-Executive Directors.

Best practice provision 5.1.2 – Pursuant to the Board Rules, the Chairman of Ferrovial has ultimate responsibility for the effective operation of the Board, having the ordinary power to call the Board, set the agenda for the meetings and to lead the discussions and deliberations. As explained when dealing with the recommendation 2.3.7, Ferrovial has an executive chairman governance model and the allocation of these duties is consistent with this model.

9. CORPORATE GOVERNANCE STATEMENT

The Dutch Governance Code mandates Dutch companies to issue a statement outlining their approach to corporate governance and compliance with the Dutch Governance Code, referenced in article 2a of the Decree Management Report. Details required for inclusion in this corporate governance statement, described in section 3 of the Decree Management Report, are incorporated and reiterated herein by reference. This information is located in the following Sections of the Annual Report:

- Section 8 includes details pertaining to compliance with the Dutch Governance Code, as required by article 3 of the Decree Management Report.
- Section 7 contains information pertaining to Ferrovial's risk management and control framework concerning the financial reporting process, as required by article 3a sub a of the Decree Management Report.
- For details on the functioning of the General Meeting and the authority and rights of its shareholders, as mandated by article 3a sub b of the Decree Management Report, refer to Section 4.1.
- Section 2 covers details about the composition and functioning of the Board and its Committees, adjusted for a one-tier governance structure to comply with article 3a sub c of the Decree Management Report.
- Ferrovial's Diversity and Inclusion Policy, a requirement per article 3a sub d of the Decree Management Report, is documented in Section 2.8.1.
- Details concerning the number of men and women on the Board, management positions below the Board, corresponding goals, and plans to achieve these goals, mandated by article 3d of the Decree Management Report, can be found in Sections 2.3, 2.8.1 and 3.
- Sections 4.2 through 4.4 and Section 5 include information regarding the inclusion of data required by the Dutch Decree on public takeover bids (Besluit openbare biedingen), implementing the European Directive 2004/25/EC, as stipulated by article 3b of the Decree Management Report.

RESPONSIBILITY STATEMENT

As required by section 5:25c (2) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the members of the Board of Directors of Ferrovial SE hereby state that, to the best of their knowledge:

- the stand alone financial statements of Ferrovial SE and the consolidated financial statements of Ferrovial SE for the financial year ended 31 December 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of Ferrovial SE and the entities included in the consolidation taken as a whole; and
- the management report of Ferrovial SE, for the financial year ended 31 December 2023 gives a true and fair view of the state of affairs on the balance sheet date, the course of business during the financial year of Ferrovial SE and of the enterprises affiliated to it whose data are included in its financial statements, and that the management report describes the substantial risks with which Ferrovial SE is confronted.

Amsterdam, 27 February 2024

BOARD OF DIRECTORS

Mr. Rafael del Pino y Calvo-Sotelo, Executive Director (Chairman)

Mr. Óscar Fanjul Martín, Non-Executive Director (Vice-Chairman)

Mr. Ignacio Madridejos Fernández, Executive Director (Chief Executive Officer)

Ms. María del Pino y Calvo-Sotelo, Non-Executive Director

Mr. José Fernando Sánchez-Junco Mans, Non-Executive Director

Mr. Philip Bowman, Non-Executive Director

Ms. Hanne Birgitte Breinbjerg Sørensen, Non-Executive Director

Mr. Bruno Di Leo, Non-Executive Director

Mr. Juan Hoyos Martínez de Irujo, Non-Executive Director (Lead Director)

Mr. Gonzalo Urquijo Fernández de Araoz, Non-Executive Director

Ms. Hildegard Wortmann, Non-Executive Director

Ms. Alicia Reyes Revuelta, Non-Executive Director

ETHICAL AND RESPONSIBLE MANAGEMENT

RIGOR AND TRANS-PARENCY

To create confidence in shareholders, investors, customers, employees and other stakeholders, ethical and responsible management is required. To promote confidence, Ferrovial has a robust Compliance Program in line with international best practices.

FERROVIAL'S VALUES: INTEGRITY

The Compliance Program, approved and supervised by the Board of Directors, has been reviewed in 2023 in connection with the planned listing of Ferrovial SE on the Amsterdam Stock Exchange and NASDAQ, adapting it to the legal requirements of the Netherlands and the United States, and the standards required for listed companies in the EU and in the United States.

The program includes, among others, the following internal policies and procedures: Code of Ethics and Business Conduct ("Code of Ethics"); Policy of the Ethics Channel and for dealing with Queries, Complaints and Reports; Anti-Corruption Policy; Compliance Policy; Due Diligence Policy with Respect to Third Party Integrity; Procedure for Due Diligence with Respect to Supplier Integrity; Lobbying and Political Contributions Policy; Gifts and Hospitality Policy; Data Protection Policy; Antitrust Policy; and Procedure for Approving and Tracking Patronage, Sponsorship and Donation Projects.

The Compliance Program is supervised by the Board of Directors through the Audit and Control Committee, to whose Chairman reports the Chief Compliance and Risk Officer. The Chief Compliance and Risk Officer reports periodically to the Committee, and at least once a year to the Board, on the effectiveness of the program. The evaluation of the program includes the review of the controls established for compliance with the Code of Ethics and Business Conduct and other Compliance regulations.

Ø TOLERANCE

PREVENTION OF COMPLIANCE RISKS

The Compliance Policy describes the Compliance Program, which is based on an effective risk management system. To this end, a common process of evaluation, monitoring and control of compliance risks has been established under the principle of "zero tolerance" towards corruption in particular and, generally, towards the commission of criminal acts.

The Compliance Program includes a Crime Prevention Model, whose objective is to prevent the commission of criminal acts, especially those that entail corporate criminal liability according to the Spanish Criminal Code.

The Compliance Program is certified in accordance with the reference standards UNE 19601 "Criminal Compliance Management Systems" and UNE-ISO 37001 "Anti-Bribery Management Systems", both obtained for the first time in 2019. It also has a Tax Compliance System certified in 2021 in accordance with UNE 19602.

NEW CODE OF ETHICS AND BUSINESS CONDUCT

In 2023, the company revised and updated the Code of Ethics and Business Conduct with the aim of adapting it to the latest international trends and making it more comprehensible to the reader by including examples and Frequently Asked Questions. It applies to Ferrovial SE and to all the companies that make up the Ferrovial Group, whatever their business area or geographical location.

All Ferrovial employees must adhere to the principles and commitments set out in the Code of Ethics and ensure that other persons or groups that conduct business on behalf of Ferrovial, or with whom the company has any kind of relationship, also follow these principles and commitments.

This includes suppliers, contractors, agents, consultants and other business partners. Ferrovial seeks to ensure that the principles and commitments established in the Code of Ethics are observed by all the companies in which it participates and throughout the company's value chain.

Failure to comply with the Code of Ethics may constitute a labor infraction, which will be sanctioned in accordance with applicable legislation and internal regulations, regardless of other responsibilities that the employee may have assumed.

The Code of Ethics is based upon Ferrovial's values (respect, collaboration, excellence, innovation, integrity), as well as the principles and commitments that enable it to fulfill the Company Purpose; develop and operate innovative, efficient and sustainable infrastructures, with the aim of generating value for stakeholders.

The updated Code of Ethics and Business Conduct is published on Ferrovial's intranet and website (www.ferrovial.com), and its dissemination begins with an e-mail sent by the CEO to all company employees, encouraging them to get to know it and apply it in their day to day professional lives.

Compliance Network

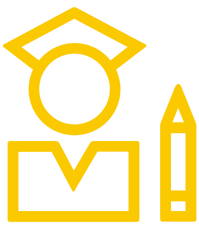
In 2023, the creation of the Compliance Network was formalized. It is a group of approximately 47 employees and external collaborators, from the different functions and businesses, representing all the jurisdictions in which Ferrovial operates.

The purpose of the Compliance Network is to help promote a culture of ethics and integrity within Ferrovial Group, in particular by: :

- Assisting in the local dissemination, and increased awareness, of Compliance communications, policies, and procedures.
- Serving as a liaison between local employees and Compliance as a trusted person to whom local employees can turn with compliance-related questions or concerns.
- Identifying Compliance risks and report them to Compliance and Risk Department.
- Supporting the local coordination and investigation of communications received through the Ethics Channel, as appropriate.

The Compliance Network will meet periodically to exchange knowledge and information. The CEO participated in the first meeting, highlighting the relevance and importance of this network.

TRAINING AND COMMUNICATION



The Compliance Training and Awareness Plan for 2023-2024 aims to foster a culture of ethics and integrity, reinforcing knowledge of the Code of Ethics and Business Conduct and the policies and procedures that promote it.

Among the priorities of the Plan is also to raise the awareness among employees of the risk of committing criminal acts, especially corruption or bribery. For this reason, a general training course on corruption has been designed for all employees and a more specific one for those employees whose functions may expose them to a higher risk of corruption or fraud, for example, those employees who have a relationship with public administrations, those involved in negotiations with third parties, as well as employees in the purchasing department. It is estimated that the number of employees who have completed these training modules in 2023 amounts to more than 2,000.

In 2023, an in-person roadshow was held in 11 projects/concessions in five US states and Canada. During these events, the Compliance Director for North America provided in-person training to more than 500 blue collar employees and met with the management teams of the subsidiary companies in those geographies to share topics of interest and confirm their commitment to the objectives of the Compliance Program.

The training focused on the Code of Ethics and some of its supporting policies, such as the Anti-Corruption Policy, the Due Diligence Policy with respect to Third Party Integrity, the Gifts and Hospitality Policy and the Policy for the Ethics Channel and for Dealing with Queries, Complaints and Reports.

In relation to the main online courses, the following training activities stand out in 2023:

- Compliance Boot Camp, launched at the end of 2022, which is a review of six key compliance policies was closed with 100% completion in 2023 (2,487 employees trained in 2023).
- Tax Compliance a course aimed at employees with the highest exposure to tax risk (2,692 employees trained in 2023).
- An anti-corruption course for employees at Dalaman airport in Türkiye who are most exposed to corruption risk. The program was translated into Turkish and was presented to more than one third of the staff.

In addition, an online training plan has been implemented for new hires that includes mandatory compliance courses, including courses on the Code of Ethics and Business Conduct, Prohibited Conduct, Anti-Corruption and Compliance Boot Camp courses, as well as other courses on cybersecurity, health and safety, data protection, among others. Overall, the training volume of these courses in 2023 amounted to 17,059 hours, equivalent to 0.7 hours per employee, accumulating a total of 28,138 hours of training in the last three years.

The company makes its compliance policies available to its employees on the intranet, for their reading and knowledge. The main corporate compliance policies are also available on the Ferrovial website. Suppliers who provide services to the company receive the Suppliers Code of Ethics and the Anti-Corruption Policy, so that they are aware of them and can apply them.

In 2023, a total of 395 managers signed the annual compliance declaration. This declaration states their acceptance and knowledge of the Code of Ethics, the Compliance Policy and the Anti-Corruption Policy, as well as the obligation to report cases of non-compliance with these policies to the Compliance and Risk Department or through the Ethics Channel.

ANTI-CORRUPTION POLICY

Ferrovial's Anti-Corruption Policy establishes rules to regulate the behavior of employees, executives and companies that make up the Group, as well as third parties with which it has dealings. The policy is governed by the principle of "zero tolerance" for any practice that could be considered bribery or corruption, both active and passive, and requires compliance with all applicable anti-corruption laws. In addition, all parties are urged to report any violation of such laws or of internal regulations on the matter.

Ferrovial requires ethical behavior in accordance with the highest standards from third parties with whom it has dealings. To this end, a due diligence process of ethical integrity of third parties is followed, in line with international best practices. In each case, the corresponding policy or procedure is applied to ensure that the relevant third party complies with the same standards of integrity and ethics as the company.

ETHICS CHANNEL

The company makes available to its employees and stakeholders the Ethics Channel, a confidential and, if the informant so wishes, anonymous system (in accordance with applicable legislation), to facilitate the reporting of any possible irregularity, non-compliance or behavior contrary to ethics, legality and Ferrovial's internal rules, including in particular possible cases of fraud or corruption, anti-competitive practices, human rights violations, financial and tax matters or damage to the environment.

In addition, matters relating to accounting, internal accounting controls, auditing matters or questionable financial practices of Ferrovial SE may be reported, as well as alleged misconduct by members of the Board of Directors, may also be reported to the Ethics Channel.

All communications are handled in an objective and diligent manner in accordance with the Policy for the Ethics Channel and for dealing with Queries, Complaints and Reports. Throughout the entire process, the rights of those involved will be respected, in particular the presumption of innocence. Likewise, retaliation against anyone submitting a communication to the Ethics Channel in good faith or participating in the investigation thereof will not be tolerated.

Communications will be processed by the most appropriate department according to their circumstances, favoring the greatest geographical proximity to the informants, as well as the independence and absence of conflict of interest of those responsible for the investigation. In order to assist the teams that may be involved in this task in their respective areas of competence, an Internal Investigations Guide has been prepared by the Compliance and Risk Department. In addition, training sessions have been conducted with the Compliance Network to ensure diligent management of all communications and respect for the persons involved.

The Compliance and Risk Department periodically reviews closed communications to prevent possible cases of retaliation by monitoring the professional careers of the parties involved.

The Compliance and Risk Department is responsible for managing the Ethics Channel and receives support from the Internal Audit Department for the analysis of high-priority communications, as well as from other departments of the organization depending on the nature of the matter. The Chief Compliance and Risk Officer reports quarterly to the Audit and Control Committee, and annually to the Board of Directors, on the communications received and the actions taken in relation to them.

The Ethics Channel can be accessed by telephone, mail, intranet or the corporate website (https://ferrovialethicschannel.whistleblowernetwork.net/frontpage). In addition, specific communication channels have been established in certain companies or areas of activity where deemed appropriate.

During fiscal year 2023, a total of 167 communications were received through the various communication channels, representing an increase of 28% compared to 130 in 2022. Of the 167 communications received, 64 (38%) were anonymous (compared to 72 (55%) in 2022), and 82 (49%) were considered substantiated (compared to 64 (49%) in 2022). Of those substantiated, corrective actions have been agreed in 96% of the cases (95% in 2022). The measures taken are mainly disciplinary, training or change of internal processes.

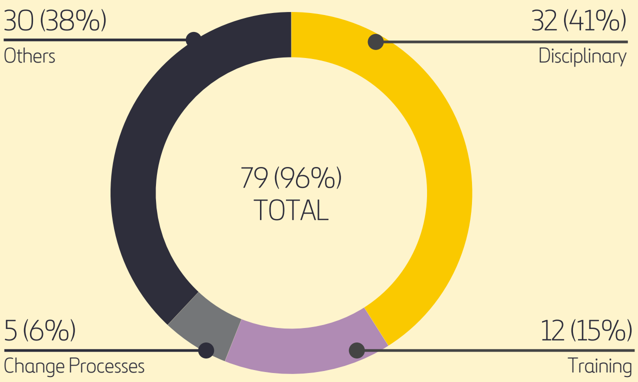
The nature of the communications received was as follows:

Type of communication	2022	2023
Human Resources Issues	**91**	**115**
• Misconduct	32	56
• Working conditions	20	14
• Discrimination	7	7
• Harassment	30	38
Health, Safety and Welbeing	**14**	**11**
Fraud and corruption	**12**	**9***
Environment	**0**	**1**
Personal data protection	**0**	**1**
Money laundering	**0**	**0**
Others	**13**	**30****
TOTAL	**130**	**167**

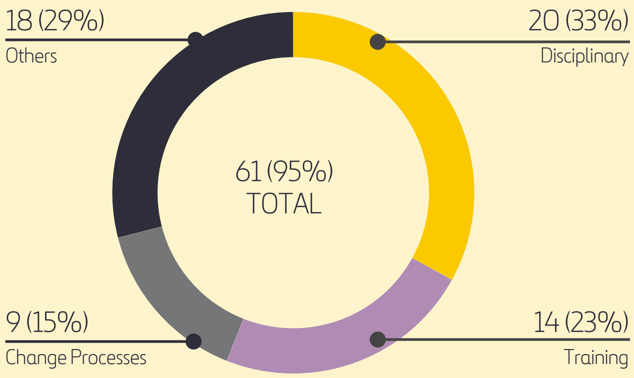
*Includes communications related to fraud or misappropriation by employees or collaborators of the company. No reports of potential bribery or influence peddling involving companies of the Group have been reported.
** Others noise claims related to site construction, urbanism, unpaid invoices, subcontractor relations, social media, and unrelated issues to the Ethics Channel.

For the communications substantiated, corrective measures were implemented in most cases. The detail of the measures is as follows:

CORRECTIVE ACTIONS IMPLEMENTED
2023



2022



In 2023, no case reported through the Ethics Channel has given rise to significant impact to Ferrovial from a criminal, economic or reputational point of view.

The number of communications amounted to 6.64 per 1,000 employees per year (3.78 in 2022), and the average communications resolution period for those received through the Ethics Channel mounted to 36 days (30 days in 2022).

TAX MANAGEMENT

The Board of Directors is responsible, on a non-delegable basis, for establishing the Risk Control and Management Policy, including tax risks, as well as for approving investments or transactions that present a high tax risk due to their special characteristics or high amount.

Ferrovial adhered to the Code of Good Tax Practices promoted by the Spanish Tax Agency in 2010, and renewed in 2022, extending these recommendations to all its activities worldwide through the Compliance and Good Tax Practices Policy.

The Tax Compliance and Best Practices Policy (the "Tax Policy"), approved in 2021, is an integral part of Ferrovial's corporate governance policies and is available on the corporate website and intranet. It is aligned with current international tax standards, such as the OECD Guidelines, and its main objective is to guarantee a transparent tax compliance model based on best tax practices, as well as to ensure a correct tax contribution in all the countries in which Ferrovial is present.

TOTAL TAXES* (M€)

1,027

*Supported, paid and collected

TAXES PAID OR PROFITS (M€)

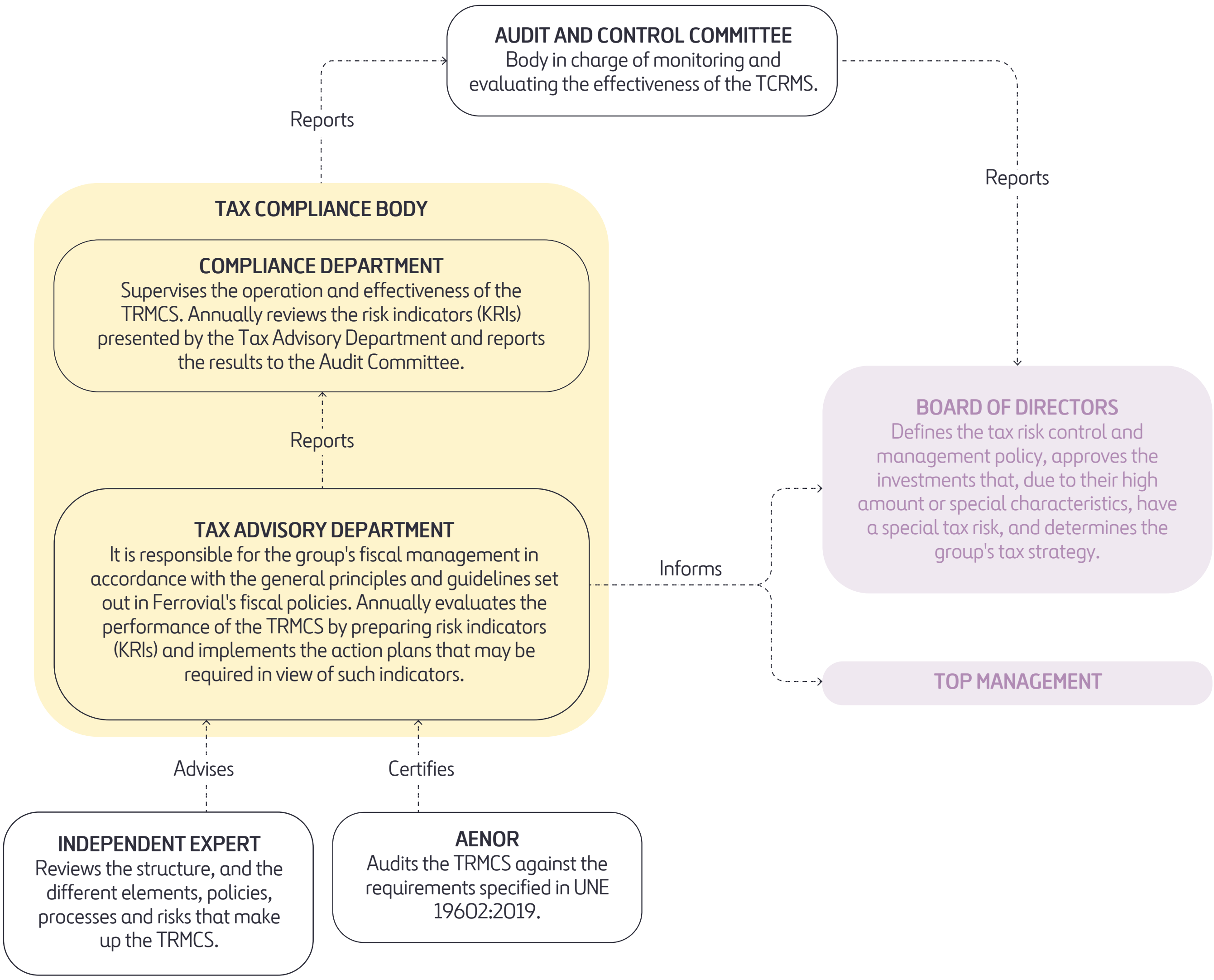
169

Ferrovial is committed to contributing to the economic and social development of the different markets in which it operates, which from a tax perspective, means compliance with all tax obligations generated because of its activity, in accordance with applicable local and international regulations, as well as through the development of best practices in this area and the maintenance of an appropriate relationship with the corresponding tax authorities. It is the responsibility of all Ferrovial's employees and collaborators to comply with this commitment.

This policy is developed through various internal rules, procedures, instructions and circulars that make up the Tax Risk Management and Control System, and benefits from the corresponding due diligence procedures and other rules that make up the corporate governance system.

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

TAX RISK MANAGEMENT AND CONTROL SYSTEM (TRMCS)



FISCAL GOVERNANCE, CONTROL AND RISK MANAGEMENT

The role of the Board of Directors

Prior to the preparation of 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 their degree of compliance. It is also informed of the conclusions derived from the supervision and evaluation of the operation and effectiveness of the Tax Risk Management and Control System (TRMCS), which is reflected in the Annual Corporate Governance Report.

In the case of transactions or matters to be submitted to the Board of Directors for approval, it is informed in advance of the relevant tax consequences of such transactions or matters.

The role of Ferrovial's Compliance and Risk Department

Ferrovial's Compliance and Risk Department, as the tax compliance body, in coordination with the Tax Advisory Department, is responsible for supervising the operation and effectiveness of the TRCMS.

The role of the Tax Advisory Board

The Tax Advisory Department is a centralized body with financial sufficiency and is made up of experienced tax experts, whose main objective is to manage the company's tax affairs in accordance with Ferrovial's general principles and tax policies.

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

TAX RISK PREVENTION AND MANAGEMENT

The main objective of Ferrovial's TRMCS is to establish a governance framework in tax matters that ensures that the company's actions and operations are governed by clear principles, values and standards, aligned with the Code of Ethics and Business Conduct and other corporate governance standards. This allows any employee, person or entity that has a relationship with the company to make the appropriate decisions in order to comply with tax law.

This due diligence framework is subject to a continuous monitoring and control process to ensure strict compliance with applicable laws and the adoption of the highest ethical standards in the development of the company's activities. The management and analysis of the operation of this system is the responsibility of the Tax Advisory Department, and the Compliance and Risk Department oversees supervising the operation and effectiveness of the TRMCS.

Minimum taxation of multinational groups

Agreement on a global minimum tax of 15% for multinational companies with revenues exceeding 750 million euro was reached in October 2021 by 137 countries and jurisdictions comprising the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) in order to ensure effective global taxation (known as "Pillar Two" agreement). In December 2022, the 27 EU Member States approved a Directive based substantially on the OECD rules, which was to be transposed into the national legislation of each State by the end of 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Tax havens

Ferrovial does not carry out operations in any jurisdiction considered as a tax haven by the Netherlands Tax Administration, nor in a country or territory that has been designated as non-cooperative in tax matters by the European Union.

Tax Compliance Management System Certification

In February 2021, Ferrovial was certified by AENOR in its tax compliance management system in accordance with the UNE 19602 reference standard. This certification endorses Ferrovial's commitment to regulatory compliance, responding to the regulatory requirements of markets, customers, shareholders and investors and other stakeholders. The certification also reflects the company's high ethical standards and commitment to best corporate governance practices.

In February 2024 , following the audit process, AENOR verified that Ferrovial's Fiscal Management System complies with the requirements of the Standard and with the audit criteria, obtaining certification for a period of three years, from 2024 to 2026.

TAX CONTRIBUTION PER MARKET 2023 AND 2022

The following tables reflect the amounts paid by Ferrovial in 2023 and 2022 in millions of euros, respectively. These figures are aggregated based on the percentage of ownership of the assets. The main assets consolidated by the equity method are 43.23% of 407 ETR (Canada); 25% of Heathrow and 50% of AGS airports (United Kingdom).

	2023 (M€)			
Market	Taxes paid[1]		Taxes collected[2]	Total (M€)
	Income tax	Other taxes		
Netherlands	4	1	23	28
Spain	29	123	153	305
United Kingdom[3]	4	82	116	202
America[4]	100	108	108	315
Poland	27	22	93	142
Rest of Europe and others[5]	5	6	25	35
Total	**169**	**340**	**518**	**1,027**

	2022 (M€)			
Market	Taxes paid[1]		Taxes collected[2]	Total (M€)
	Income tax	Other taxes		
Netherlands	0	0	1	1
Spain	9	117	156	282
United Kingdom[3]	4	139	686	829
America[4]	71	82	57	210
Poland[6]	32	14	89	136
Rest of Europe and others[7]	1	10	27	38
Total	**117**	**362**	**1,016**	**1,496**

[1]Taxes borne by Ferrovial arising from its activity and operations, which represent a direct cost (e.g. corporate income tax, non-deductible VAT, labor tax (employees), local taxes, etc.).
[2]Taxes collected by Ferrovial and paid to public finances on behalf of third parties (e.g. labor tax (employees), net VAT, withholdings, etc.).
[3]Includes Ireland.
[4]Includes the United States, Canada, Brazil, Chile, Colombia, Peru and Puerto Rico.
[5]Includes Australia, New Zealand, France, Germany, Greece, Italy, India, Portugal, Slovakia, Türkiye and Saudi Arabia.
[6]The figures relating to Poland's contribution, fiscal year 2022, have been corrected in this report in relation to the Integrated Annual Report for fiscal year 2022.
[7]Includes Australia, France, Germany, Greece, Italy, Portugal, Slovakia, Türkiye, Saudi Arabia, Qatar and Oman.

REMUNERATION REPORT

SUSTAINABLE GROWTH

1. INTRODUCTION BY THE CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of Ferrovial's Nomination and Remuneration Committee, it is a pleasure to present the 2023 Annual Report on the Directors' Remuneration (ARDR), which includes information on the directors' remuneration policy applicable to the current financial year, a summary of the application of the remuneration policy and individual details of the remuneration received by the Directors during the financial year ended.

Remuneration decisions

A new Remuneration Policy, which became effective since 16 June 2023 per the merger effective time, was approved by the General Shareholders' Meeting held on 13 April 2023 due to the effective time of the cross-border merger between Ferrovial, S.A. and the Ferrovial SE (hereinafter, "Remuneration Policy"). The new Remuneration Policy provides more transparency and comply with Dutch law and a main change introducing the fixed remuneration increase of the CEO to €1,450,000 to reflect the increase in the cost of living in Amsterdam (instead of Madrid) as well as an incentive in connection with his relocation to another country.

The annual variable remuneration related to the results of the 2023 fiscal year has been settled in the first quarter of 2024, whose payment level for the Chairman amounts to 149.8% of the target and for the Chief Executive Officer amounts to 146.7% of the target. This process is detailed in section 3 "Implementation of the Directors' Remuneration Policy in 2023".

On the other hand, the settlement of the 2020 allocation corresponding to the 2020 Long-Term Incentive Plan was carried out in March 2023. The payment level amounted to 63.88% of the maximum incentive.

Additionally, a new Long-Term Incentive Plan (2023-2025 Plan) was approved by the General Shareholders' Meeting. The Plan includes, besides Activity Cash Flow and Total Shareholder Return regarding a comparator group, an ESG metric with greenhouse gas reduction, diversity and occupational health and safety targets.

The level of support obtained at the General Shareholders' Meeting held on 13 April 2023, for the items on the agenda relating to remuneration was significantly high and in line with results obtained in 2022.

People and diversity

Ferrovial's Board of Directors is made up of 12 members, of which 33.3% are women. This percentage would rise to 40% if we exclude Executive Directors, meaning that Ferrovial would already be in compliance with the European Directive (Directive (EU) 2022/2381 on a better gender balance among directors of listed companies and related measures) pending transposition.

Concluding remarks

Finally, I would like to thank the contributions and support received for the preparation of this report. The Committee is committed to continue aligning the Remuneration Policy with the Company's business strategy and long-term sustainability, as well as with the interests of our shareholders and other stakeholders. In addition, the members of the Committee are committed to continuing to improve the existing level of interaction with institutional investors and *proxy advisors*.

According to the applicable legislation, this annual remuneration report will be submitted to an advisory vote at the 2024 Annual General Shareholders' Meeting.

Bruno Di Leo

2. DIRECTORS' REMUNERATION POLICY IN 2024

2.1 . Main Aspects of the Policy

The current Remuneration Policy for the directors of Ferrovial (the "Directors") is that approved, at the proposal of Ferrovial's Board of Directors (the "Board of Directors"), by Ferrovial's general shareholders' meeting (the "General Shareholders' Meeting" or the "General Meeting") held on 13 April 2023 as per the cross-border merger between Ferrovial, S.A. and the Ferrovial SE., which shall remain in effect since 16 June 2023 per the merger effective time until the General Meeting of the Company to be held in 2027.

The Directors' Remuneration Policy can be accessed at the following link: https://static.ferrovial.com/wp-content/uploads/2023/06/16131433/directors-remuneration-policy-fse.pdf

The Remuneration Policy establishes a competitive remuneration package that promotes the long-term development of the Company, avoids the assumption of excessive or inappropriate risks and aligns the interests of Ferrovial's professionals with those of the shareholders.

In view of the above, the Remuneration Policy is based on the following principles:

Creation of long-term value	Creation of long-term value, aligning remuneration systems with the strategic plan, the interests of shareholders and other stakeholders and the long-term sustainability of the Company
Attraction and retention	Attraction and retention of the best professionals
Competitiveness	External competitiveness in settling remuneration, with market references through analysis of comparable sectors and companies
Link to the share price and profitability	Periodic participation in plans linked to the share price and to certain metrics of profitability
Risk control	Responsible achievement of targets in accordance with the risk management policy of the Company
Balanced remuneration mix	Maintenance of a reasonable balance between the different components of fixed and variable (annual and long-term) remuneration, reflecting an appropriate assumption of risks combined with attainment of the targets defined
Transparency	Transparency in the remuneration policy and remuneration report

In addition, the economic environment, the Company's results, the strategy of the Ferrovial Group (the "Group"), legal requirements and best market practices are taken into consideration when defining the Remuneration Policy.

We adopt sound compensation practices	We avoid the following remuneration practices
Executive Directors	
Link the payment of remuneration to the results of the Company ("*pay for performance*")	There are no compensation clauses for the extinction of the relationship with the Chairman
Payment of part of the remuneration in shares and/or share options of the Company (except in the case of the Chairman if the relevant Plan would be approved by the General Shareholders' Meeting establishes his payment in cash)	There are no contractual obligations in the event of a change of control
Comparative remuneration analysis	There are no commitments to pensions
Conservative benefits package, in line with the Group's management policy	No loans or advances are granted
Holding of shares worth twice their fixed remuneration	
No exercise of rights over shares until 3 years after the date of their allocation	
Their contracts include clauses for the recovery of their variable remuneration	
Publication of the comparison group	
Regular shareholder consultation process	
External consultancy	
Directors in their capacity as such	
They do not participate in remuneration formulas consisting in the delivery of shares or share options in the Company, nor in instruments referenced to the value of the share or systems linked to the performance of the Company	

2.2. Comparable Companies used to Determine the Remuneration Policy

The Nomination and Remuneration Committee periodically assesses market information in relation to remuneration levels, mix and practices.

Specifically, up to the date of preparation of this report, various analyses have been carried out on the remuneration of Executive Directors and Directors in their capacity as such, with the support of external advisors of recognized prestige in the field.

With regards to the Executive Directors, the market that is taken as a benchmarking by the Nomination and Remuneration Committee to establish the different components for the remuneration is established based on the following criteria:

- sufficient number of companies to obtain representative and statistically reliable and sound results;
- dimension data: turnover, market capitalization, assets, number of employees and geographic scope;
- area of responsibility: companies mainly listed in IBEX35 and multinationals in the sector; and
- sectoral distribution: multi-sectoral sample with relevant weight of the construction, energy and financial sectors.
- consistency with the comparison group established to measure Relative Total Shareholder Return in the Long-Term Incentive Plan. Therefore, Tutor Perini and Webuild enter the group instead of Atlantia, Kier and Strabag.

As a result, the comparison group consists of the following 23 companies:

Acciona	**Eiffage**	**Indra**	**Telefónica**
ACS	**Fraport**	**Naturgy**	**Transurban**
AdP	**Getlink**	**Repsol**	**Tutor Perini**
Balfour Beatty	**Granite**	**Sacyr**	**Vinci**
Banco Santander	**Iberdrola**	**Skanska**	**Webuild**
BBVA	**Inditex**	**SNC Lavalin**	

Ferrovial is around the median of the comparison group of 23 companies in size.

With respect to Directors' remuneration in their capacity as such, the market information in Spain and the Netherlands is analyzed.Ferrovial is around the median for remuneration in the IBEX35 and between median and 75th percentile for AEX25. The comparison group used for Executive Directors is also analyzed periodically.

The Committee considers market information in the decision-making process but does not apply a mechanical approach in determining remuneration levels.

2.3. Remuneration of Executive Directors

The total remuneration of Ferrovial's Executive Directors is made up of different remuneration elements, consisting mainly of the following: (i) a fixed remuneration, (ii) an annual variable remuneration and (iii) a long-term variable remuneration.

Chairman*	Fixed remuneration (FR)	Annual Variable Remuneration (AVR)	Long-term variable remuneration (long-term incentive plans)
Amounts	€1,500,000	***Target:*** 125% of the FR **Maximum:** 190% of the FR	**Maximum** (annualised): 150% of the FR
Targets	N/A	80% Quantitative: • Net Result (55%) • Cash Flow (45%) 20% Qualitative and ESG	2020-2022 Plan (2022 grant): • 50% Activity cash flow • 50% Relative TSR 2023-2025 Plan (2023 and 2024 grant): • 40% Activity cash flow • 50% Relative TSR • 10% ESG metrics (greenhouse gas reduction, diversity and occupational health and safety goals)
Design	N/A	100% in cash Malus and clawback clauses Discretion of the Board in exceptional circumstances	100% in shares 3 years of target measurement Malus and clawback clauses

Chief Executive Officer*	Fixed remuneration (FR)	Annual Variable Remuneration (AVR)	Long-term variable remuneration (long-term incentive plans)
Amounts	€1,450,000	***Target:*** 100% of the FR **Maximum:** 150% of the FR	**Maximum** (annualised): 150% of the FR
Targets	N/A	70% Quantitative: • Net Result (55%) • Cash Flow (45%) 30% Qualitative and ESG	2020-2022 Plan (2022 grant): • 50% Activity cash flow • 50% Relative TSR 2023-2025 Plan (2023 and 2024 grant): • 40% Activity cash flow • 50% Relative TSR • 10% ESG metrics (greenhouse gas reduction, diversity and occupational health and safety goals)
Design	N/A	100% in cash Malus and clawback clauses Discretion of the Board in exceptional circumstances	100% in shares 3 years of target measurement Malus and clawback clauses

* Executive Directors may allocate part of their annual gross fixed remuneration to obtain some of the products or services offered by the company within the flexible remuneration plan, such as life insurance, accident insurance, health insurance and company cars.

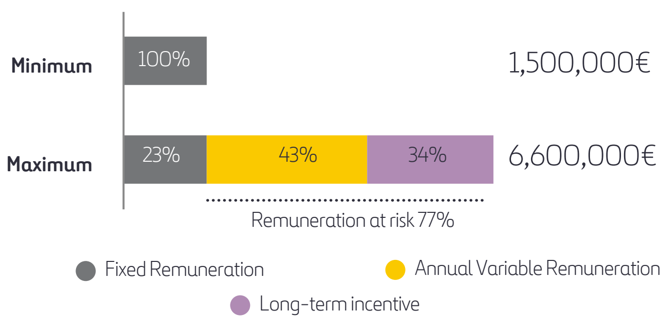
In addition, the company has taken out life insurance policies to cover the risk of death and disability of the Executive Directors. In addition, the Chief Executive Officer participates in a deferred long term saving remuneration scheme that will only become effective when they leave the Company by mutual agreement with the Company upon reaching a certain age, and therefore there are no vested rights (see 2.3.1).

The fixed remuneration of the Chairman remains constant in 2024. In the case of the Chief Executive Officer, the amount was increased to €1,450,000 effective since the date of the merger to reflect the increase in the cost of living in Amsterdam (instead of Madrid) as well as an incentive in connection with his relocation to another country.

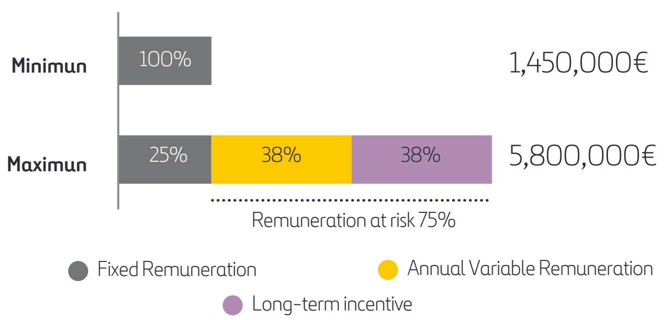
With regard to the remuneration mix, Ferrovial's remuneration policy establishes an appropriate balance between fixed and variable components of remuneration. The weight of remuneration at risk for executive directors is at least 75% of total remuneration for a maximum scenario that envisages a maximum long-term incentive award and over-achievement of targets. The graphs detail the level of total remuneration, as well as the remuneration mix for a scenario of minimum and maximum compliance with targets:

- The maximum value assumes that the maximum annual variable remuneration (190% of the fixed remuneration for the Chairman and 150% of the fixed remuneration for the Chief Executive Officer) and the maximum annualized long-term variable remuneration (150% of the fixed remuneration) would accrue.
- The value of the maximum annualized long-term variable remuneration is defined based on the initial share price at the grant date. The potential variation of the share during the target measurement period is not taken into account.

CHAIRMAN



CHIEF EXECUTIVE OFFICER



2.3.1. Details of the Remuneration Elements of Executive Directors

The elements that make up the remuneration of the Executive Directors are as follows:

Fixed remuneration	Operations
To reward upon the basis of level of responsibility and professional background	This is determined by taking into account the remit of the executive duties associated to the post and comparative remuneration information for listed companies similar to the Company. It is paid monthly.
	Amount
	• Chairman: €1,500,000 • Chief Executive Officer: €1,450,000

Remuneration in kind	Implementation
To offer a competitive compensation package	In line with the policy for the Group's executives, the Company has taken out life insurance policies to cover the risk of death and disability, of which the Executive Directors are the beneficiaries. In addition, Executive Directors are eligible for other social benefits such as company car, medical insurance, life and accident insurance, liability insurance and other non-material benefits. Executive Directors may allocate part of their annual gross fixed remuneration to obtain some of the products or services offered by the company under the flexible remuneration plan.
	Maximum amount
	• Chairman: €50,000 • Chief Executive Officer: €50,000

Long-term savings schemes (applicable only to the Chief Executive Officer)

Ferrovial does not have obligations contracted or for pensions with any member of the Board of Directors.

In accordance with the provisions of Ferrovial's current Director's Remuneration Policy, the Chief Executive Officer may participate in a deferred remuneration scheme that will only become effective when the Director leaves the Company by mutual agreement with the Company upon reaching a certain age, and therefore there are no consolidated rights.

The Chief Executive Officer, Mr. Ignacio Madridejos, participates in this deferred remuneration scheme in accordance with the provisions of his mercantile contract signed with the Company.

To cover this extraordinary remuneration, the Company will make annual contributions to a collective savings insurance policy, of which the Company itself is the policyholder and beneficiary, quantified according to a certain percentage that has been set, for 2024, at 20% of the Total Annual Remuneration (fixed remuneration plus target annual variable remuneration of 100%) of the Chief Executive Officer.

The right to receive extraordinary remuneration by the Chief Executive Officer shall be incompatible with the collection of any compensation that the Director may be entitled to receive as a result of the termination of their relationship with the Company.

Variable annual remuneration

Operations

Executive Directors participate in the Group’s general annual variable remuneration system.
This remuneration is paid in cash. In the event that Executive Directors of the Company should draw fees for attendance at meetings of the Boards and Committees of other companies of the Group, the sums drawn for this item shall be deducted from the variable annual remuneration of each Director.
The scenario analyses of the possible financial outcomes on the variable remuneration considering different stress tests of the performance metrics have been carried out, in order to ensure the alignment between pay and performance.

Amount

	Target	Maximum
Chairman	125% of fixed remuneration	190% of fixed remuneration
Chief Executive Officer	100% of fixed remuneration	150% of fixed remuneration

Targets

To reward the creation of value through the attainment of targets envisaged in the strategic plans for the Group

Annual Variable Remuneration is linked to individual performance and to the achievement of specific, predetermined, quantifiable economic-financial, industrial and operating targets, aligned with the Company's interests, as set out in the Company's strategic plans (e.g., net income, cash flow, etc.). This is without prejudice to the possibility of analysing other targets, particularly in the areas of corporate governance and corporate social responsibility, which may be of a quantitative or qualitative nature (e.g., stakeholder relations, employee health and safety, people development, innovation, etc.).
Specifically, for the 2024 financial year, the targets established are as follows:

	Quantitative Targets			Qualitative Targets and ESG	
	Weight		Metrics	Weight	Metrics
Chairman	80%	55% 45%	• Net Result • Cash Flow	20%	• Operation of the Board and the Executive Committee. • Strategic Planning. • Environmental, Social and Corporate Governance (ESG) *Factors*: – Corporate governance. – Succession plan. – Relationship with stakeholders.
CEO	70%	55% 45%	• Net Result • Cash Flow	30%	• Strategic Plan. • Environmental, Social and Corporate Governance (ESG) *Factors*: - – Employee health and safety, as measured by the Company’s accident rates. – Promotion of Innovation and Corporate Social Responsibility, Diversity, Emission Reduction and Sustainability. – Development of professional teams that guarantee the stability in the management and attainment of strategic targets of the organization. – Suitability and monitoring of the procedures associated with the taking on of controlled risk. – Relations with stakeholders.

Long-term variable remuneration

To reward the creation of sustainable value for the shareholder in the long term

Operations

Executive Directors participate in a long-term variable remuneration system based on share delivery plans, in which other executives and key professionals of the Group also participate.

The 2020-2022 Plan, which was approved at the General Shareholders' Meeting on 17 April 2020, provides for the allocation of units in 2020, 2021 and 2022. The shares will be delivered, as the case may be, in the year in which the third anniversary of the allocation of the corresponding units is reached. In 2024, the third grant (2022-2024) is in force.

The newer Long-Term Incentive Plan (2023-2025 Plan), similar to the previous ones, was approved by the General Shareholders' Meeting held on 13 April 2023. The shares will be delivered, as the case may be, in the year in which the third anniversary of the allocation of the corresponding units is reached. In 2024, the first grant (2023-2025) and the second grant (2024-2026) are in force.

The units allocated may be converted into shares if (i) they remain in the Company for a maturity period of 3 years from the date of allocation of the units, except in exceptional circumstances such as retirement, disability or death, and (ii) certain objectives linked to internal or external metrics reflecting economic-financial targets and/or value creation for the company are met, under the terms approved by the respective General Shareholders' Meetings.

The scenario analyses of the possible financial outcomes on the Long-Term Incentive Plans considering different stress tests of the performance metrics have been carried out, in order to ensure the alignment between pay and performance.

Amount

In accordance with the remuneration policy in force, the approximate maximum value of the units granted under the Long-Term Incentive Plans, at prices on the date of the granting, may reach up to 150% of the fixed remuneration of the Executive Directors.

Targets

				Scale of achievement		
		%	**Metrics**	**Degree of achievement**		**% payout**
2020-2022 Plan	2022 Grant	50%	Activity cash flow	Maximum	€1,635 million	50%
					€1,242 million	25%
				Minimum	€849 million	0%
		50%	Relative TSR	Maximum	Position 1 to 3	50%
					Position 4 to 6	40%
					Position 7 to 9	30%
				Minimum	Position 10 to 18	0%
2023-2025 Plan	2023 Grant	40%	Activity Cash Flow	Maximum	€836 million	40%
					€671 million	20%
				Minimum	€571 million	0%
		50%	Relative TSR	Maximum	Position 1 to 3	50%
					Position 4 to 6	40%
					Position 7 to 9	30%
				Minimum	Position 10 to 18	0%
		10%	CO_2 Emissions	Maximum	≥26.9%	5%
				Minimum	≤21.5%	0%
			Diversity	Maximum	≥32.0%	2.5%
				Minimum	≤27.2 %	0%
			Health and Safety	Maximum	≥27.1%	2.5%
				Minimum	≤19.0 %	0%

In this regard:

- Activity cash flow: the sum of Cash Flows before Taxes and Net Investment Cash Flow, excluding investment or divestment transactions not committed at the start date of the Plan, as well as operating cash flows related to such investments.
- CO_2 emissions: The % decrease in CO_2 equivalent tonnes, taking the base year of 2009 as a reference.
- Diversity: The % of women in Ferrovial's leadership team (FLT) compared to the total number of members of that group.
- Health and safety: Reduction in the frequency rate of serious and fatal accidents, which is calculated as the number of serious and fatal accidents multiplied by 1,000,000 and divided by the total number of hours worked applied to Ferrovial and its contractors taking 2022 as a reference.

For all the above metrics, intermediate values shall be calculated by linear interpolation between the different thresholds.

- Relative TSR: Total Shareholder Return (TSR) compared to the following groups of companies:
  - For the 2020-2022 Plan - Third grant: ACS, CCR, Granite, Atlantia*, AdP, Fraport, Sacyr, Getlink, Eiffage, Vinci, Strabag, Skanska, Balfour Beatty, Transurban, SNC Lavalin, Kier and AENA.
  - For the 2023-2025 Plan - First grant and second grant: ACS, CCR, Granite, BIP, AdP, Fraport, Sacyr, Getlink, Eiffage, Vinci, Tutor Perini, Skanska, Balfour Beatty, Transurban, SNC Lavalin, Webuild and AENA.

  *According to the Article 1.4 of the General Conditions of the Performance-Based Share Plan, the Company Nomination and Remuneration Committee will change the companies that make up the group of comparison entities for the purposes of this Plan in case of delisting. On October 10th, 2022, the company Atlantia was subject to a takeover bid. Hence, the following decision was made:
    - For the 2020-2022 Plan, as the delisting date was very close to the end of the year, the price of the last trading day was considered as the average closing price for the purpose of TSR calculation with no amendments on the comparable peers.
    - Since that date and for the 2021-2023 Plan and the 2022-2024 Plan, Atlantia was substituted by a combination of three new companies: Webuild, Brookfield Infrastructure Partners (BIP) and Tutor Perini.

  The substitution process was aligned with the peers re-evaluation carried out for the Performance Shares General Conditions update for the next 3-year period (2023-2025). In light with this, it was agreed that Atlantia, Strabag (focused on Austrian and German markets) and Kier (mainly UK exposure) should be replaced by three companies more suitable to the current Company trend: Webuild (similar pipeline and United States competitor), Tutor Perini (listed construction company in the United States) and Brookfield Infra. Parnerts (specialized infrastructure investment fund).

  Understood as the evolution of the "Total Shareholder Return" index (hereinafter "TSR") of the Company, for the three financial years closed subsequently to the corresponding Unit Allocation Date, must be above a certain position on the TSR ranking among a group of comparison entities, for the same measurement period (hereinafter, the "Measurement Period").

  TSR shall mean the index measuring the value generated for the shareholder according to the following formula:

  TSR = (Quotation at closing of Measurement Period - Quotation at beginning of Measurement Period + Dividends or related items) / Quotation at beginning of Measurement Period.

  For determining the quotation at the beginning and end of the Measurement Period, the arithmetic average of the closing price of the 15 prior and subsequent trading days to the last working trading day of the corresponding year (excluding the trading session of the last working day) shall be used.

2.3.2. Shareholding Policy

Once the shares or stock options or rights over shares corresponding to the remuneration systems have been assigned, the Executive Directors may not transfer their ownership or exercise them until a period of at least 3 years has elapsed.

An exception is made in the case where the Director maintains, at the time of the transfer or exercise, a net financial exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice their annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the Director needs to dispose of, where appropriate, in order to meet the costs related to their acquisition or, subject to the favorable opinion of the Nomination and Remuneration Committee, in order to deal with extraordinary situations that so require (See section 8 "Compliance with Corporate Governance Requirements" in the Corporate Governance Report).

2.3.3. Malus and Clawback Clauses

With regard to the formulas or clauses for the reduction of remuneration (*malus*), or for the recovery of the variable components of remuneration (*clawback*), it is important to note:

- The contractual agreements of the Executive Directors include a clause that allows the Company to require these Directors to return up to one hundred per cent of the net variable monetary remuneration in cash or in shares paid to the Executive Directors in a given year when, during the 3 years following the date of payment, it is revealed and accredited (in accordance with the provisions of the clause) that the payment was made, totally or partially, based on inaccurate data, if said inaccuracy has caused a significant negative effect on the Company's profit and loss accounts for any of the financial years of the said 3-year period.

  The Board of Directors shall determine whether this circumstance has arisen and the sum, which is to be returned, upon the basis, where applicable, of prior reports by the advisory Committees or other reports deemed appropriate.

  The Company may offset the amount to be claimed against any other variable remuneration that the Executive Directors are entitled to receive.

  The foregoing rules are without prejudice to any other liabilities, if any, that may arise for the Executive Directors from the aforementioned circumstances.
- The Nomination and Remuneration Committee has the power to propose to the Board of Directors the cancellation of the payment of variable remuneration in the type of circumstances indicated in the previous section.
- The Nomination and Remuneration Committee will assess whether exceptional circumstances of this type may even lead to the termination of the relationship with the relevant manager(s) and will propose to the Board of Directors the adoption of any appropriate measures.
- In any event, pursuant to Dutch law, the remuneration of Executive Directors may be reduced or Executive Directors may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply.

  In accordance with Dutch law, if according to the principles of reasonableness and fairness, payment of a bonus would be unacceptable, the Board has the power to modify the level of the bonus to an appropriate level. For these purposes, a bonus means a non-fixed part of the remuneration, the award of which is wholly or partly dependent on the achievement of certain goals or the occurrence of certain circumstances. In addition, the Company will have the authority under Dutch law (section 2:135 (8) of the Dutch Civil Code) to recover from an Executive Director any variable remuneration awarded on the basis of incorrect financial or other data.
- Notwithstanding anything to the contrary above, the variable components of remuneration paid or awarded to the Executive Directors shall be subject to any "clawback policy" or similar policy or agreement adopted by the Company providing for the reimbursement of variable or incentive compensation to the extent required by applicable laws, rules and regulations.

2.3.4. Terms and Conditions of Contracts, including Severance Payments and Non-Compete Covenants

The most relevant conditions of the Chairman's contract are described below:

- **Duration:** Indefinite
- **Cases of termination and compensation:** termination of their contract for any reason whatsoever shall not entitle them to any compensation.
- **Exclusivity:** they are obliged to provide services exclusively to the Company and may not enter into contracts with other companies competing with Ferrovial, either on their own or through intermediaries, whether family members or not, which imply effective competition with Ferrovial's activities.
- **Non-competition:** the contract contains a post-contractual non-competition obligation for a period of 2 years remunerated with 2 annuities of their fixed remuneration.
- **Recovery clause:** as indicated in section 2.3.3 above.

The most relevant conditions of the Chief Executive Officer's contract are described below:

- **Duration:** Indefinite.
- **Prior notice:** in the event of termination for causes attributable to the Company, the latter must notify the Chief Executive Officer of the termination three months prior to the date of termination. Should this period not be complied with, the Company must disburse a sum equivalent to the remuneration corresponding to the period of advance notice remaining.
- **Cases of termination and compensation:** The Contract shall be terminated by the sole will of the Company expressed by means of a resolution of the Board of Directors. It shall also be immediately and automatically terminated in the event of (i) dismissal or non-renewal of the Chief Executive Officer as a director by the General Shareholders' Meeting; or (ii) revoking in whole or in part, as the case may be, of the powers delegated to them by the Board of Directors or of the powers granted to them by the Company. In the event of termination, they shall be entitled to gross compensation equal to the greater of the following two amounts: (i) the amount resulting from adding the annual amount of the fixed remuneration and the annual variable target remuneration corresponding to the year in which the contract is terminated; or (ii) the amounts accumulated on the date on which the contract is terminated in the extraordinary deferred remuneration plan referred to in the Long-Term Savings System with the limit of 2 annual payments of the total annual remuneration (See section 8 "Compliance with Corporate Governance Requirements" in the Corporate Governance Report).
- **Exclusivity:** The Director is obliged to provide services exclusively to the Company and may not sign contracts with other companies competing with Ferrovial, either alone or through intermediaries, family members or otherwise, that imply effective competition with Ferrovial's activities.
- **Non-competition:** 50% of the amount that could be received in the event of termination will be subject to compliance with the 2-year post-contractual non-competition agreement.
- **Recovery clause:** as indicated in section 2.3.3 above.

2.4. Remuneration of Directors in their Capacity as Directors

In accordance with the approval of the Directors' remuneration policy, the total maximum amount is established as approved by the General Shareholders' Meeting. Therefore, for 2024 as remuneration for membership of the Company's Board of Directors amounts to €1,900,000.

Item		Remuneration
Fixed emolument		€35,000
Complementary fixed emolument	Chairman	€92,000
	Deputy-chairman 1	€80,500
	Deputy-chairman 2	€57,500
	Other members of the Board	€46,000
Attendance fees* (€ per meeting)	Board of Directors	€6,000
	Executive C.	€2,200
	Audit and Control C.	€2,200
	Nomination and Remuneration C.	€1,650

* The amount of the attendance fees corresponding to the Chairmen of these bodies is doubled the amounts indicated, in line with the principle of rewarding according to the level of responsibility and dedication required by the position.

The fixed emolument is a statutory remuneration of the Board of Directors, which is paid in quarterly settlements, and the supplementary fixed emolument is paid in a single payment at the end of the financial year.

The amounts mentioned above may be amended each year by the Board of Directors within the framework of Article 8.5.3 of the Articles of Association, the Directors' remuneration policy in force at any given time and within the maximum annual amount approved by the General Shareholders' Meeting.

If the maximum annual amount is exceeded, the fixed supplementary allowance shall first be reduced proportionally to each Director according to his or her condition.

If the maximum annual amount is not reached, the Board shall decide in accordance with the powers granted to it.

3. IMPLEMENTATION OF THE DIRECTORS' REMUNERATION POLICY IN 2023

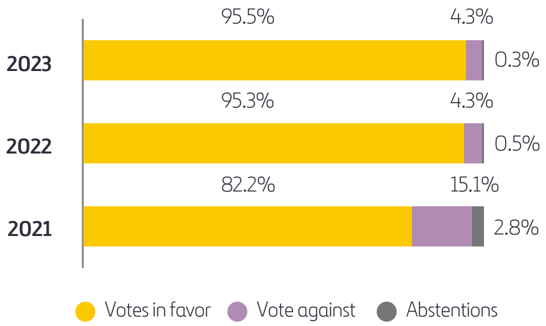
3.1. Evolution and Impact of The Results of the Votes Obtained at the General Shareholders' Meeting

The following table shows the result of the advisory vote of the AGM to the annual report on directors' remuneration related to the 2022 financial year.

	Number	% On the Total Share Capital
Votes cast	562,279,368	77.30%
	Number	% On Cast
Votes against	24,018,307	4.27%
Votes in favour	536,745,966	95.46%
Abstentions	1,507,838	0.27%
Blank votes	7,257	0.00%

The following graph shows the evolution of the advisory vote of the General Shareholders' Meeting on the annual report on remuneration over the last 3 financial years:

EVOLUTION OF RESULTS RECEIVED AT THE GENERAL SHAREHOLDER'S MEETING



The level of support obtained at the General Shareholders' Meeting held on 13 April 2023, for the items on the agenda relating to remuneration was in line with the 2022 results and significantly higher than in the previous years. This was mainly due to the improvements introduced in the Directors' Remuneration Policy, approved by the 2022 Annual General Shareholders' Meeting with 95.81% votes in favor which remained stable for the Remuneration Policy approved in 2023 as per the merger (88.99% votes in favor), as well as the improvements included in ARDR since 2021.

As usual, and during the second quarter of 2023, the Nomination and Remuneration Committee reviewed in depth the comments, recommendations and suggestions received from institutional investors and *proxy advisors* to make further progress in corporate governance.

Section 5 describes all the measures carried out during the 2023 financial year.

3.2. Implementation of the Directors' Remuneration Policy in 2023

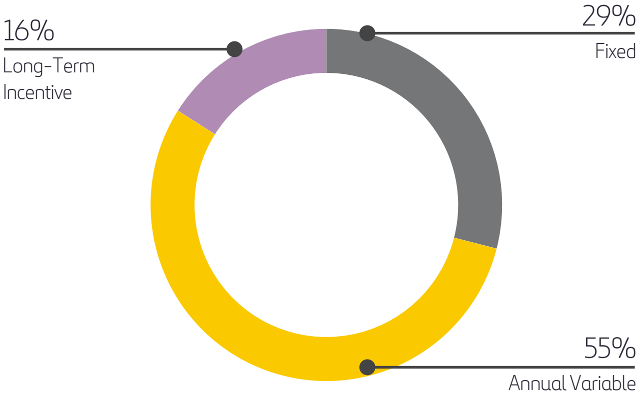
The Board of Directors and the Nomination and Remuneration Committee have strictly applied the Remuneration Policy following the principles established therein.

The remuneration accrued in the 2023 financial year has followed the terms of the Remuneration Policy approved by the General Shareholders' Meeting held on 7 April 2022, until the date of the effective merge of Ferrovial, S.A and Ferrovial, S.E, when the current Remuneration Policy approved by the General Shareholders' Meeting held on 13 April 2023 entered in force. It is noted that there has been no deviation from the procedure for the application of the remuneration policy, the limits in force have not been exceeded and no temporary exception has been applied to it.

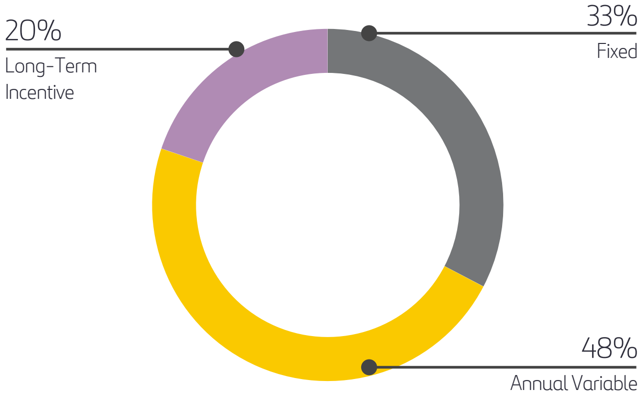
3.3. Remuneration of Executive Directors Accrued in 2023

During the financial year 2023 the Board of Directors had 2 Executive Directors: Mr. Rafael del Pino y Calvo-Sotelo, Chairman, and Mr. Ignacio Madridejos Fernández, Chief Executive Officer. Their contracts were not amended during the year except the aforementioned change in Chief Executive Officer fixed salary. Section 2.3. details the remuneration elements that make up their remuneration. The remuneration mix for Executive Directors establishes an appropriate balance between fixed and variable components of remuneration (excluding board fees and perquisites). The following charts show the weight of each of the remuneration components accrued in 2023 for the Chairman and the Chief Executive Officer:

CHAIRMAN
COMPOSITION OF ACCRUED COMPENSATION IN 2023



CHIEF EXECUTIVE OFFICER
COMPOSITION OF ACCRUED COMPENSATION IN 2023



Below is a description of each of the components of executive directors' remuneration:

3.3.1. Fixed Remuneration

The amount of fixed remuneration in their capacity as Executive Directors for the 2023 financial year amounted in aggregate to €2,813 thousand, broken down as follows:

- €1,500 thousand for the Chairman, which remains unchanged with respect to 2020 (excluding the reduction of 20% that was applied to the fixed remuneration between 7 April and 31 July 2020, as a result of the COVID-19 global pandemic).
- €1,313 thousand for the Chief Executive Officer (€1,150 thousand until 15 June and €1,450 thousand from 16 June onwards) .

Information on their fixed and supplementary allowance, as for the rest of the Directors in their capacity as such, can be found in section 3.5.

3.3.2. Variable Remuneration

The variable remuneration of the Executive Directors is linked to various corporate metrics of results and profitability.

In accordance with the current remuneration policy, the short and long-term variable remuneration systems incorporate measures that take into account possible variations in the Company's results:

- Both the annual variable remuneration and long-term variable remuneration include defined scales of achievement that take into account the economic-financial and operational targets of the Company's strategic plan, and the creation of value for the shareholder. Thus, changes in the Company's performance, in the short and long term, will have a direct impact on the amount of variable remuneration.
- In the case of variable annual remuneration, extraordinary results that could introduce distortions are eliminated.
- The variable annual and long-term remuneration only accrues after the date of preparation of the corresponding annual accounts.
- All variable remuneration is subject to a recovery clause that allows the Company to claim from Executive Directors the reimbursement of the variable components of remuneration when these have been paid on the basis of data the inaccuracy of which is subsequently proven.
- An obligation to hold shares is established, in the case of long-term variable remuneration.
- The Committee has carried out the evaluation process to determine the degree of attainment of the objectives. In this process, the Committee has been able to avail of the support of the Finance Department, responsible for management control of the Group, which facilitates the financial results of the Group duly audited and verified by the Audit and Control Committee. It has also been verified by the external auditor.

a) Annual Variable Remuneration

The Executive Directors receive an annual variable remuneration to reward the creation of value through the achievement of the targets taken into account in the Group's strategic plans.

In 2023 the level of payout is as follows:

- For the Chairman, €2,809 thousand, which is 149.8% of the target (98.6% of the maximum possible and 187.3% of the 2023 fixed remuneration).
- In the case of the Chief Executive Officer, €1,926 thousand, which is 146.7% of the *target* (97.8% of the maximum possible and 146.7% of the 2023 fixed remuneration).

The following tables show the breakdown of the short-term variable remuneration:

Chairman	Weight	Metrics	Degree of Achievement of Targets				
			Minimum	Target	Maximum	Actual	Final Incentive Level
Quantitative Targets 80%	55%	Net result	68.7%	100%	131.3%	157.5%	€1,361.3 thousand
	45%	Cash flow	-737.8%	100%	1,344.6%	3,006.9%	€1,113.8 thousand
Qualitative Targets and ESG (Environmental, social and corporate governance factors) **20%**		Operation of the Board and the Executive Committee (20%)	0%		100%	90%	€333.8 thousand
			• BoD and Exe. Committee performance based on external assessment • BoD transition to NDL • Align BoD composition to NDL and US listing request				
		Strategic Planning (20%)	0%		100%	90%	
			• Strategic review • Foster growth • Implement merger and listing plan				
		ESG Measure: Corporate Governance (20%)	0%		100%	100%	
			• Maintain DJSI (top 3 in our industry) and CDP (A level). • Absolute emissions tCo2e -23,5% VS. 2009 • 10% reduction Serious Injury Frequency rate • Fatalities reduction				
		ESG Measure: Succession Plan (20%)	0%		100%	80%	
			• Lead the execution of the development plan to ensure a solid Chairman and CEO succession.				
		ESG Measure: Institutional Representation (20%)	0%		100%	85%	
			• Develop the relationship with all key stakeholders.				
							€2,808.8 thousand

Chief Executive Officer	Weight	Metrics	Degree of Achievement of Targets				
			Minimum	Target	Maximum	Actual	Final Incentive Level
Quantitative Targets 70%	55%	Net result	68.7%	100%	131.3%	157.5%	€866.3 thousand
	45%	Cash flow	-737.8%	100%	1,344.6%	3,006.9%	€708.8 thousand
Qualitative Targets and ESG (Environmental, social and corporate governance factors) **30%**		Strategic Plan (30%)	0%		100%	80%	€350.5 thousand
			• Strategic review. • Growth and new businesses. • Execute divestment plan. • Develop successfully the merge and listing in NDL and USA.				
		ESG Measure: Employee health and safety, as measured by the Company's accident rates (15%)	0%		100%	100%	
			• 10 % reduction Serious Injury Frequency rate. • Fatalities reduction. • Leadership engagements.				
		ESG Measure: Promotion of Innovation and Corporate Social Responsibility, Diversity, Emission Reduction and Sustainability (15%)	0%		100%	90%	
			• Develop a widely used internal IA platform. • Implementation of the Horizon Digital 24 plan. • Maintain DJSI (top 3 in our industry) and CDP (A level). • Absolute emissions tCo2e -23,5% vs 2009.				
		ESG Measure: Development of professional teams that guarantee stability in the management and achievement of the organization's strategic targets (20%)	0%		100%	82.6%	
			• Talent management. • Maintain or improve the degree of employee satisfaction. • Increase diversity both in Ferrovial Leadership Team and new hires.				
		ESG Measure: Suitability and monitoring of procedures linked to taking on controlled risks (5%)	0%		100%	100%	
			• % implementation of internal Audit recommendations.				
		ESG Measure: Relations with stakeholders (15%)	0%		100%	100%	
			• Relationship with stakeholders to implement corporate reorganization. • Investors relations with a special focus on developing investors in the USA.				
							€1,925.5 thousand

Notes:

Certain metrics are not disclosed due to strategic or commercial sensitivity.

The data verification process related to the financial assessment of the targets for Executive Directors has been completed in accordance with the resolutions and the internal validation procedure.

Net Income data for Achievement purposes EUR 331 mn (157.53% of achievement compared to the adjusted budget) correspond to those published in the Integrated Report in section 6 of the Consolidated Financial Statements, Statement B of the Consolidated Income Statement EUR 460 mn, excluding the extraordinary impacts of EUR 177 mn detailed in the table of Section 2 Profit/(loss) for the year, according to the like-for-like definition included in the Appendix of Alternative Performance Measures, the expenses derived from the change of the head office to the Netherlands and the ongoing listing process in the US (EUR 30 mn), as well as the impact derived from the PPA fair value update in I-66 and Dalaman (not included in the Target due to the change in the calculation method; EUR 9 mn and EUR 9 mn respectively).

The cash flow figure of EUR 712 mn (3006.88% of achievement compared to the budget) corresponds to the cash flow from ex-project activity of EUR 292 mn, published in the Cash Flow Section 5.3 of the Consolidated Financial Statements, eliminating: tax payment detailed in that Statement (EUR 155 mn); payments related to the remaining costs of transaction of the Services division (EUR 15 mn), one-off payments related to the change of the head office to the Netherlands and the ongoing listing process in the US (EUR 26 mn), the equity contribution carried out in the assets JFK (EUR 214 mn) and Centella due to tax purposes (EUR 10 mn), all of them considered in the target definition.

b) Long-term Variable Remuneration

Executive Directors receive variable remuneration in the long term to reward the creation of sustainable shareholder value over the long term.

In accordance with the current remuneration policy, and as detailed in section 2.3, the approximate maximum value of the units granted under the Long-Term Incentive Plans, at grant date prices, may reach up to 150% of the fixed remuneration of the Executive Directors.

In 2023 the delivery of the shares corresponding to the grant of the 2020 Plan, whose target measurement period comprised the period 2020-2022, has taken place. The incentive level for the Chairman and the Chief Executive Officer amounted to €795 thousand, corresponding to the relevant 29,704 shares valued as of 8 March 2023 for each of the executive directors. This number of shares delivered is equivalent to 63.88% of those initially granted.

The second grant of the 2020-2022 Plan expired in 2023, with a target measurement period of 2021-2023. The number of shares to be delivered in 2024 will be equivalent to 80% of the units granted in 2021:

		Degree of achievement of the targets			% Payout
2021 Grant	Weight	Minimum	Maximum	Actual	
Activity Cash flow	50%	≤€1,126 M	≥€1,932 M	€2,742 M	50%
Relative TSR*	50%	Position 10 to 18	Position 1 to 3	Position 8	30%
			% aggregate payment		80%

* Comparison group: ACS, CCR, Granite, Atlantia, AdP, Fraport, Sacyr, Getlink, Eiffage, Vinci, Strabag, Skanska, Balfour Beatty, Transurban, SNC Lavalin, Kier and AENA. Following Atlantia delisting on October 10th, 2022 (the day when the public takeover bid started) it is decided that it will be substituted by a mix of the three new peers included in the 2023-2025 Plan (Webuild, Tutor Perini y BIP) since that date.

The following long-term incentive plans were in force at the end of 2023:

- The second grant of the 2020-2022 Plan, whose target measurement period covers the period 2021-2023.
- The third grant of the 2020-2022 Plan, whose target measurement period covers the period 2022-2024.
- The first grant of the 2023-2025 Plan, whose target measurement period covers the period 2023-2025.

The following table shows the movements of the share-based remuneration systems and gross profit from consolidated shares.

	Long-Term Incentive Plan		At the beginning of 2023 financial year	Granted during the 2023 financial year	Consolidated during the 2023 financial year				Instruments expired and not exercised	At the end of the 2023 financial year
	Plan	Grant	No. of Equivalent shares	No. of Equivalent shares	No. of Equivalent shares	No. of consolidated equivalent shares	Consolidated share price (€)	Gross profit from consolidated shares (€ thousand)	No. of instruments (units)	No. of Equivalent shares
Chairman	2020-2022	2020	46,500	--	29,704	29,704	26.773	795	16,796	--
		2021	67,500	--	--	--	--	--	--	67,500
		2022	56,400	--	--	--	--	--	--	56,400
	2023-2025	2023	--	50,680	--	--	--	--	--	50,680
Chief Executive Officer	2020-2022	2020	46,500	--	29,704	29,704	26.773	795	16,796	--
		2021	67,500	--	--	--	--	--	--	67,500
		2022	56,400	--	--	--	--	--	--	56,400
	2023-2025	2023	--	69,925	--	--	--	--	--	69,925

Note: The number of shares annually granted to the Chairman, represents 0.04% of his stake in the capital of the company and, therefore, represents an amount that is not relevant with respect to it. Additionally, there is no dilution at the time of the settlement of the Long-Term Incentive Plans since there is no capital increase in any case. Therefore, it does not affect minority shareholders.

In the case of the Chairman, the average allocation of units (at grant prices) over fixed remuneration in the 2019-2023 period has been of 93%, below the limit established in the Directors' Remuneration Policy of 150%.

3.3.3. Other Items of Remuneration of Executive Directors in 2023

Payment in kind

The Company has subscribed life assurance policies to cover the risk of death or incapacity of the Executive Directors. For 2023, the amount of the life insurance premium has risen to:

- €10 thousand for the Chairman.
- €5 thousand for the Chief Executive Officer.

During 2023, the current Chief Executive Officer, Mr. Ignacio Madridejos, has been allocated the amount of €13 thousand as remuneration in kind corresponding to a company car, tax advice and relocation. In the case of the Chairman, €3 thousand as tax device.

Long-Term Savings Schemes and Other Remunerations

Deferred remuneration plan for the CEO:

Mr. Ignacio Madridejos participates in a deferred remuneration scheme. This is extraordinary deferred remuneration, which will only be made effective once the relationship with the Company terminates by mutual agreement, upon attainment of a certain age, with no other consolidated rights existing (see 2.3.1).

The contributions made for this in 2023 amounted to €527 thousand, with the total accumulated at the closing date of this report amounting to €2,016 thousand for Mr. Ignacio Madridejos.

In addition, at the date of issue of this Report, no additional remuneration has accrued to the Directors as consideration for services rendered other than those inherent to their position.

3.3.4. Terms and Conditions of Contracts, Including Severance Payments and Non-Compete Covenants

The terms and conditions of the Directors' contracts applicable in 2023 are the same as those set out in section 2.3.4. above.

3.4. Evolution of Remuneration of Executives

The following tables show the evolution over the last five years of the remuneration of the Executive Directors.

Total remuneration accrued (in € thousand)

Chairman	**2023**	**2022**	**2021**	**2020**	**2019**
Fixed remuneration	1,500	1,500	1,500	1,405[1]	1,455
Variable remuneration	2,809	2,609	2,275	1,620	1,608
Plans linked to shares	795	883	490	1,602	1,097
Others[2]	13	10	9	8	8
Total	5,117	5,002	4,274	4,635	4,168

[1] As a result of COVID-19, the Board of Directors agreed to a reduction of the Chairman's fixed remuneration of 20% from 7 April to 31 July 2020.
[2] Life insurance premiums and other remuneration in kind.

Chief Executive Officer	**2023**	**2022**	**2021**	**2020**	**2019[1]**
Fixed remuneration	1,313[5]	1,150	1,100	937[2]	250
Variable remuneration	1,926	1,538	1,283	810	250
Plans linked to shares	795	183	0	0	0
Other	18[3]	13[3]	12[3]	12[3]	600[4]
Total	4,052	2,884	2,395	1,759	1,100

[1] Mr. Ignacio Madridejos Fernández was appointed director on 30 September 2019, the remuneration applies from that date.
[2] As a result of COVID-19, the Board of Directors agreed to a reduction of the Chief Executive Officer's fixed remuneration of 20% from 7 April to 31 July 2020.
[3] Life insurance premiums and other remuneration in kind.
[4] Incorporation bonuses.
[5] €1,150 thousand until 15 June and €1,450 thousand from 16 June onwards.

3.5. Remuneration of the Directors in their Capacity as Such

The total remuneration of the Directors in their capacity as such is of a fixed or attendance-based nature and is linked to their level of responsibility and dedication, guaranteeing their independence and long-term commitment.

The maximum total remuneration for 2023 for membership of the Board of Directors of the Company established in both Remuneration Policies in force during 2023 stands at €1,900 thousand.

- Fixed emolument: in 2023 amounted to a total of €420 thousand.
- Complementary fixed emolument (including also the remaining amount of €83 thousand): in 2023 amounted to a total of €716 thousand.
- Attendance fees: The Directors receive a fixed sum for attending Board of Directors meetings and for their delegated or advisory Committees.

  In total, the amount of attendance fees paid in 2023 reached €764 thousand.

In accordance with the resolution of the Board of Directors of 14 June 2023, effective upon the completion of the merger between Ferrovial, S.A. and Ferrovial International SE (renamed Ferrovial SE), since the total remuneration of the Directors for that year did not reach the maximum annual amount established in the current Directors' Remuneration Policy, the difference (amounting to €83 thousand for the entire Board of Directors) was distributed as fixed remuneration to the Directors, taking into account their length of service on the Board in 2023.

Therefore, the total amount paid in 2023 to the Directors for belonging to the Board, in their capacity as such, was €1,900 thousand.

The following table shows the Directors to whom remuneration applies, in their capacity as such, in the 2023 financial year:

Director (€ thousand)	Type of Director	Accrual period financial year	Board Fees	Board Attendance Fees	Other Benefits	Total
Mr. Rafael Del Pino y Calvo-Sotelo	Chairman - Executive Director	From 1/1/2023 to 31/12/2023	35	119	99	253
Mr. Oscar Fanjul Martín	Vice-Chairman - Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	86	87	208
Mr. Ignacio Madridejos Fernández	Chief Executive Officer - Executive Director	From 1/1/2023 to 31/12/2023	35	60	53	148
Ms. María Del Pino y Calvo-Sotelo	Non-Executive Director	From 1/1/2023 to 31/12/2023	35	57	53	145
Mr. José Fernando Sánchez-Junco Mans	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	66	53	154
Mr. Philip Bowman	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	55	53	143
Ms. Hanne Birgitte Breinbjerg Sørensen	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	47	53	135
Mr. Bruno Di Leo	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	55	53	143
Mr. Juan Hoyos Martinez De Irujo	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	60	53	148
Mr. Gonzalo Urquijo Fernández De Araoz	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	62	53	150
Ms. Hildegard Wortmann	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	42	53	130
Ms. Alicia Reyes Revuelta	Non-Executive Independent Director	From 1/1/2023 to 31/12/2023	35	55	53	143
TOTAL			**420**	**764**	**716**	**1,900**

Ratio of compensation of the top executive and the average employee

In 2023, the Chairman's total accrued remuneration amounted to €5,370 thousand (€5,117 thousand as Executive Director plus € 253 thousand as board fees), the average total accrued remuneration amounted to €46 thousand, and the ratio of these amounts is 117.

Ferrovial has 24,799 employees and is present in 6 main markets (Spain, United States, Canada, United Kingdom, Poland and Latin America) where there are specific remuneration conditions. We determine the total accrued remuneration considering all remuneration elements (fixed compensation, board fees, annual variable remuneration, share-linked plans and remuneration in kind).

4. ALIGNMENT OF REMUNERATION IN THE GROUP WITH THE LONG-TERM AND SUSTAINABLE PERFORMANCE OF THE COMPANY AND THE REDUCTION OF RISKS

The Remuneration Policy is designed taking into account the Company's strategy and the long-term results of the Company:

- The total remuneration of the Executive Directors is composed of different remuneration elements consisting mainly of:
  - Fixed elements to reward based on the level of responsibility of the position, the professional trajectory and market practice, national and international, of comparable companies.
  - Annual variable remuneration to reward the creation of value through the achievement of the financial and non-financial targets.
  - Long-term incentives aimed at rewarding the creation of sustainable shareholder value over the long term.
- Long-Term Incentive Plans form part of a multi-annual framework to guarantee that the evaluation process is based on the long-term results. This remuneration is granted and paid mainly in the form of shares upon the base of the creation of value, in such a way that the interests of managers are aligned with those of the shareholders.
- Variable compensation is linked to social, environmental and governance objectives (ESG). For example, and, among others, to employee health and safety ratios, environmental sustainability, diversity, talent management and stakeholder relations.

In addition, Ferrovial has the following tools to ensure that the Remuneration Policy is not exposed to excessive risk and potential conflicts of interest:

  - The Nomination and Remuneration Committee consists of four members, one of whom is also a member of the Audit and Control Committee. The cross presence in these 2 Committees favors the taking into account of the risks associated with remuneration in the deliberations of the Committees and in their proposals to the Board.
  - The accrual of variable remuneration only occurs after the date of preparation of the corresponding annual accounts.
  - In the case of annual variable remuneration, when determining the level of compliance with quantitative targets, extraordinary results that could introduce distortions are eliminated.
  - Under circumstances where the objectives linked to variable remuneration are not met, the Executive Directors will only draw the fixed remuneration.

- There are no guaranteed variable remunerations.
- For Executive Directors, the long-term element has a weighting of approximately 35/40% of total remuneration in a maximum performance scenario.
- To reinforce executive directors' commitment to the long-term interests of the Company, the Remuneration Policy includes retention requirements and/or permanent holding of financial instruments.
- As explained in section 2.3.3. above, all variable remuneration is subject to a no-claims and clawback clause.
- Ferrovial has implemented a comprehensive risk management system called Ferrovial Risk Management ("FRM") which includes risks related to potential conflicts of interest. The operation of the FRM is described in detail in the Annual Corporate Governance Report.

  In addition, article 10 of the board regulations, regarding risk management, is taken into account.

The remuneration systems for the Executive Directors described above implicitly include measures of control over excessive risk in their design. On the one hand, the qualitative targets (of the CEO) implicitly include a performance evaluation of the assumption of risks and compliance with the policies established for these purposes. The design of the Long-Term Incentive Plans with cycles of three (3) years each, produces an interrelation of the results of each year, therefore acting as a catalyst for alignment with the long-term interests of the Company and prudent decision making.

5. PROCEDURES AND BODIES OF THE COMPANY INVOLVED IN THE REMUNERATION POLICY. MAIN ACTIVITIES CARRIED OUT BY THE NOMINATION AND REMUNERATION COMMITTEE DURING THE 2023 FINANCIAL YEAR

5.1. Procedures and bodies of the company involved in the remuneration policy

At least every four years, the Company will submit the Remuneration Policy to a vote by the General Meeting, upon a proposal of the Board following the recommendation of the Nomination and Remuneration Committee. It is the Company's policy to seek input from relevant stakeholders, including proxy advisors, in case significant changes to remuneration arrangements are proposed.

The bodies involved in the approval of the Remuneration Policy are the Board of Directors, the Nominations and Remunerations Committee and the General Shareholders' Meeting, the latter being the competent body for its approval, in accordance with article 8.5.2 of the Articles of Association, the Board Rules and current legislation.

The Board, with the proposal from the Nominations and Remunerations Committee, considers the following premises in order to establish the remuneration policy:

- The applicable legal regulations.
- That established by Articles of Association and the Board Rules (Article 36).

- The following internal criteria as regards Executive Directors:
  - Breakdown of the remuneration as fixed and variable targets.
  - Association with the variable part to the achievement of corporate targets.
  - Alignment with Ferrovial's interests through:
    - Periodic participation in plans linked to the share price and to certain metrics of profitability.
    - Recognition, in certain cases, of a deferred remuneration concept.
    - No commitments to pensions.
    - Executive Directors will be limited to the remuneration formulas consisting in the awarding of shares, options, instruments referenced to the value of the share or related with the company's performance.
- The targets established in the Group's strategic plan, which allow, among other things, to establish the metrics to which the annual and long-term variable remuneration is linked.
- Market data. See, in this respect, section 2.2.

Likewise, the Nominations and Remunerations Committee, following the good governance practices and recommendations, uses reports prepared by independent external advisors. In 2023, WTW and Georgeson provided services in relation to various remuneration matters, including benchmarking against national and international comparators, and KPMG assisted as external advisor in the Board's annual self-assessment process.

5.2. Composition and Functions of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of four members:

Name	Position	Type of Director
Mr. Bruno Di Leo	Chairman	Non-Executive Independent Director
Mr. José Fernando Sánchez-Junco Mans	Member	Non-Executive Independent Director
Ms. Hanne Sørensen	Member	Non-Executive Independent Director
Mr. Gonzalo Urquijo	Member	Non-Executive Independent Director

The following table shows the experience and knowledge of the members of the Nomination and Remuneration Committee:

Name	Experience and knowledge
Mr. Bruno Di Leo	Financial Services, Business Administration, Business strategy, Commercial management, New technologies, International experience, Innovation, Digital transformation
Mr. José Fernando Sánchez-Junco Mans	Industrial Engineering, Infrastructures, International experience, Innovation/ new technologies, Finance, Operations, Strategy
Ms. Hanne Sørensen	Economics and Management, International Experience, Finance, Transport, Logistics, Commercial Management, Operations, Strategy, Innovation, Digital Transformation
Mr. Gonzalo Urquijo	Economics and Political Science, Strategy and Business Management, International Experience, Finance, Industrial Production, Logistics

The most important duties of the Nomination and Remuneration Committee include the following:

- Propose the appointment of Independent Directors and report on proposals for the appointment of the rest of the Directors, as well as the Chief Executive Officer of Ferrovial.
- Report on the appointment of the members who must form part of each of the Committees, taking into account the knowledge, skills and experience of the Directors and the duties of each Committee.
- Examine and organize the succession of the Chairman of the Board of Directors and the chief executive of the Company and, where appropriate, make proposals to the Board of Directors so that such succession occurs in an orderly and planned manner.
- Report on the appointment and removal proposals of Senior Managers.
- Propose the basic conditions of the contracts of the Senior Managers.
- Check that the remuneration policy established by the Company is observed.
- Review periodically the remuneration policy applied to the Directors and Senior Managers.
- Verify the information about remuneration of the Directors and Senior Managers.
- Make proposals to the Board of Directors regarding the remuneration policy for directors and managing directors or those who perform their senior management duties reporting directly to the Board, or to the Executive Committee or the CEOs.

Lastly, in those cases where the law so provides, the approval of the mandatory matters is submitted to the General Shareholders' Meeting, including the remuneration plans granted to the Executive Directors consisting of the delivery of shares, share option rights or which are linked to the value of the shares.

5.3. Main Activities carried out by the Nomination and Remuneration Committee During the 2023 Financial Year

In the 2023 financial year the Nomination and Remuneration Committee met 4 times. The following table shows the individual attendance of its members.

Name	Position	Attendance at meetings
Mr. Bruno Di Leo	Chairman	4/4
Mr. José Fernando Sánchez-Junco Mans	Member	4/4
Ms. Hanne Sørensen	Member	3/4[1]
Mr. Gonzalo Urquijo	Member	4/4

[1] Ms. Hanne Sørensen delegated her representation at the meeting of the Nomination and Remuneration Committee, at which she did not attended.

The following table shows the most relevant actions carried out by the Committee during 2023. It should be noted that the Company's remuneration policy has been verified throughout the year.

Quarter	Actions carried out
First Quarter 2023	• Proposed Directors' Remuneration Policy and Annual Report on Directors' Remuneration 2022. • Report on the maximum annual amount of Directors' remuneration in their capacity as such for the 2023 financial year established in the Remuneration Policy approved at the 2023 General Meeting, and the system for distributing this amount among the Directors. • Report on the fixed remuneration for the 2023 financial year for the Executive Directors, and review of the fixed remuneration of the Management Committee. • Proposal for variable annual remuneration for 2022 payable in 2023 to the Executive Directors and review of that of the Management Committee. • Revision of: (i) the amount of the variable remuneration, expressed as a percentage of the fixed remuneration, (ii) the compliance criteria to which the assessment of the variable remuneration is linked and (iii) the quantitative and qualitative targets to which it is linked. • Report on the allocation of units of the first grant of the 2023-2025 Long-Term Incentive Plan to the Executive Directors and review of the allocation of units to the members of the Management Committee. • Compliance with the metrics to which the first grant of the 2020-2022 Long-Term Incentive Plan is linked and proposal of the aggregate pay-out ratio to determine the number of shares to be delivered. • Closing of remuneration of the Directors in their capacity as such corresponding to the 2022 financial year. • Composition of the Board of Directors and its Committees and review the category attributed to each of the Directors. • Competencies required by the Board of Directors. • Long-Term Incentive Plans – Atlantia Analysis TSR.

Second Quarter 2023	• Involvement in the annual assessment of the Board and its Committees carried out with an external adviser (KPMG). • Verification of the information on the remuneration of the Directors and senior management contained in the corporate documents and checked the observance of the Company's remuneration policy. • Information on the evolution of proxy advisors' voting recommendations in relation to the Directors' Remuneration Policy and the Annual Remuneration Report, and on the outcome of the vote on these two documents at the General Shareholders' Meeting. • Report on nominations to Board of Directors in Ferrovial Group companies. • Report on engagement.
Third Quarter 2023	• Report on nominations to Boards of Directors in Ferrovial Group companies. • Verification of the Directors' Composition Policy. • Diversity and Inclusion Policy. • Report on Diversity, Equity and Inclusion. • Report on talent management.
Fourth Quarter 2023	• Determination of independence of Directors and Committee members. • Policy for recovery of erroneously awarded compensation (Clawback Policy). • Report about a new global anti-discrimination and anti-harassment Policy. • Report on the succession plan for the Chairman, Chief Executive Officer, senior management and other management positions. • Report on the operation of the Committee.

In 2024, up to the date of approval of this report, the same activities have been carried out as in 2023, review and proposal of the remuneration plans for the Executive Directors to be submitted to vote at the 2024 General Shareholders' Meeting.

5.4. Other Information of Interest

Ferrovial has taken out civil liability insurance for the directors and executives of the Group companies of which Ferrovial is the parent company. Among these insured persons are the Directors. The premium paid in 2023 for the aforementioned insurance amounts to €1,073 thousand.

6. SUMMARY TOTAL REMUNERATION TABLES

6.1. Total Remuneration of Executive Directors (in € thousand)

Director	Financial Year	Base Salary	Other Benefits	Board Fees	Board Attendance Fees	Perquisites	Total Fixed	% Fixed	Annual Variable Remuneration	Long-Term Incentive Plan	Total Variable	% Variable	Total Remuneration
Mr. Rafael del Pino y Calvo-Sotelo	**2023**	**1,500**	**99**	**35**	**119**	**13**	**1,766**	**33%**	**2,809**	**795**	**3,604**	**67%**	**5,370**
	2022	1,500	107	35	103	10	1,755	33%	2,609	883	3,492	67%	5,247
	2021	1,500	92	35	122	9	1,758	39%	2,275	490	2,765	61%	4,523
	2020	1,405	86	33	122	8	1,654	34%	1,620	1,602	3,222	66%	4,876
	2019	1.455	74	35	143	8	1,715	39%	1,608	1,097	2,705	61%	4,420
Mr. Ignacio Madridejos Fernández[1]	**2023**	**1,313**	**53**	**35**	**60**	**18**	**1,479**	**35%**	**1,926**	**795**	**2,721**	**65%**	**4,200**
	2022	1,150	61	35	51	13	1,310	43%	1,538	183	1,721	57%	3,031
	2021	1,100	46	35	61	12	1,254	49%	1,283	-	1,283	51%	2,537
	2020	937	43	33	61	12	1,086	57%	810	-	810	43%	1,896
	2019	250	609	9	14	-	882	78%	250	-	250	22%	1,132

[1]Mr. Ignacio Madridejos Fernández participates in a deferred remuneration scheme that will only become effective when they leave the Company by mutual agreement with the Company upon reaching a certain age, and therefore there are no vested rights. The annual contributions amount to 20% of the Total Remuneration (fixed remuneration plus the annual variable remuneration target of 100%). The right to receive this extraordinary remuneration shall be incompatible with the payment of any compensation that the Chief Executive Officer may be entitled to receive as a result of the termination of their relationship with the Company.

6.2. Total Remuneration of Non-Executive Directors (in € thousand)

Director	Financial Year	Board Fees	Board Attendance Fees	Other Benefits	Total Remuneration
Mr. Óscar Fanjul Martín	**2023**	**35**	**86**	**87**	**208**
	2022	35	73	96	204
	2021	35	83	81	199
	2020	33	83	70	186
	2019	35	80	37	152
Ms. María del Pino y Calvo- Sotelo	**2023**	**35**	**57**	**53**	**145**
	2022	35	51	61	147
	2021	35	61	46	142
	2020	33	61	43	137
	2019	35	72	37	144
Mr. José Fernando Sánchez-Junco Mans	**2023**	**35**	**66**	**53**	**154**
	2022	35	58	61	154
	2021	35	76	46	157
	2020	33	81	43	157
	2019	35	89	37	161

Mr. Philip Bowman	**2023**	**35**	**55**	**53**	**143**
	2022	35	47	61	143
	2021	35	59	46	140
	2020	33	59	43	135
	2019	35	59	37	131
Ms. Hanne Birgitte Breinbjerg Sørensen	**2023**	**35**	**47**	**53**	**135**
	2022	35	41	61	137
	2021	35	50	46	131
	2020	33	56	43	132
	2019	35	58	37	130
Mr. Bruno Di Leo	**2023**	**35**	**55**	**53**	**143**
	2022	35	49	61	145
	2021	35	58	46	139
	2020	33	58	43	134
	2019	35	54	37	126
Mr. Juan Hoyos Martínez De Irujo	**2023**	**35**	**60**	**53**	**148**
	2022	35	51	61	147
	2021	35	61	46	142
	2020	33	61	43	137
	2019	9	12	9	30
Mr. Gonzalo Urquijo Fernández De Araoz	**2023**	**35**	**62**	**53**	**150**
	2022	35	54	61	150
	2021	35	59	46	140
	2020	33	59	43	135
	2019	1	-	1	2
Ms. Hildegard Wortmann[1]	**2023**	**35**	**42**	**53**	**130**
	2022	35	36	61	132
	2021	23	36	30	89
Ms. Alicia Reyes Revuelta[1]	**2023**	**35**	**55**	**53**	**143**
	2022	35	47	61	143
	2021	23	36	30	89

[1]Appointed as Non-Executive Directors in May 2021.

6.3. Relationship Between Directors' Total Remuneration, Company Performance and Pay Ratio

The data reported in the following table for the years 2019 to 2022 are those reported in the Annual Directors' Remuneration Reports corresponding to each fiscal year and in accordance with the Spanish legal requirements (perquisites not included in totals).

		2023	Change (in %)	2022	Change (in %)	2021	Change (in %)	2020	Change (in %)	2019
Executive Directors Total Remuneration (€ thousand)	Mr. Rafael Del Pino Y Calvo-Sotelo[1]	5,370	2.54	5,237	16.02	4,514	-7.27	4,868	10.34	4,412
	Mr. Ignacio Madridejos Fernández[2]	4,200	39.17	3,018	19.52	2,525	34.02	1,884	66.43	1,132
Non-Executive Directors Total Remuneration (€ thousand)	Mr. Oscar Fanjul Martín	208	1.96	204	2.51	199	6.99	186	22.37	152
	Ms. María Del Pino Y Calvo-Sotelo	145	-1.36	147	3.52	142	3.65	137	-4.86	144
	Mr. José Fernando Sánchez-Junco Mans	154	0	154	-1.91	157	0	157	-2.48	161
	Mr. Philip Bowman	143	0	143	2.14	140	3.70	135	3.05	131
	Ms. Hanne Birgitte Breinbjerg Sørensen	135	-1.46	137	4.58	131	-0.76	132	1.54	130
	Mr. Bruno Di Leo	143	-1.38	145	4.32	139	3.73	134	6.35	126
	Mr. Juan Hoyos Martinez De Irujo[3]	148	0.68	147	3.52	142	3.65	137	356.67	30
	Mr. Gonzalo Urquijo Fernández De Araoz	150	0	150	7.14	140	3.70	135	n.s.	2
	Ms. Hildegard Wortmann[4]	130	-1.52	132	48.31	89	-	0	-	0
	Ms. Alicia Reyes Revuelta[5]	143	0	143	60.67	89	-	0	-	0
Company Performance	Total Shareholder Return (%)	38.4								
	Total Revenue (€ million)	8,514								
	Consolidated results of the Company (€ million)[6]	656	144.78	268	-72.26	966	-	-427	-	504
Remuneration of Employees	Average (€ thousand)[7]	46	4.55	44	46.67	30	-6.25	32	-8.57	35
Pay Ratio	Chairman Pay Vs. Average Remune-ration of employees[8]	117								

[1]The variations in the Chairman's accrued remuneration have been derived from the different fulfillment of the metrics of the remuneration at risk of the Chairman both in the short and long term.
[2]Remuneration in 2019 and 2020: the indicated figure shows the variation between the remuneration actually accrued in 2019 and in 2020. These figures are not comparable given that the Director was appointed on 30 September 2019 and therefore the remuneration relates to the period from 30 September to 31 December 2019. In 2020, he was a member of the Board for the full financial year.
[3]Remuneration from 2019 to 2020: the indicated figure shows the variation between the remuneration actually accrued in 2019 and in 2020. These figures are not comparable given that the Director was appointed on 2 October 2019 and therefore the remuneration relates to the period from 2 October to 31 December 2019. In 2020, he was a member of the Board for the entire fiscal year.
[4]Remuneration between 2021 and 2022: the indicated figure shows the variation between the remuneration actually accrued in 2021 and in 2022. These figures are not comparable given that the Director was appointed on 6 May 2021 and therefore the remuneration relates to the period from 6 May to 31 December 2021. In 2022, she was a member of the Board for the full financial year.
[5]Remuneration between 2021 and 2022: the indicated figure shows the variation between the remuneration actually accrued in 2021 and in 2022. These figures are not comparable given that the Director was appointed on 6 May 2021 and therefore the remuneration relates to the period from 6 May to 31 December 2021. In 2022, she was a member of the Board for the full financial year.
[6]"CONSOLIDATED PROFIT BEFORE TAXES" data provided in the Integrated Annual Reports.
[7]"SALARIES AND WAGES ACCOUNT" between "AVERAGE STAFF", excluding Executive Directors in both data. The increase in the period 2021 to 2022 is due to the sale of the major part of the Services division.
[8]Ratio between (i) the total annual remuneration of the Chairman and (ii) the average annual remuneration of the employees of the company, whereby:

- The total remuneration of the Chairman includes all remuneration components (such as fixed remuneration, board fees, annual variable remuneration, share-linked plans and remuneration in kind).
- The average annual remuneration of employees is determined by dividing the salaries and wages account by the average number of employees.

6.4. Total remuneration of senior management

As well as Executive Directors, the members of the Senior Management of the Company have a remuneration package composed of their fixed and variable remuneration (annual and long-term), as well as other remuneration items. For the year 2023, they have jointly accrued the following remuneration:

Senior Management Remuneration (in € thousand)	2023	2022
Fixed remuneration	5,094	4,755
Variable remuneration	5,534	4,822
Share Plan linked to objectives	1,934	1,629
Other[1]	585	51
Other[2]	486	0
TOTAL	**13,633**	**11,257**

[1]Life insurance premiums/Council membership in other subsidiaries/Expatriates' payments.
[2]Separation of members of the Non-Management Committee in 2023 (amount subject to income tax).
*The Senior Management average remuneration is not broken down by gender in order to keep it confidential, given that there is only two women in this group.

RISKS

FACING CHALLENGES

An effective process of risk identification and assessment is a competitive differentiator.

The Board of Directors is responsible for supervising the operation of internal risk management and control systems. Therefore, it periodically evaluates their design and effectiveness in identifying, assessing and mitigating risks that may impact the achievement of the strategic objectives of Ferrovial.

The Risk Control and Management Policy, approved by the Board of Directors, establishes the general framework of action for the control and management of risks of different nature that the executive team may encounter in the achievement of the business objectives.The policy is reviewed periodically to update the risk appetite and tolerance levels to be considered in the development of the corporate business plan.

The Audit and Control Committee of the Board of Directors is entrusted, among others, for supervising and evaluating the control and management systems for financial and non-financial risks relating to the Ferrovial Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks. The Audit and Control Committee reviewed the Ferrovial risk map in May 2023 and its update in December 2023.

Risk Appetite

In the performance of its corporate objectives Ferrovial is exposed to diverse risk factors deriving from the nature of the sectors in which it operates, the countries where its activities are located and the different regulations to which it is subject.

The Board of Directors of Ferrovial establishes in the Risk Control and Management Policy the risk appetite and the admissible tolerance level for each risk factor. This policy aims to provide all the employees of the company with a general framework of action for the control and management of the risks of any nature that they may face in the performance of the business objectives and the general strategy of Ferrovial.

Risk appetite levels are set per risk factor on a scale from risk aversion to risk assumption. For instance, a risk aversion appetite has been set for risks related to ethics, integrity and compliance, and a risk assumption appetite has been set for risks related to strategic innovation.

Risk Appetite Levels for most relevant Risk Events

	aversion	reduced	neutrality	moderate	assumption
Mobility patterns					
Availability of value-generating projects					
Talent attraction and retention					
Cyberthreats					
Macroenvi-ronment					
Non-compliance with sustainability objectives					
Health and safety					
Company reorganization					
Climate change					
Ethics and integrity					
Financial risks					

EFFECTIVE RISK MANAGEMENT: FERROVIAL RISK MANAGEMENT

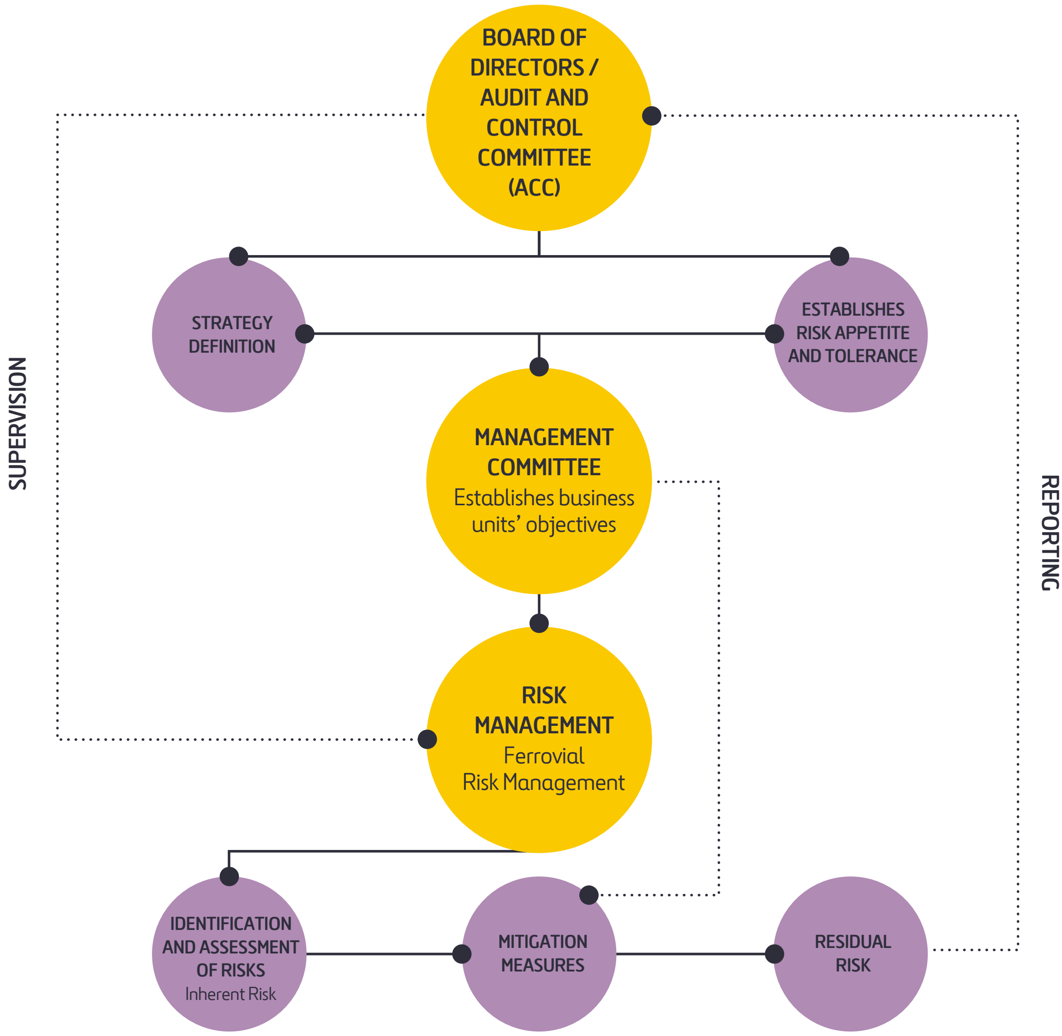
The materialization of the Risk Control and Management Policy and its basic principles is embodied, among others, in the risk identification and assessment process, called Ferrovial Risk Management (FRM), which is managed by the Compliance and Risk Department and reports directly to the Audit and Control Committee of the Board of Directors. FRM is implemented in all the company's areas of activity and is carried out twice a year.

The Compliance and Risk Department, independent of the business lines, reports half-yearly to the Audit and Control Committee, and at least once a year to the Board of Directors, on the risks that threaten the achievement of the business objectives.

The FRM process, through the application of a common metric, enables the identification and assessment of risk events based on their probability of occurrence and their potential impact on business objectives and corporate reputation. Two evaluations are made for each risk event identified: an inherent assessment, without considering the specific control measures implemented to mitigate the risk, and a residual assessment, including the specific control measures. In this way, Ferrovial can implement the most appropriate mitigation measures according to the nature of the risk and evaluate their effectiveness.

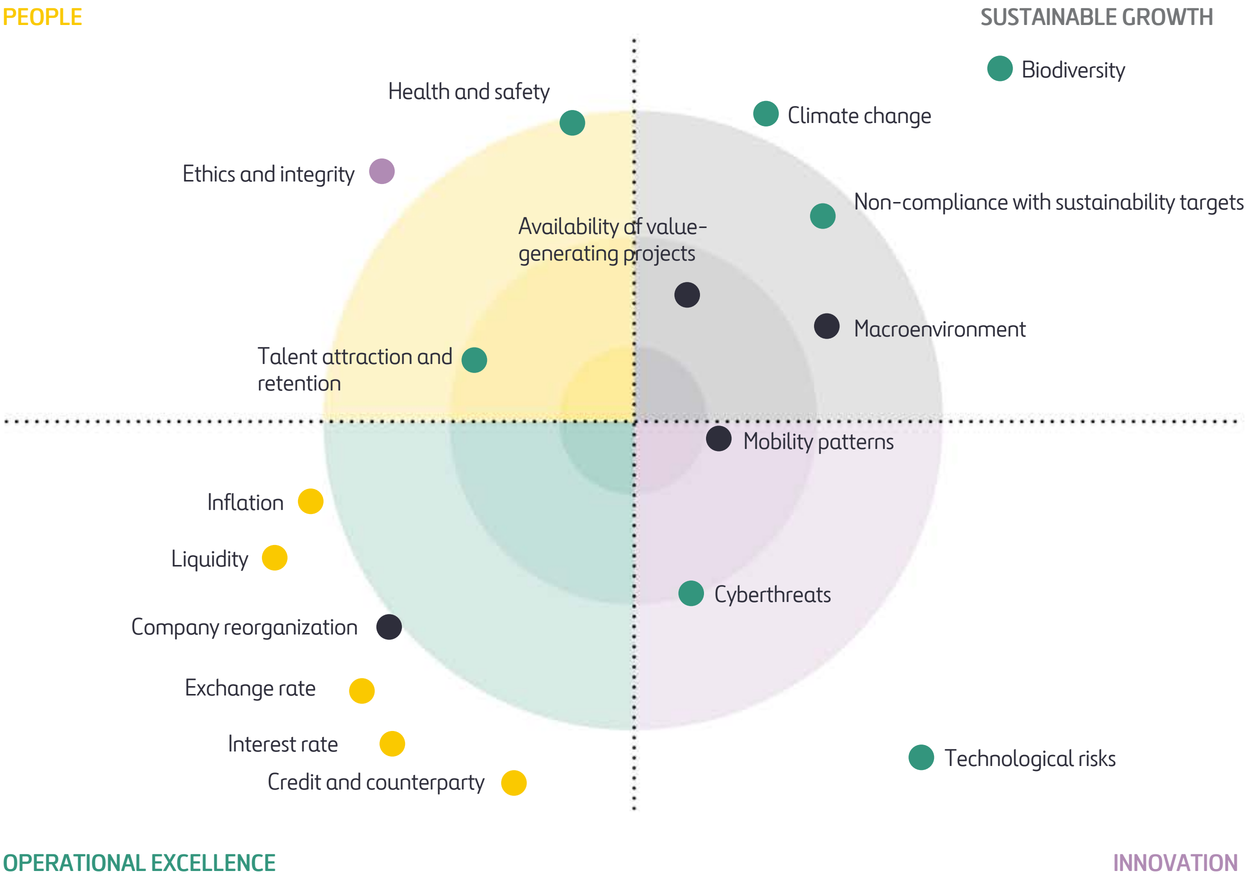
In a process of continuous improvement, during the last fiscal year Ferrovial has reviewed the risk management process by conducting an internal audit and an external consultancy to analyze and improve the performance of the process. As a result, the integration between the risk management system and the strategic processes and the definition of the medium and long-term business plan has been improved, and the quantification of certain risk variables has been optimized, reinforcing the second lines of defense.

FERROVIAL RISK MANAGEMENT



MAIN RISKS

The chart shows the most relevant risk events that threaten the execution of Ferrovial's corporate strategy.



Explanatory note: closer to the center point of the diagram indicates greater relative severity. Risk events that threaten several strategic priorities have been placed in the quadrant with the highest relative impact.

Strategic risks: related to the market and the environment in which each business operates.

Operational risks: associated with the bidding process, production, service provision and generation of revenues and costs incurred.

Financial risks: associated with changes in financial figures, access to financial markets, cash management, reliability of financial information and tax risks.

Compliance risks: linked to compliance with applicable legislation, commitments to third parties and self-imposed obligations arising from the Code of Ethics and Business Conduct.

The most relevant risk events, their potential impact and the main control measures implemented to mitigate their impact and/or probability of occurrence are described below.

Risk Event	Description	Potential Impact	Control Measures
Mobility patterns	The trend towards digitalization in social interaction has accelerated in recent years, especially due to teleworking and e-commerce. This evolution, together with the current context of global economic slowdown, in an inflationary environment and rising interest rates, may negatively impact the traffic volume of the company's main assets, posing a risk to its performance and value.	• Valuation of assets. • Liquidity. • Margins and flows in infrastructure projects in operation.	– Analysis and study of medium-term mobility trends, as well as review of scenarios and alternatives. – Implementation of traffic promotion plans.
Availability of value-generating projects	Large transportation infrastructure development and operation projects are exposed to a highly competitive market and subject to political decisions and social movements, with an impact on the availability of attractive mobility projects for the company. This may affect the company's growth and its ability to achieve its strategic objectives.	• Reduction of value-generating business opportunities. • Fulfillment of growth objectives. • Reduction of margins due to increased risk.	– Analysis of new markets. – Unsolicited proposals for infrastructure projects. – Review of risk profile by type of project.
Talent attraction and retention	High demand for skilled professionals and low unemployment rates in some of the target markets in which Ferrovial operates increase the risk of attracting and retaining talent. Additionally, the pandemic has caused a change in employee habits, priorities and value expectations, which intensifies this risk.	• Loss of business opportunities due to lack of qualified personnel. • Non-fulfillment of commitments with clients (deadline, quality, etc.). • Reduced margins due to increased costs.	– Plan for the identification and empowerment of talent in the organization. – Promote the attraction of local talent. – Specific plans for key positions.
Cyberthreats	Cyberthreats are a constant risk in today's information society, especially for businesses that are increasingly dependent on technology and connectivity. The wars in the Middle East and Ukraine and the development of new technologies in the field of AI have increased the severity and frequency of attacks (supply chain attacks, asset disruption, phishing, digital identity theft, etc.). In this context, infrastructures can be vulnerable to these threats, which can affect the normal operation of the assets, their ability to generate the expected value and the company's reputation.	• Degradation or impossibility to operate the assets. • Economic loss due to the costs of recovering the activity. • Sanctions for regulatory and/or contractual non-compliance. • Impact on the business plan with the consequent reduction in the value of the asset. • Damage to corporate reputation and competitive advantage, compromising potential business opportunities. • Loss or theft of know-how and/or intellectual and industrial property. • Information kidnapping. • Fraud impact.	– Global Security Model, based on NIST CSF and ISO 27002, ISO 27001 certified (audited annually). – Periodically evaluated security capabilities and controls that implement the security model. – Committee and Global Cybersecurity Community as levers for the deployment of security capabilities. – Insurance policies with coverage against cyberincidents of various kinds. – Establishment of formal collaboration agreements with national and international cybersecurity agencies. – Deployment of advanced protection capabilities.

Risk Event	Description	Potential Impact	Control Measures
Macroenvironment	The global economic situation shows a scenario marked by geopolitical and socioeconomic tensions that have led to an inflationary environment of low growth and high interest rates, aggravated by the wars in Ukraine and the Middle East. In this context, Ferrovial faces the risk of higher than estimated increases in raw material costs and interest rates, which could jeopardize compliance with delivery deadlines and expected returns.	• Reduced margins due to increased costs. • Increase in financial cost. • Non-compliance with commitments to customers. • Failure to meet growth objectives.	– Introduction of price review mechanisms in contracts. – Negotiation of pre-contracts with suppliers and subcontractors. – Planning of supplies, from the study and bidding phase. – Market trend monitoring and supply planning. – Hedging of materials and interest rates.
Non-compliance with sustainability objectives (emissions reduction and taxonomy)	Increasingly, infrastructure investors and funds are giving priority to Environmental, Social and Governance aspects (ESG) in their decision making. Any failure to comply with Ferrovial's climate change objectives could have a negative impact on its reputation, analysts' ratings, financing cost and third parties' investment decisions. Moreover, the identification of any of the company's activities as ineligible and/or unaligned under the EU Taxonomy would aggravate the risk.	• Damage to corporate reputation. • Difficulty of access to financing and/or deterioration of terms and conditions. • Tightening of project financing conditions. • Penalization by potential investors. • Loss of positioning in sustainability indexes.	– The Horizon 24 Strategic Plan, focused on the promotion, construction and management of sustainable infrastructures. – Presence in the most internationally recognized sustainability indexes, among others: Dow Jones Sustainability Index, FTSE4Good, Sustainalytics, Moody's, CDP or ISS ESG. – Development and implementation of the sustainability strategy.
Health and safety	The risk of accidents is inherent to the nature of Ferrovial's activities. Failure to have appropriate mitigation measures in place could jeopardize the health and safety of people (employees, customers, etc.) and may also have a negative impact on the Group's operations. Failure to comply with the company's health and safety policies and processes could result in physical harm, reputational risk or even loss of business opportunities.	• Physical damages to employees and third parties. • Operational impacts due to interruption in operations. • Civil/criminal liability. • Damage to corporate reputation. • Difficulty of access to financing and/or deterioration of terms and conditions.	– Integration of health and safety at work as a fundamental value of the company. – Implementation of a health, safety and wellbeing strategy. – Implementation of health and safety prevention systems. – Continuous training for employees. – Management systems audit plan. – Civil and professional liability coverage. – Establishment of a tolerance level for this risk factor as “risk aversion”,
Company reorganization	Failure to meet liquidity and growth expectations following the company's corporate reorganization and listing on the Amsterdam stock exchange and planned listing in the United States. Likewise, listing in new markets implies compliance with information and control requirements, failure to comply with these could result in sanctions from regulatory bodies, as well as the loss of confidence of investors, clients and analysts.	• Loss of credibility with investors, customers, analysts and rating agencies. • Decrease in liquidity to meet the business plan. • Loss of value. • Sanctions for non-compliance with requirements.	– Listing plan for new markets. – Strategic plan for investor and analyst relations. – Development of internal control over the financial reporting process under the US Sarbanes Oxley (SOX) act. – Stakeholder communication campaign.

Risk Event	Description	Potential Impact	Control Measures
Climate change	Ferrovial is exposed to risks derived from climate change. On the one hand, there are physical risks, such as extreme weather events, which may affect infrastructures. In addition, there are transition risks, given that global trends to reduce the causes and consequences of climate change may entail economic (such as an increase in the cost of raw materials), regulatory, technological and/or reputational effects.	• Interruption of operations due to physical damage to infrastructures. • Decrease in productivity under extreme weather conditions. • Increase in coverage premiums. • Increase in operating costs due to increases in raw material prices, increase in fossil fuel taxes or adaptation to new technologies, among others.	– Process of identifying and assessing the risks associated with climate change to which the company may be exposed. – Review of Deep Decarbonization Path. – Control and monitoring tools. – Implementation of recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
Ethics and integrity	The company is at risk of committing, by its employees or collaborators, acts that may involve a breach of the rules and requirements of integrity, transparency and respect for legality and human rights, in particular acts of corruption.	• Criminal liability of individuals and legal entities. • Reduction of business opportunities due to non-compliance with ethical requirements. • Damage to corporate reputation. • Economic impact from sanctions.	– Compliance Program aimed at preventing acts contrary to ethics and integrity. – Certified criminal and anti-bribery prevention system (UNE-ISO 19601 and ISO 37001). – Specific training plan to promote an ethical culture and prevent irregularities, especially corruption. – Establishment of a tolerance level for this risk factor as “risk aversion” according to the Risk Policy.
Financial Risks (see section 5.4 of Consolidated Financial Statements for more information)	The company's business is affected by changes in financial variables such as interest rates, exchange rates, inflation, credit or liquidity.	• Loss of opportunities due to reduced project financing capacity. • Reduction of net margins. • Compliance with financial commitments.	– Financial risk management policies. – Analysis and active management of the risk exposure of the main financial variables. – Effective management of financial alternatives.

It is worth mentioning that the risks materialized during the year that had an impact on the company's profitability are: (i) higher than expected costs incurred in the completion of major construction projects in the US and (ii) landslide on a project in Colombia, which led to formalize a provision at year-end for the preliminary potential cost estimate of the project, whose completion and delivery as contractually designed has rendered impossible due to this event. However, in both cases, claims have been filed in order to mitigate the impact.

EMERGING RISKS

In addition, the FRM process also identifies, assesses and monitors emerging risks caused by external agents with a potentially significant long-term impact on the business. Among others, the following risks are highlighted:

Risk event	Description	Potential impact	Control measures
Protection of biodiversity and natural capital	Biodiversity is a fundamental element for the ecological balance of the planet, playing a key role in the provision of ecosystem services. However, several risks threaten its preservation, such as the loss and fragmentation of natural habitats, the introduction of invasive exotic species, environmental pollution, climate change and the overexploitation of natural resources. Ecosystem degradation can affect the availability of natural resources, such as water and energy, and increase production costs.	• Reduction of margins and flows in projects. • Reduction of business opportunities. • Loss of license to operate and/or stoppage of activities. • Reputational impact.	– Biodiversity Policy. – Commitment as Adopter of the Task Force on Nature-related Financial Disclosure (TNFD). – Implementation of an environmental management system that considers biodiversity as a key aspect. – Development of a methodology and tool for measuring natural capital debt called INCA (Integrated Natural Capital Assessment).
Technological risks-quantum computing	The progressive development of quantum technology applied to computing provides it with exponentially greater processing capacity compared to the traditional system, based on binary code. The proliferation of new technologies that take advantage of this extraordinary increase in computing capacity could significantly increase exposure to the risk of cyber threats, as traditional encryption methods could prove insufficient in the face of the processing power of quantum computing.	• Increased vulnerability to cyber-attacks. • Information theft. • Stoppage of the operation of assets.	– Tracking the progress of technology and use cases in the sector. – Strategic partnerships with partners with sufficient capabilities to develop technologies to protect against the challenges of quantum computing.

The inherent risk factors that may affect Ferrovial's business are described below:

RISK FACTORS

1. Risks Related to Our Business and Structure

1.1. A deterioration of global economic and political conditions could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our business performance is closely linked to the economic cycle and political conditions in the countries, regions, and cities in which we operate. As a result of our diverse geographical operations, in 2023 we generated the majority of our revenues across several core jurisdictions, including the United States (33.8%), Poland (25.4%), Spain (17.3%), the United Kingdom (9.0%) and Canada (1.9%).

Typically, robust economic growth in the areas where we operate results in greater demand for our services, while slow economic growth or economic contraction adversely affects such demand. For example, the toll roads and aviation businesses are cyclical by nature and are closely linked to general economic conditions.

All revenues, dividends, and investments from our Companies are exposed to risks inherent to economic conditions in the countries in which they operate. Operations in the countries where we do business are exposed to factors such as: (i) fluctuations in local economic growth; (ii) changes in inflation rates; (iii) devaluation, depreciation or excessive appreciation of local currencies; (iv) foreign exchange controls or restrictions on profit repatriation; (v) changing interest rate environment; (vi) changes in financial, economic and tax policies;(vii) instances of fraud, non-compliance, bribery or corruption; (viii) social conflicts; (ix) political and macroeconomic instability, and (x) changes in applicable law.

Geopolitical conflict, political uncertainty and instability risks have been on the rise across many economies, resulting in some cases in inward-looking policies and protectionism, which could in turn lead to increased pressures for policy reversals or failure to implement needed reforms. The conflicts in Ukraine and the Middle East and COVID-19 have contributed to greater political uncertainty and instability, as further discussed under "—7. The conflict in Ukraine and the related sanctions and export controls may adversely impact our global activities and could have a material adverse effect on our business, financial condition, results of operations, and prospects," "—14. COVID-19 or other pandemics could cause significant uncertainties and disruptions that may adversely impact our business, financial condition, results of operations, and prospects." and "—20 Terrorist attacks or other acts of violence or geopolitical unrest may particularly affect our operations and profitability."

Economic growth, globally and in the EU, has been subject to constraints on private sector lending and increases in the cost of financing. Recent examples of downside risks to the global economy that have also affected our results include: (i) the conflict in Ukraine, (ii) COVID-19, (iii) the sharp rise in inflation and (iv) increasingly volatile global financial conditions. In addition, many developed economies where we operate, such as the United States, Spain, the United Kingdom, and Canada, have experienced high inflation rates and a corresponding tightening of monetary policies as a result of the strong and persistent upturn in prices.

Continued weakness in many emerging economies where we operate has also contributed to the risk of deterioration of global economic and political conditions. For example, we believe that in Latin America, political systems and institutions may be subject to increased stress as a consequence of the aforementioned global macroeconomic events, including (i) the conflicts in Ukraine and the Middle East, (ii) the slow economic rebound from restrictions imposed in connection with COVID-19, and (iii) high food and energy costs as a result of inflationary pressures exacerbated by high U.S. interest rates, all of which have contributed to increased risks of sovereign defaults and social unrest within the area. Although a number of measures have been implemented by the public sector to mitigate these risks (such as the United States' Infrastructure Investment and Jobs Act, the European Union's Next Generation EU (NGEU) fund, and the UK Build Back Better plan, among others), these measures may prove to be ineffective or insufficient to prevent the deterioration of the economies of the countries in which we operate.

Regionally, U.S. politics continue to be marked by high polarization and uncertainty regarding potential changes to federal, state, and local policy, including tax policies, which could lead to unexpected changes involving the governmental level of oversight and focus on the infrastructure business within the United States. The nature, timing, and economic and political effects of these potential changes to the current legal and regulatory framework affecting our activities remain highly uncertain. In addition, the Federal Reserve has raised interest rates to help curb inflation in the United States, which is at its highest level in decades (for example, the annual rate of change of the consumer price index (CPI) in the United States had increased 3.4% in December 2023 when compared to 2022 levels). High inflation has impacted and is impacting mainly the Construction Business Division (for further details on the impact of inflation on our operations, see "—3. Risks Relating to Our Structure and Financial Risks—3. An increase in inflation may negatively affect our results of operations (mainly in the Construction Business Division) and an increase in real rates or an increase in inflation with no economic growth may decrease the value of our assets, which could have a material adverse effect on our business, financial condition, and results of operations". Rising interest rates also have a negative impact on the financing of our projects.

In Spain (where, in 2023, we generated 17.3% of our revenue), a number of concerns continue to exist in respect to the Spanish economy. In recent years, Spain has made progress to control public deficit and correct the country's economic imbalances, resuming its growth and, supported by external demand as well as by higher domestic demand, reflecting improved financial conditions and rising confidence. However, the conflict in Ukraine and the crisis resulting from COVID-19 have abruptly and significantly deteriorated economic conditions in the country. Currently, inflation is the main concern for the Spanish economy, with the annual CPI's change rate increasing by 3.1% in December 2023 when compared to 2022 levels, according to the Spanish National Institute of Statistics, and rates likely to remain at relatively high levels for the foreseeable future, although financial market participants have recently revised their expectations downwards slightly, according to the Quarterly Report on the Spanish Economy published in December 2023 by Banco de España. Additionally, in 2023, the Spanish gross domestic product (GDP) slowed down, accounting for a 2.5% increase compared to the same period of 2022, with even lower increase predictions for years 2024 (1.4%), and 2025 (1.8%), pointing towards a stagnation of economic growth. The Spanish economy is particularly sensitive to economic conditions in the Eurozone, and any decline in European economic activity could have an adverse effect on Spanish economic growth, which in turn could adversely affect demand for our services in Spain.

The Spanish economy may further be affected by (i) an increase of political uncertainty in Spain (including any resurgence of political and social tensions in Catalonia), which could result in volatile capital markets or otherwise adversely affect financing conditions in Spain or the environment in which we operate and (ii) other external factors, such as the geopolitical uncertainty originated by, among other circumstances, (a) the exit of the U.K. from the European Union, (b) the international trade tensions between the United States and China, or (c) the volatility in commodity prices, any of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. These events could cause an increase of Spain's political uncertainty, which could impact the Spanish economy and, in turn, have a material adverse effect on our business, financial condition, results of operations, and prospects.

We also have operations in a number of Latin American countries, which tend to be more vulnerable to the effects of macroeconomic events and political instability. In those countries, we are exposed to, among others, macroeconomic factors such as inflation, geopolitical tensions, environmental factors, and other socioeconomic and political factors. For example, we have significant operations in Chile, where in the year ended December 31, 2023, we generated EUR 401 million in revenue.

In addition, other factors or events may affect global and national economic conditions, such as heightened geopolitical tensions, war, acts of terrorism, natural disasters, pandemics, or other similar events outside our control.

Even in the absence of an economic downturn, we are exposed to substantial risk stemming from volatility in areas such as consumer spending, business investment, financial conditions, government spending, capital markets conditions, and price inflation, which affect our business and our economic environment and, consequently, our size and profitability. Increases in national public debt may lead countries to increase taxes and to reduce investment in infrastructures. Unfavorable economic conditions could also lead to decreased use of, and related income from, toll roads projects, reduced air travel, and reduced investment in the construction sector and energy infrastructure and mobility sector. Furthermore, any financial difficulties suffered by our sub-contractors or suppliers could increase our costs or adversely affect our project schedules.

Any deterioration of the economies or political conditions of the countries in which we operate could have a material adverse effect on our business, financial condition, results of operations, and prospects.

1.2. We operate in highly competitive industries and our profitability could be affected by our failure to accurately estimate revenue, project risks, the availability and cost of resources, and time when bidding on projects, which could have a material adverse effect on our business, financial condition, and results of operations.

The market for infrastructure development and operation projects is highly competitive and is exposed to political and social factors that are difficult for operators to manage. Most of our competitors are multinational companies bidding on projects worldwide, which places the competitive focus on the attractiveness of each individual project as opposed to its geographical location. These circumstances may have an impact on the achievement of our growth objectives.

In our ordinary course of business, we compete against various groups and companies that may have more local experience, resources, or awareness than we do. Furthermore, the economic slowdown in Europe and the financial difficulties faced by emerging countries are negatively affecting public and private clients' investment capacity and, by extension, our business opportunities in those geographies. This lack of investment opportunities in Europe has pushed capital flows towards markets with greater availability of resources in which we also operate, increasing the competitive tension within those markets and resulting in pressures on prices and profit margins in projects in which the customer risk transfer dynamic is not balanced.

Technological developments in terms of digitalization of processes may also pose a risk to our business if our competitors develop an advantage over us in this area. Specifically, if we fail to develop differential competitive capabilities at the same or a higher pace than our competitors due to the rapid deployment of generative artificial intelligence by said competitors, this may pose a significant risk to our business, financial condition, and results of operations, as the engineering and construction industry is highly dependent on technology. Failure to adequately keep up with technological advances could result in our decreased profitability and loss of market share.

In recent years, the construction sector has been experiencing, at an international level, low profitability margins, which we believe to be partly driven by aggressive commercial strategies, imbalances in customer risk transfer, and cost inflation. These financial considerations may be further accentuated by the political and economic environment created as a result of the conflict in Ukraine and COVID-19. In addition, the increase in infrastructure-focused investment funds requiring lower rates of return in their investments, coupled with these funds' readiness to take on more segments of a project's value chain, may increase competition in our target markets.

If we are unable to obtain contracts for new projects to sustain our current order book (the "Order Book") volume, or if these projects are only awarded under less favorable terms as a result of macroeconomic and competitive pressures, our business, financial condition, and results of operations may be adversely affected.

Furthermore, particularly when operating under fixed fee contracts in the Construction Business Division, we realize a profit only if we can successfully estimate our costs and prevent any cost overruns on contracts. Cost overruns can result in lower profits or operating losses on projects, which could have an adverse effect on our business, financial condition, and results of operations. Our estimates and predictions can be difficult to make, particularly in a highly competitive and uncertain environment (for additional information on the worsening of the global economic and political conditions and their impact on our business, see "—1. A deterioration of global economic and political conditions could have a material adverse effect on our business, financial condition, results of operations, and prospects," "—7. The conflict in Ukraine and the related sanctions and export controls may adversely impact our global activities and could have a material adverse effect on our business, financial condition, results of operations, and prospects," and "—14. COVID-19 or other pandemics could cause significant uncertainties and disruptions that may adversely impact our business, financial condition, results of operations, and prospects"), and may turn out to be inaccurate. If we fail to identify key risks or effectively estimate costs for projects where we are exposed to the risk of cost overruns, this could have an adverse effect on our business, financial condition, and results of operations.

For example, most of our customers in the public infrastructure sector are public entities. These or other customers may, from time to time, request amendments or alterations to agreed projects plans, even after the project has commenced, or ask to renegotiate terms. Any of this could lead to project delays, increased project development costs for us, or even termination of contracts. We may not always be able to recoup the increased costs in such cases. Any potential project amendments or renegotiations with our customers could therefore significantly reduce the revenue and profit we are able to realize. Our claims against customers in this context, to which we assign a high probability of success, may be recognized as revenue. However, if we are unsuccessful in such claims, there can be a reduction in the expected revenues and profit of such projects, which could have an adverse effect on our business, financial conditions, and results of operations.

If we fail to identify key risks or effectively estimate costs for projects where we are exposed to the risk of cost overruns, or if client renegotiations cause a project to incur additional, unexpected costs, this could have an adverse effect on our business, financial condition, and results of operations.

1.3. We depend on funds allocated to public sector projects in the countries in which we operate, and any decrease in allocation of such funds may adversely impact our project volume, which could adversely affect our business, financial condition, and results of operations.

The effects of the economic downturn have led to a sharp reduction in public sector projects, although a number of measures have been implemented by the public sector to mitigate this deterioration.

While we currently indirectly benefit from funds granted by the European Union to its member states (the "Member States") and allocated to those Member States' public entities, due to political, economic, or other considerations, these funds may no longer be available to us, or there may be delays in receipt of such funds. A cancellation or delay in the receipt of such funds may adversely affect our business, financial condition, results of operations, and prospects.

In particular, our Construction Business Division depends on public sector projects. For example, clients from the public sector accounted for 83% of the total Order Book of our Construction Business Division, which amounted to EUR 15,632 million as of December 31, 2023. A reduction in the number of public sector projects available and awarded could negatively affect our results of operations. For example, in Spain, during 2020, there was a slowdown in both private and public tender processes, and public tender processes were delayed on account of COVID-19. As a result of these delays in the start-up of new projects, the Construction Business Division's results were impacted, although they increased when compared to the previous year.

The toll roads industry, generally, and our Toll Roads Business Division, specifically, depend mainly on the continued availability of attractive levels of government funds and incentives to attract private investments, in particular as it pertains to public-private risk sharing in connection with private toll roads development. Such government funds are generally granted in connection with the construction and operation of toll roads for the benefit of the general public. For instance, in the United States, we currently benefit from the Transportation Infrastructure Finance and Innovation Act ("TIFIA")'s credit assistance program as granted by the United States Department of Transportation to leverage limited federal resources and stimulate capital market investment in transportation infrastructure by providing credit assistance in the form of direct loans, loan guarantees, and standby lines of credit (rather than grants) to projects of national or regional significance, such as our development of additional highway lanes within existing highways that incorporate dynamic tolls that change in real-time based on traffic conditions (the "Managed Lanes"). As of December 31, 2023, our projects in the United States have been granted USD 2,785 million through different financial instruments under the TIFIA credit assistance program.

If, due to political, economic, or other considerations, funds like those received through TIFIA are no longer available or the TIFIA credit assistance program is cancelled, this could have a material adverse effect on our ability to develop new projects. Furthermore, decreases in the funds allocated to public sector projects may force private sector construction companies, such as us, to halt projects that are already underway. For these reasons, a continued and further decrease in the spending on the development and execution of public sector projects by governments and local authorities in the markets in which we already operate or in those in which we could operate in the future could adversely affect our business, financial condition, and results of operations.

1.4. The increase in digitalization and consequently, the increased risk of cyber threats and misuse of quantum technology, may affect our normal operation of assets and our ability to generate expected value, which could have a material adverse effect on our business, financial condition, and results of operations.

In a highly digitalized and interconnected economic environment, the risk of cyber security failures potentially harming us has exponentially increased in recent years. In this context, our infrastructures are exposed to threats in the cyber space (by, among others, hostile government agencies, hacktivists, insiders, and criminals), which can impact the normal operation of our assets, impact our ability to generate expected value of the assets, or potentially undermine our reputation. For example, there may be an increase in cyber threats in connection with the conflict in Ukraine, as discussed under "—7. The conflict in Ukraine and the related sanctions and export controls may adversely impact our global activities and could have a material adverse effect on our business, financial condition, results of operations, and prospects."

In particular, cyber threats may impact the normal operation of our assets, which, in turn, may impact our ability to generate expected value of such assets. Cyber threats may cause different types of impact, such as disruption of activities, disclosure of our sensitive information, and failure to comply with laws, regulations, and contractual agreements addressing data security and privacy, among others. The extent to which a cyber threat can impact an asset depends on the asset's nature, the cyber threat agent's origin, the scope of the security breach, and the extent to which we are prepared to respond to such a cyber threat. Critical infrastructures (such as airports, highways, and energy infrastructure), which are the main assets of our business, are a common target for such threats. Additionally, if a cyber threat is not successfully managed, it could impact our ability to generate expected value. For instance, a ransomware attack affecting one of our airports could cause flight cancellations, which in turn could materially affect our operating revenues and financial results. In this respect, the rapid development of the quantum computing industry is also relevant as it is shortening the time in which quantum computers can break encryption systems and compromise sensitive data security.

During 2023, we managed a significant number of suspicious activities, or security events, some of which were associated with malicious, harmful, or potentially malicious and/or harmful activities (known as "security incidents"). None of these incidents had a significant impact on our assets, as all were successfully managed through the different cybersecurity capabilities in place (including protection, detection, response, and recovery mechanisms). The impact that cyber threats have on us and the preventative and defensive measures we have in place against these events are illustrated by some of our cyber data. For example, in 2023, on a monthly average basis, over 6,083 suspicious phishing emails were reported by Ferrovial's systems users and over 13,375 accesses to malicious domains and 80,195 phishing and malicious e-mails were blocked by our systems.

There is a potential risk the attacks may render our assets temporarily inoperative. Furthermore, this increased risk may impact our business plan due to a consequent reduction in the value of the asset, may lead to loss or theft of know-how and intellectual and industrial property, as well as lead to economic loss tied to resuming operations, and may damage our reputation and related competitive advantage, compromising potential business opportunities. In addition, we may face sanctions as a consequence of potential regulatory and contractual non-compliance resulting from an asset's lack of operations following a cyber-attack.

These factors could have an adverse effect on our business, financial condition, and results of operations.

1.5. Our business is derived from a small number of major projects, which, if terminated or otherwise materially affected, may have a material adverse effect on our business, financial condition, and results of operations.

Our main projects in terms of valuation and equity invested are (i) in the Toll Roads Business Division, the 407 Express Toll Road (the "407 ETR") and several Managed Lanes' projects such as the North Tarrant Express toll road ("NTE"), the North Tarrant Express 35W toll road ("NTE 35W"), the I-66 toll road ("I-66"), the I-77 Express lane ("I-77"), and the Lyndon B. Johnson Expressway ("LBJ") and (ii) in the Airports Business Division, the Heathrow airport.

According to market analysts' reports, as of December 2023, Toll Roads and Airports concession projects amounted to approximately 91% of Ferrovial's valuation. On November 28, 2023, we announced the planned divestment of our stake in Heathrow airport.

Aside from the planned Heathrow divestment, we cannot guarantee that any of the aforementioned projects, or our performance thereunder, will not be terminated or otherwise materially affected by developments outside of our control, such as regulatory developments, other factors related to our operations in highly regulated environments, or the public and/or governmental nature of our clients in all of the abovementioned projects, as well as inflationary pressures, foreign exchange rate fluctuations, factors affecting traffic and infrastructure use, adverse weather, availability of financing in favorable terms, or other conditions. The termination of any of these projects or any material impact to our performance as a result of these factors could potentially have a material adverse effect on our business, financial condition, and results of operations.

Furthermore, our reliance on a relatively small number of projects may adversely affect the development of our business. As such, the loss of, or a material adverse effect to, any of our main projects may in turn have a material adverse effect on our business, financial condition, and results of operations.

1.6. The re-domiciliation to the Netherlands could potentially have a negative impact on our brand in Spain, which, in turn, could have a material adverse effect on our competitive position and, in turn, our share price and business, financial condition, results of operations, and prospects.

Our business depends on our strong brand and the markets in which we operate are highly competitive. Specifically, our business largely depends on projects and project orders with governments as well as private clients that are awarded through a competitive bidding process, which is complex and sometimes lengthy. Any bidding costs associated with tendering, particularly for public sector construction projects (whether it is for new contracts, extensions in the scope of work, or renewals of existing contracts) may be significant and, if these costs do not result in the award of a contract, they are generally not recoverable. For further information on the costs of tendering and contract renewal, see "—16. We may be required to bear the costs of tendering for new contracts, contract renewals, and/or extensions with no control over the selection process nor certainty of winning the tender, which may adversely affect our business, financial condition, results of operations, and prospects."

We expect that many of the opportunities we will seek in the foreseeable future will continue to be awarded through competitive bidding. Some of our competitors are larger and have greater resources, larger client bases, and greater brand recognition. For further information on risks related to our competition, see "—2. We operate in highly competitive industries and our profitability could be affected by our failure to accurately estimate revenue, project risks, the availability and cost of resources, and time when bidding on projects, which could have a material adverse effect on our business, financial condition, and results of operations." There is a risk that our re-domiciliation of to the Netherlands, which was completed in June 2023, could potentially have a negative impact on the perception of our brand in Spain, which, in turn, could potentially harm our competitive position as compared to other companies not affected by these or other potential reputational issues.

Furthermore, any reputational harm that we may potentially suffer as a result of the re-domiciliation to the Netherlands as perceived by our customers, suppliers, employees, investors, shareholders, peers, and any other third party could have a negative impact on the price of our ordinary shares as well as our business, financial condition, results of operations, and prospects.

1.7. The conflict in Ukraine and the related sanctions and export controls may adversely impact our global activities and could have a material adverse effect on our business, financial condition, results of operations, and prospects.

On February 24, 2022, Russia began its invasion of Ukraine. As of the date of this Annual Report, the conflict has not come to an end. Although our direct exposure to the conflict is limited and mostly concentrated on our operations in Poland and our operations at the Dalaman International Airport ("Dalaman") in Turkey, which has experienced lower demand from Russian and Ukrainian passengers in part due to inflation and currency devaluation related to the Ukrainian conflict, the macroeconomic scenario triggered by this situation includes broad-based price rises essentially affecting energy and commodities, supply issues, and difficulties in the distribution chain for certain materials, particularly in the construction industry. Additionally, and as a result of these financial pressures, interest rates are rising, impacting the banking and financing markets.

As a result of the invasion, the EU, together with the United States and most NATO countries, condemned the attack and put in place coordinated sanctions and export-control measure packages against Russia, Belarus, and some other territories related to the conflict in Ukraine. The uncertain nature, magnitude, and duration of Russia's war in Ukraine and the potential effects of the war, actions taken by Western and other states and multinational organizations in response thereto (including, among other things, sanctions, export- control measures, travel bans, and asset seizures), as well as of any Russian retaliatory actions (including, among other things, restrictions on oil and gas exports and cyber-attacks) on the world economy and markets have contributed to increased market volatility and uncertainty.

Our activities in Poland (through Budimex's construction business), as a neighboring country to Ukraine, are at an increased risk of being disrupted by the conflict. Although as of the date of this Annual Report, our revenue generated in Poland, which, in year ended December 31, 2023, amounted to 25.4% of our revenues was not materially affected as a result of the conflict, it cannot be excluded that such risk may materialize in the future. This potential risk has been evidenced by the unattributed missile strike on an area close to Poland's south-eastern border with Ukraine on December 15, 2022 that killed two people as well as by the disruption in the infrastructures of Poland and Ukraine as a consequence of refugees from Ukraine entering Poland to flee the war and by the transportation of western military equipment to support the Ukrainian front. Another country in which we operate that is close to Ukraine's borders, and which could be at risk of disruption in operations, is Slovakia, where we hold a concession for the D4R7 Bratislava ring road (although, as of the date of this Annual Report, the impact of the Ukraine conflict in Slovakia has not significantly impacted our Slovak business, other than through an increase of our labor costs due to the decreased access to employees from Ukraine, which constituted a significant market for employees carrying out our projects in Slovakia).

Additionally, as a result of the Ukrainian conflict, there is also an increased risk of cyber-attacks, and we are particularly exposed to these attacks as a holder of so-called "critical assets," due to our position as a provider of critical infrastructure services and solutions. Infrastructures are exposed to a variety of existing threats in cyberspace (such as hostile government agencies, hacktivists, insiders, and mafias), which may impact or impede (i) the normal operation of assets, (ii) our ability to generate the expected value, and (iii) our reputation. For more information on our increased risk of cyber-attacks, see "—4. The increase in digitalization and consequently, the increased risk of cyber threats and misuse of quantum technology, may affect our normal operation of assets and our ability to generate expected value, which could have a material adverse effect on our business, financial condition, and results of operations."

Although we do not foresee material effects to our results of operations as a direct result of the Ukrainian conflict, the Construction Business Division is the most vulnerable to such effects due to the potential impact the conflict could have on raw materials within the surrounding area, including cost increases of certain materials and decreasing availability.

In contrast, our Toll Roads Business Division has been positively impacted by raising toll rates in those assets with pricing models directly linked to inflation, although it is adversely exposed to possible negative impacts of significant rises of fuel prices on traffic. Finally, no relevant impact is expected in the Airports Business Division other than the aforementioned impact to Dalaman airport in Turkey due to the scant exposure to passenger traffic (the total number of incoming and outcoming passengers at the airport in a particular period) from these regions in the airports managed by us, although the effects of inflation on ticket prices as a result, among others, of the aforementioned fuel cost increases could have a certain consumer dissuasive effect that could affect our results of operations. For additional information on the worsening of the global economic conditions and their impact on our business, see "—1. A deterioration of global economic and political conditions could have a material adverse effect on our business, financial condition, results of operations, and prospects."

In addition, the increase in political tensions worldwide because of the conflict in Ukraine increases the risk of a large-scale armed conflict. In this context, countries tend to boost regional economies at the expense of global integration by applying competition and trade restrictions, sanctions, investment controls, expropriations, or other restrictions, which could lead to a global recession with serious effects on global economy.

All of the above factors, as well as any further escalation of the conflict in Ukraine, could have a material adverse effect on our business, financial condition, results of operations, and prospects.

1.8.The increase in demand for skilled labor in the geographic areas in which we are active makes it more difficult for us to attract and retain talent, which could impact our competitiveness and have an adverse effect on our business, financial condition, and results of operations.

The increase in demand for skilled labor (i.e., STEM positions requiring higher education degrees, and more specifically civil, industrial, or computer engineers, which are normally the main positions required for delivering our projects and managing our assets) in our main markets and particularly in those markets in which the operations of toll roads and other transportation-related construction are concentrated, such as in the United States, Spain, and the United Kingdom, as well as several other western countries, makes it more difficult for us to attract and retain talent, which could impact our competitiveness. We believe that the reasons for the increase in the demand of these profiles are principally:

i. plans for infrastructures development in our main markets, especially the United States, Canada, and the United Kingdom;
ii. a global increase in the demand for STEM positions;
iii. an increased number of competitors for talent (besides our traditional competitors, many technology companies and consulting, banking, and private equity funds are trying to attract STEM professionals); and
iv. the impact of post-COVID-19 employment trends, such as the increased preference of employees to work remotely and the increase of voluntary resignations.

We may lose certain business opportunities and may not be able to fulfill certain commitments to clients, such as commitments regarding contractual deadlines or the pre-established quality of work, due to hiring difficulties and/or understaffing in the event of a potential lack or scarcity of qualified staff. This inability to acquire and retain skilled labor and the resulting inability to fulfill contractual requirements could have an adverse effect on our business, financial condition, and results of operations, and may impact our competitiveness. Furthermore, we may experience lower profit margins due to increased labor costs resulting from a higher demand of skilled labor. This could have an adverse effect on our business, financial condition, and results of operations.

1.9. Regulators and other stakeholders may demand that our business objectives become more sustainable and may be willing to penalize us if we do not meet them, and we could be affected by degradation of ecosystems, which could have a material adverse effect on our business, financial condition, and results of operations.

Both regulators and other stakeholders may demand that our business objectives become more sustainable, both from an environmental and social point of view, and may be willing to penalize us if we do not meet their expectations and demands, for example if our activities do not qualify as environmentally sustainable in accordance with EU Taxonomy, or in accordance with our own commitments in relation to reduction of $CO2$ emissions. A misalignment between our strategy and the expectations and demands of regulators and other stakeholders with regards to sustainability would compromise the fulfillment of our growth and investment objectives. Furthermore, increasing demands in connection with sustainability by our stakeholders may result in increase in our compliance costs in this regard.

We also run the risk that our subsidiaries may perform work on projects for governments and public institutions that do not meet our environmental standards, potentially impacting protected areas or endangered fauna or flora.

In particular, if we are not able to adhere to a call for increased sustainability by certain regulators or stakeholders, we may face penalties by said regulators and stakeholders, including shareholders, suffer damage to our corporate reputation, lose our positioning in sustainability indexes, experience an increase in our financing costs, and experience a negative impact in analysts' ratings. Furthermore, as a consequence of the financial demands derived from our need to become more sustainable or of our potential failure to become more sustainable, project financing and our access to sources of financing may worsen.

Furthermore, if we or our counterparties fail to comply with environmental requirements in the relevant jurisdictions, we may be subject to investigation or litigation and our reputation and business could be adversely affected.

In addition, biodiversity plays a key role in the provision of ecosystem services that support the economy and social well-being. The degradation of ecosystems and natural capital entails operational, economic, and reputational risks for the development of business activities. Particularly, we could be affected by the loss of quality of certain ecosystem services, such as the lack of water or the reduced availability of certain raw materials. Any of the above factors could have an adverse effect on our business, financial condition, and results of operations.

1.10. Accidents may occur at our project sites and facilities and at our infrastructure assets, which may severely disrupt our operations and cause harm to our employees or customers, which could in turn have a material adverse effect on our business, financial condition, results of operations, and reputation.

Promoting robust standards for health and safety in our operations is one of our strategic priorities in connection with employee well-being. This priority includes implementing strong management systems, employee training and leveraging of data to prevent accidents. For this purpose, we have our 2020-2024 health and safety strategy (the "Health and Safety Strategy") approved by the Board of Directors in December 2019 and extended to 2026, which seeks to align the health and safety management systems of each Business Division and make sure the necessary resources and tools are available to deliver safer operations. Notwithstanding our implementation of the Health and Safety Strategy and the commitment of our top management to invest resources in employee health and safety, the occurrence of low-probability high-impact events such as accidents is a material risk to us.

The frequency rate of serious injuries and fatal accidents, calculated by reference to the total number of serious injuries and fatal accidents against the total number of hours worked, has decreased by 20.3% in 2023, compared to 2022, mainly due to the implemented improvements, such us leadership engagement initiatives, supervisor and management trainings, as well as the continuous commitment of our employees. Nevertheless, this risk remains relevant to us due to, among others, the fact that the risk of an accident is inherent to the nature of our activities, the variability of the subcontractor's safety cultures, or uncontrolled risks caused by third parties in this respect (e.g. driving behaviors of the general public).

Our project sites and facilities, such as toll roads, airports, and construction project sites, may be exposed to incidents such as fires, explosions, toxic product leaks, and other environmental incidents. In addition, these sites and facilities' respective employees may be exposed to accidents (for example, falling from a significant height, being hit by vehicles and machinery, overturning of heavy equipment, and coming in contact with electricity). Any such accidents may cause death and injury to employees, contractors, and also residents in surrounding areas, and may cause damage to the assets and property owned by us and third parties, as well as damage to the environment. We are also exposed to a risk of negative impacts to our business, financial conditions, and results of operations resulting from various types of damage, including temporary interruption of services as a result of accidents during the course of operations, as well as impacts connected to accidents involving land and air transport, substances, goods, and equipment.

If an accident occurs at one of our facilities or project sites, in addition to the internal investigation to be carried out in accordance with our internal policies and protocols, legal proceedings could be initiated by the relevant authorities to identify the causes of the accident and assess any potential civil, labor, or criminal liability. Such legal proceedings could result in the relevant facility or project site being closed while the investigation is conducted, disrupting our operations during the time of such closure. In addition, sanctions may be imposed on us or victims of such accidents may claim compensation from us and hence may expose us to civil liability.

Furthermore, accidents may occur on our infrastructure assets to the users of the infrastructures, such as incidents on the toll roads we currently operate, which are more likely when the area is affected by heavy and severe weather events. For instance, there was a multiple vehicle accident that took place on February 11, 2021 on the NTE 35W in Dallas, Texas involving 133 vehicles and resulting in six deaths and many people injured. As a result of this incident, the concession company NTE Mobility Partners Segment 3 LLC, of which Cintra owns 53.7%, together with several of our U.S. Companies, have been named parties in 29 claims that have been filed and are in the early stages of legal proceedings. We could be found liable in relation to such accidents, including for, but not limited to, non-compliance or defective performance of the relevant contracts. However, the concession company believes, in accordance with the opinion of its external legal advisors, that even in the event of an unfavorable ruling, no material impact to us is expected given the insurance policies contracted and, consequently, no provision has been recorded in relation thereto.

Any accidents, incidents, and consequential claims for damages, including any reputational damage, and disruptions at our project sites or facilities, or related to our infrastructure assets, could have a material adverse effect on our business, financial condition, results of operations, and reputation.

1.11. Beneficiaries of guarantees provided by our Group Companies could request their execution, which could have a material adverse effect on our business, financial condition, and results of operations.

Some of our Group Companies provide guarantees to cover liability to customers for improper performance of obligations under construction contracts. Such guarantees are subject to potential enforcement by customers if a project were not carried out or failed to meet contractual specifications and requirements. In order to protect ourselves from any exposure arising from potential liability, we obtain guarantees issued by banks and insurance companies to cover such exposure. As of December 31, 2023, the balance of such guarantees amounted to EUR 8,739 million (EUR 8,093 million as of December 31, 2022).

Despite the significant amount of guarantees detailed above, the historical impact arising from them is low, since our Group have to date performed their contractual obligations in accordance with the terms and conditions agreed upon with the customers and have recognized accounting provisions against the results of each contract for potential performance-related risks. However, this may not be indicative of any future potential performance and guarantee enforcement.

Should any beneficiary enforce any guarantee, such enforcement will have a specific follow-up investigation to verify whether the request is based on a justified claim. Should a claim be justified, and the guarantees of a relevant or significant amount be successfully enforced, or should multiple guarantees amounting to relevant or significant amounts be successfully enforced simultaneously or within short periods of time, such events may have a material adverse effect on our business, financial condition, and results of operations.

1.12. We may face increased risks due to climate change, which could have a material adverse effect on our business, financial condition, and results of operations.

We may be subject to physical and transitional risks in connection with our activities due to climate change. Physical risks include extreme weather events that may affect our infrastructure and the development of our activity in most of our Business Divisions. In this sense, our infrastructure needs to adapt to climate change effects and be resilient to extreme weather events. Global trends related to climate change and extreme weather may result in further economic, regulatory, technological, and reputational effects and may require us to reassess our operations. For instance, we may be forced to discontinue certain operations due to physical damage to infrastructure, productivity may decrease under certain extreme weather conditions, and hedging and insurance premiums relating to climatological events may increase.

We periodically perform an assessment and quantification of physical and transition risks related to climate change, which include the following:

i. an increase in the cost of energy, both fossil fuels and electricity, and other raw materials specific to each activity;

ii. a change in customer behavior by users of transportation modes;

iii. an increase in reporting obligations on emissions and other environmental and climate considerations;

iv. the loss of competitiveness in tender processes due to any potential failure to comply with environmental requirements;

v. new regulations limiting the use of certain modes of transportation, which would have a significant impact on the use of the infrastructure we operate;

vi. increased investor concern about our environmental performance and impact.

vii. increased maintenance and extraordinary repairs of our infrastructure assets as a result of climatic hazards such as heat waves or drought; and.

viii. lack of availability of new technologies.

Transitional risks, particularly increases in the cost of energy, both fossil fuels and electricity, and other raw materials specific to each activity, and changes in customer behavior users' transportation modes, may affect our Business Divisions.

The above factors could have an adverse effect on our business, financial condition, and results of operations.

1.13. Our insurance cover may not be adequate or sufficient, which could have a material adverse effect on our business, financial condition, and results of operations.

In carrying out our activities, which are mainly related to high-value infrastructure assets such as toll roads and airports, we are subject to possible contingent liabilities arising from the performance of various contracts entered into by the Companies within our Business Divisions. To protect ourselves from those contingent liabilities, we have retained insurance cover in relation to:

i. property damage and business interruption caused by direct material damage;

ii. general liability;

iii. employers' liability;

iv. directors' and officers' liability;

v. environmental liability;

vi. damage caused by cyber-attacks; and

vii. in the United States, employment practices' liability.

Accidents may occur at our infrastructure projects that may severely disrupt the operations and damage our reputation. In particular, our toll roads and other infrastructure assets, such as airports, may suffer damages as a consequence of disruptions caused by natural disasters (as, for example, was the case in connection with a number of toll roads in Chile following the 2010 earthquake), epidemics or pandemics, extreme weather, wars, riots or political action, acts of terrorism, or cybersecurity attacks resulting in losses, including loss of revenue, which may not be compensated for under our insurance contracts, either fully or at all.

Furthermore, certain types of the aforementioned losses, generally, those of a catastrophic nature, such as wars, acts of terrorism, earthquakes, and floods may be uninsurable or not economically insurable. For example, the impact on our revenues of governmental authorities' measures to mitigate the potential effects of COVID-19 is not covered under our existing insurance policies, as the trigger of such policies' obligation to ensure (physical damage to assets) is not a direct effect of COVID-19.

In addition, even where adequately insured against potential unexpected events and damages, we may also be unable to recover losses, in part or at all, in the event of insolvency of our insurers.

Moreover, there can be no assurance that if our current insurance cover is cancelled or not renewed, replacement cover will be available on commercially reasonable terms, or at all.

Any material uninsured or insured, but non-recoverable, losses could have a material adverse effect on our business, financial condition, results of operations, and prospects.

1.14. COVID-19 or other pandemics could cause significant uncertainties and disruptions that may adversely impact our business, financial condition, results of operations, and prospects.

The World Health Organization ("WHO") declared COVID-19 a global pandemic in March 2020. COVID-19 negatively impacted the global economy, including as a result of the institution of measures such as the isolation, confinement and quarantine of individuals and restrictions on the free movement of people, the closure of public and private premises, border closures, and a drastic reduction in air, sea, rail, and land transport, disrupted global supply chains, lowered equity and capital markets valuations, created significant volatility and disruption in the financial markets, and increased unemployment levels. COVID-19 and the measures taken by the governments of many countries to fight against it led to a GDP weakening in many of the countries in which we operate.

In 2022, the countries in which we operate lifted the restrictions on mobility and on economic activities that were in force since the start of the pandemic, although at an uneven rate. The direct result of this lifting of the restrictions is the recovery in demand for the activities we carry out. Accordingly, although our business, financial condition, results of operations, and prospects were materially affected in 2020 and 2021, in 2022 our activities were no longer directly affected by COVID-19 and the associated restrictions, except for the negative effects on traffic related to the Omicron variant at the beginning of the year.

Nevertheless, should COVID-19 and the institution of related measures resurge or should the acceleration of the widespread adoption by businesses of teleworking and other related policies and business practices paired with the current context of global economic slowdown, negatively affect mobility scenarios and prevent the air and ground traffic from reaching pre-COVID-19 levels, the performance and value of our assets depending on such mobility may be adversely affected. If these trends sustain and/or increase, they may result in long-term and permanent declines in airport, toll roads, and other traffic, and, therefore, lead to a significant decline in the future performance and value of the infrastructures we operate. These factors may consequently materially adversely affect our business, financial condition, results of operations, and prospects.

Furthermore, the occurrence of any future pandemics could adversely affect the global economy and the markets in which we operate and could have a material adverse effect on our business, financial condition, results of operations, and prospects. The extent of this impact is uncertain and cannot be predicted, including its duration and severity as well as the scope and economic impact of actions taken to contain the spread of such pandemic or to treat its impact, in addition to the impact of each of these items on macroeconomic conditions, including changes of social patterns and behaviors.

1.15. Our business and operations may be adversely affected by violations of applicable anticorruption laws, in particular the U.S. Foreign Corrupt Practices Act, the EU anti-corruption legislation, the United Kingdom Bribery Act, or similar worldwide anti-bribery laws.

Our international operations require us to comply with international and national laws and regulations regarding anti-bribery and anti-corruption, including the U.S. Foreign Corrupt Practices Act, the EU anti-corruption legislation, the United Kingdom Bribery Act, or similar anti-bribery laws that may be applicable to our business. These laws and regulations, for example, prohibit improper payments to foreign officials and private individuals for the purpose of obtaining or retaining business and may include reporting obligations to relevant regulatory and governmental bodies. The scope and enforcement of anti-corruption laws and regulations may vary. However, many of such laws and regulations have a broad extraterritorial reach.

Some of the markets in which we operate have experienced governmental corruption to some degree, and some of them are high risk markets. Therefore, in certain circumstances, strict compliance with anti-bribery laws and reporting obligations may conflict with local customs and practices. In addition, we use third parties, such as joint venture partners, in these high-risk markets, which pose an inherent risk to strict compliance with anti-bribery and anti-corruption laws.

Our compliance programs, internal controls, policies, and procedures may not always protect us from reckless or negligent acts including bribery of government officials and private individuals, petty corruption, and misuse of corporate funds committed by our employees or associated third parties, particularly given our decentralized nature and our use of joint venture arrangements. Violations of these laws, or allegations of such violations, may lead to fines, findings of criminal responsibility, or harm to our reputation and could result in inaccurate books and records, each of which may have a material adverse effect on our business, results of operations, financial condition, and prospects. For some examples of the potential materialization of this risk, see "—2. Risks Related to Legal, Regulatory, and Industry Matters—3. We are subject to litigation risks, including claims and lawsuits arising in the ordinary course of business, which could have a material adverse effect on our reputation, business, financial condition, and results of operations".

1.16. We may be required to bear the costs of tendering for new contracts, contract renewals, and/or extensions with no control over the selection process nor certainty of winning the tender, which may adversely affect our business, financial condition, results of operations, and prospects.

A substantial portion of our work is subject to competitive tender processes. It is difficult to predict whether we will be awarded contracts due to multiple factors such as qualifications, experience, reputation, technology, customer relationships, financial strength, and ability to provide the relevant services in a timely, safe, and cost-efficient manner. Bidding costs associated with tendering for new contracts, extensions in the scope of work, or renewals of existing contracts can be significant and may not necessarily result in the award of a contract. Furthermore, preparation for bids occupies management and operating resources.

If we fail to win a particular tender, bidding costs are generally unrecoverable. We participate in a significant number of tenders each year and the failure to win such tenders may adversely affect our business, financial condition, results of operations, and prospects.

1.17. We are dependent on the continued availability, effective management, and performance of subcontractors and other service providers, the absence of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In the ordinary course of operations, we rely on subcontractors to provide certain services. As a result, our business, financial condition, results of operations, and prospects may be adversely affected if we are not able to locate, select, monitor, and manage our subcontractors and service providers effectively. Additionally, subcontractors to whom we have awarded work may become insolvent, which would require us to select a new subcontractor at the risk of delays and/or at higher cost. For example, in the Construction Business Division, billing by subcontractors and services providers represented 76% of the total operating cost for the year ended December 31, 2023.

If we are not able to locate, select, monitor, and manage subcontractors and service providers effectively, our ability to complete contracts on schedule and within forecasted costs to the requisite levels of quality could be adversely impacted and there may be a material adverse effect on our business, financial condition, results of operations, and prospects.

1.18. We may face risks related to past and future acquisitions or divestments, generally, and the divestment of the Services Business Division, specifically, which could have a material adverse effect on our business, results of operations, and financial condition.

We deploy capital in mergers and acquisitions from time to time. This deployment is subject to various general risks, including:

- the inability to sufficiently integrate newly acquired businesses;
- the inability to achieve the anticipated benefits from the acquisition;
- a loss of critical talent;
- the transmission of actual or potential liabilities in connection with such past or future acquisitions including, but not limited to, third-party liability and other tort claims;
- claims or penalties as a result of breach of applicable laws or regulations;
- financial liabilities relating to employee claims;
- claims for breach of contract;
- claims for breach of fiduciary duties;
- employment-related claims;
- environmental liabilities ;
- tax liabilities; or
- cybersecurity incidents.

For example, we may be subject to environmental liabilities at sites we acquire even if the damage relates to activities prior to our ownership of such sites. Although acquisition agreements may include covenants and indemnities in our favor, these covenants and indemnities may not always be insurable or enforceable, or may expire or be limited in amount, and we may have disputes with the sellers or guarantors, who might become insolvent, regarding their enforceability or scope.

In addition, we may be unable to cost-effectively integrate the new activities from an acquisition into our business and realize the performance that we anticipate when acquiring a business. Acquired companies may have lower profitability or require more significant investments than anticipated, which could affect our profitability margins.

As part of our strategic plans, we may also from time to time divest businesses or assets we no longer deem profitable or in strategic alignment. For example, on November 28, 2023, we entered into agreement to divest our stake in the Heathrow airport. The planned Heathrow divestment is expected to close in the second or third quarter of 2024 and is conditional upon, among other things, the pre-emption and full tag-along rights in favour of the other Heathrow shareholders. In January 2024, in accordance with the tag-along process, some of FGP Topco shareholders have exercised their tag-along rights in respect of shares representing 35% of the share capital of FGP Topco (the “Tagged Shares”). It is a condition under the Heathrow SPA for the completion of the transactions that the Tagged Shares are also sold. The parties are working towards satisfaction of such condition by exploring different options. Completion of the transaction continues to be subject to the satisfaction of the tag-along condition, together with applicable regulatory conditions and, consequently, there can be no certainty that the transaction will be completed. Any failure to complete our planned divestments in timely manner or on favorable terms, could have a material adverse impact on our assets, profitability and business operations. Furthermore, if we are unable to complete the announced divestments in a timely manner it may also impact our brand and reputation. We are also subject to risks related to the divestment process, in particular with regard to warranties and indemnities given within the scope of such process and any other potential seller’s liability under the applicable law. Specifically, we may remain subject to potential environmental liability in relation to entities and businesses we no longer own due to covenants and indemnities in favor of such entities or the entities’ purchasers under the relevant sale agreements and related transaction documents. For example, we are subject to certain potential environmental liability pursuant to the sale agreements pursuant to which we completed the sale of Amey in the U.K.

Environmental, health, and safety requirements and regulations and labor disputes will affect not only activities in connection with businesses that have been acquired and are in operation, but also activities at businesses that have been divested or that will be acquired or divested in the future. The divestment of Amey, which was part of the broader divestment of our Services Business Division, in particular, was financed through a vendor loan and as a result we may be unable to recover the sale price of Amey.

As a result, past and future acquisitions and divestments expose us to potential losses and liabilities, and lower than anticipated benefits, which could have an overall material adverse effect on our business, results of operations, and financial condition.

1.19. We have experienced, and expect to continue to experience, quarterly fluctuations in our results of operations.

Our results of operations have fluctuated from quarter to quarter in the past and may continue to vary significantly in the future so that period-to-period comparisons of our results of operations may not be meaningful. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control and may be difficult to predict. Accordingly, our financial results in any one quarter should not be relied upon as indicative of future performance. Factors that may cause fluctuations in our quarterly financial results include, but are not limited to:

- Unforeseen extraordinary events, such as natural disasters, geopolitical events like the recent Ukraine and Middle East conflicts, pandemics like COVID-19, or accidents at our project sites and facilities could have a significant impact in our infrastructure assets demand, or result in a reduction in construction activity, negatively impacting our financial results.
- Regulatory changes in the highly regulated environments in which we operate, such as decisions taken by governmental authorities, like the unilateral termination of a concession agreement that, although rare, could adversely affect our financial results.
- Internal update of contract end results. We periodically perform a complete review of contract end results for our construction activities. The complexity and size of some of our contracts and the existing risks inherent to them may lead to contract end losses arising between quarterly financial results, which would have a negative impact in our financial results.
- Seasonality. Typically, construction activity will be higher over the spring and summer months, due to improved weather conditions. Toll roads traffic and passengers demand will generally also be higher during spring and summer. Thus, we may expect our second and third quarters revenues to be higher than that of other quarters.
- Dividends collected from infrastructure assets, which may vary significantly from quarter to quarter due to various factors, including project debts refinancing, changes in regulation and traffic levels.
- Non-recurring events, such as acquisitions, divestments, potential claims and legal disputes, or legal settlements may have a significant impact in our financial results, especially in our cash flow generation.
- Other events impacting the normal operations of our assets, such as cyber-attacks.

Any significant fluctuations to our quarterly results of operations could adversely affect our operations, financial reporting and/or results of operations and affect the price of our ordinary shares.

1.20. Terrorist attacks or other acts of violence or geopolitical unrest may particularly affect our operations and profitability.

Our operations, particularly those in the Airports and Toll Roads Business Divisions, cover a broad geographic scope and are subject to many hazards and operational risks, including a risk of disruptions due to terrorist attacks, or other acts of violence or geopolitical unrest and similar events. Any geopolitical unrest, including the recent escalated conflict in the Middle East, is likely to adversely affect the airport passenger traffic and, consequently, our results in the Airports Business Division. In the event of a terrorist attack or similar event we may be unable to continue operations and may endure system interruptions, reputational harm, breaches of data security, and loss of critical data, all of which could have an adverse effect on future operating results.

Moreover, we do not have any insurance coverage to cover our liabilities related to such hazards or operational risks. The occurrence of a significant uninsured claim, or a claim in excess of the insurance coverage limits maintained by us, could harm our business, financial condition and results of operations.

1.21. Risks relating to the Toll Roads Business Division

1.21.1 Reduced vehicle use on the toll roads operated by our toll roads concession companies may adversely impact our business, results of operations, and financial condition.

If our concession companies are unable to have an adequate level of vehicle traffic on their toll roads in the future, our toll receipts and profitability will suffer and a prolonged and significant reduction in traffic could result in the bankruptcy of a specific project or concession. The tolls collected by the concession companies on their toll roads depend on the number of vehicles using such toll roads, their capacity to absorb traffic, their toll rates, and the existence of competing alternative roads. In turn, traffic volumes and toll receipts depend on a number of factors, including economic growth, toll rates, the quality, convenience, and travel time on competing roads, toll-free roads or toll roads that are not part of our portfolio, the increase in capacity of those competing roads, the quality and state of repair of the toll roads, the economic climate and fuel prices, environmental legislation (including potential measures to restrict internal combustion engine vehicle use and/or incentives to electric vehicles), and the viability and existence of alternative means of transportation, such as air and rail transport, buses, and urban mass transportation. In addition, traffic volumes and toll revenues may be affected by the occurrence of natural disasters and other exceptional events such as earthquakes, forest fires, and meteorological conditions in the countries in which our concession companies operate (for example, in Canada and some of the Texas lanes, where climate disruptions caused by usual winter conditions, as it pertains to the former, and unusual winter conditions, as it pertains to the latter, have affected the operation of the assets in the past). Work from home policies could affect mobility or change transportation patterns, which in turn affects the profitability of operations. Measures taken by governments in response to potential future COVID-19 outbreaks, similar to those introduced in the past, may also have an adverse impact in this respect due to the travel restrictions and the institution of social distancing measures (see "—14. COVID-19 or other pandemics could cause significant uncertainties and disruptions that may adversely impact our business, financial condition, results of operations, and prospects").

In particular, a specific financial risk regarding toll roads usage in connection with 407 ETR exists. The concession agreement relating to the 407 ETR provides that certain 407 ETR annual traffic levels are to be measured against annual minimum traffic thresholds prescribed by Schedule 22 to the concession agreement and which are increased annually up to a pre-established lane capacity. If the actual annual traffic level measurements are below the corresponding pre-established traffic thresholds, certain amounts calculated under the concession agreement are payable to the province of Ontario, Canada, in the following year. In April 2020, an amount of CAD 1,775,000 (EUR 1,199,338) corresponding to 2019 traffic calculations was paid to the province of Ontario. In 2020, annual minimum traffic thresholds prescribed by Schedule 22 could not be met due to COVID-19. We agreed with the province of Ontario that COVID-19 should be considered a force majeure event under the provisions of the 407 ETR concession agreement and, therefore, we were not subject to further payments for below-threshold traffic levels for the duration of 2020 and until the end of the force majeure event. We were also in agreement with the province of Ontario that the force majeure event should terminate at such time when the traffic volumes on 407 ETR reached pre-pandemic levels (pre-pandemic levels measured as the average traffic volume during the 2017 to 2019 period) or when there was an increase in toll rates or user charges pursuant to the terms of the concession agreement, which is a unilateral decision of the concession company. During 2021, 2022, and 2023, the force majeure event has continued to apply, as neither the toll rates have been raised nor have the traffic levels reached the average traffic volume during the 2017 to 2019 period. On December 29, 2023, the concession company announced a new toll rates schedule that increases the 407 ETR rates starting in February 2024. As a result, the force majeure event will terminate as set forth in the 407 ETR concession agreement with the province of Ontario and the concession company will be subject to payments for below-threshold traffic levels, if applicable, commencing in 2025, with a potential first payment due in early 2026. There is a risk that a substantial payment may be required by the concession company to the province of Ontario as a result of the termination of the force majeure event, if annual traffic level measurements are below the pre-established traffic thresholds, as described above.

For the year ended December 31, 2023, our net profit from the Toll Roads Business Division was EUR 548 million, representing 87.0% of our total net profit (compared to EUR 156 million for the year ended December 31, 2022, representing 51.7% of our total net profit). Similarly, our Adjusted EBITDA from the Toll Roads Business Division was EUR 799 million, representing 80.6% of our total Adjusted EBITDA (compared to EUR 550 million for the year ended December 31, 2022, representing 75.5% of our total Adjusted EBITDA). We received EUR 704 million in dividends from our toll roads assets (an increase of 81.0%, compared to EUR 388 million in dividends from our toll roads concession companies for the year ended December 31, 2022).

The revenues generated by, and dividends distributed from, our Toll Roads Business Division are dependent in part on our toll rates, with the toll rate structure being usually established under each individual concession agreement.

If we are unable to maintain an adequate level of traffic or traffic toll rates, our business, financial condition, and results of operations may be adversely affected.

1.22. Risks relating to the Airports Business Division

1.22.1. Our aeronautical and non-aeronautical income is subject to risks related to a reduction in flights, passengers, or other factors outside our control, which could have a material adverse effect on our business, financial condition, and results of operations.

In relation to our Airports Business Division, the number of passengers using the Aberdeen, Glasgow and Southampton airports ("AGS"), the Dalaman airport and the Heathrow airport (together with the New Terminal One at John F. Kennedy International Airport ("NTO at JFK" or "NTO"), the "Airports"), which is a direct driver of the Airports Business Division's revenues, may be affected by a number of factors, including:

- adverse macroeconomic developments (including changes in fuel prices and currency exchange rates), whether affecting the global economy or the domestic economies of the countries in which the Airports are located;
- an increase in airfares;
- large-scale epidemics or pandemics, which could have an adverse impact due to potential travel restrictions, quarantine requirements, and social distancing measures in the countries in which the Airports are located;
- heightened geopolitical tensions or war such as the conflicts in Ukraine, the Middle East and any associated sanctions, which may disrupt the operations of airlines and the Airports;
- the development of efficient and viable alternatives to air travel, including the improvement or expansion of existing surface transport systems, the introduction of new transport links or technology, and the increased use of communications technology;
- route operators facing financial difficulties or becoming insolvent, such as the collapse of Thomas Cook in September 2019 and of Flybe in March 2020 and in January 2023;

- an increase in competition from other airports or terminals, including the risk of increase of capacity of these airports and terminals;
- decisions by airlines regarding the number, type, and capacity of aircraft (including the mix of premium and economy seats), as well as the routes utilized (for instance, the decision by Ryanair in 2018 to cease using Glasgow airport as a base);
- implementation of additional security measures or new security equipment;
- changes in domestic or international regulation, for instance international trade liberalization developments such as Open Skies, or government intervention, such as the powers vested in the U.K. Secretary of State for Transport under the Civil Aviation Act 2006, as it amends the Airports Act 1986, to give directions to airport operators in the interests of national security, including orders requiring the closure of airports;
- disruptions caused by natural disasters, extreme weather, riots, or political action or acts of terrorism or cybersecurity threats and attacks;
- restrictions on the use of certain aircraft imposed by national regulatory safety bodies;
- efforts to decarbonize air travel, including potential limitations to airline and airport capacity; and
- new taxes that could affect flight demand.

There can be no guarantee that the Airports' contingency plans will be effective in anticipating and addressing the effects of the factors listed above. Any of these factors could negatively affect the Airports' reputation and day-to-day operations and may result in a decrease in the number of passengers using the Airports, which in turn could have a material adverse effect on our business, financial condition, and results of operations. A prolonged and significant reduction in passenger volume could result in the bankruptcy of a specific project or concession.

In nominal terms, there is almost a linear relationship between the number of passengers and our revenue. The companies operating Heathrow and AGS and, in the future, NTO at JFK are equity-accounted and not fully consolidated into the Group. Therefore any potential impacts would not directly affect our revenues, but instead the concession companies' results. Furthermore, on November 28, 2023, we announced the planned divestment of our stake in Heathrow airport.

Passenger numbers and the propensity of passengers to spend in the restaurants and shops located within the Airports also drive retail concession fees. Changes in the mix of long- and short-haul and transfer and origin and destination passengers, economic factors, retail tenant defaults, lower retail yields on lease renegotiations, and redevelopments or reconfigurations of retail facilities at the Airports may also affect levels of retail income at the Airports. Occurrence of any of these circumstances may result in:

i. a temporary or permanent decline in retail concession fees;
ii. reduced competitiveness of the airport retail offering;
iii. stricter hand luggage and other carry-on restrictions; and
iv. reduced shopping time as a result of more rigorous and time consuming security procedures.

Car parking revenues could also decline as a result of increased competition from other ways of transportation to the Airports, such as buses and trains, as well as increased competition from off-site car parks and the potential rise in environmental taxes (for example, in the case of the Heathrow airport, the City of London's Ultra Low Emission Zone ("ULEZ") charge expanded to the airport starting in August 2023). Other non-aeronautical income could decline as a result of a decrease in demand from airport users, such as car rental operators and airlines leasing check-in counters.

As a general matter, passenger and cargo traffic volumes and air traffic movements depend on many factors beyond our control, including economic conditions in the countries in which the airports are located, the political situation in those countries and globally, public health crises, the attractiveness of the destinations that the Airports serve relative to those of other competing airports, fluctuations in petroleum prices, disruptions of global debt markets and changes in regulatory policies applicable to the aviation industry. Any of these factors could have a material adverse effect on our business, financial condition, and results of operations.

1.22.2. Heathrow is subject to economic regulation by the CAA, which may be subject to adverse change and may as a result have a material adverse effect on our operations at Heathrow, which could have a material adverse effect on our business, financial condition, and results of operations.

Heathrow Airport Holdings ("HAH") is the entity through which Heathrow airport is operated and in which we have a 25.0% ownership interest through our interest in FGP Topco Limited ("FGP"), which is a direct shareholder of HAH. HAH operations at Heathrow are subject to regulatory review that results in, among other things, the setting of price caps on Heathrow's average charges to airlines by the Civil Aviation Authority ("CAA"). This regulatory review generally takes place every five years. The most recent regulatory period is the H7 regulatory period (the "H7 Regulatory Period"), which encompasses the years 2022 to 2026.

There can be no assurance that the price caps (i.e., the price caps in place after the H7 Regulatory Period) set by the CAA will be sufficient to allow Heathrow to operate at a profit or to obtain adequate profitability given the risk profile of this particular asset. We also cannot assure that the methodology of the CAA's review process would not have a material adverse effect on HAH's revenue in subsequent reviews.

The CAA has established performance-linked requirements that can negatively impact aeronautical income. For instance, the CAA can reduce the permitted yield in respect to airport charges at Heathrow if prescribed milestones are not met on certain capital investment projects. Additionally, there are service quality rebate schemes in place at Heathrow for the current regulatory period. These schemes contemplate rebates of up to 7.0% of airport charges due to the failure to meet specified targets, such as: airport cleanliness, security queuing times, flight information displays, and stand and jetty availability. Any of these factors could have a material adverse effect on our business, financial condition, and results of operations.

Due to the extended timetable for the final decision under the H7 Regulatory Period, the CAA implemented a 2022 interim price cap of GBP 30.2 per passenger on December 16, 2021 and a 2023 interim price cap of GBP 31.6 per passenger on February 1, 2023. The difference between the interim caps and the final price cap set forth in the CAA's final decision will be trued up through the remaining years of the H7 Regulatory Period.

The CAA published its final proposals for the new H7 Regulatory Period (the "CAA's Final Decision") on March 8, 2023. According to the CAA's Final Decision, charges for 2023 would remain at GBP 31.6 per passenger as set out in the CAA's interim decision on February 1, 2023. The average maximum price per passenger is then expected to fall by approximately 20.0% to GBP 25.4 per passenger in 2024 and until the end of 2026, with an average of GBP 27.5 per passenger over the new H7 Regulatory Period. The charge established in the CAA's Final Decision from 2024 onwards is slightly lower than that set out in the CAA's previous proposals published in June 2022. The change assumes that passenger volumes will return to pre-COVID-19 levels and passengers should therefore benefit from lower unit costs. It also assumes that the lower cap, paired with a larger number of passengers, will allow Heathrow to continue investing in facilities for passengers and supporting its ability to finance its operations.

HAH and the three airlines (British Airways, Virgin Atlantic and Delta Air Lines) independently sought permission to appeal the CAA's price control decision with the UK Competition and Markets Authority (the "CMA") on April 17, 2023, which the CMA granted on May 11, 2023. The appeals were brought under section 25 of the Civil Aviation Act 2012. In particular, the focus of HAH's appeal was that the price cap determined by the CAA does not allow HAH to earn sufficient revenues to support related investments. Conversely, the airlines' appeal claimed that the price cap is too high. The CMA issued a provisional determination in connection with these appeals on September 8, 2023. In its provisional determination, the CMA found that, although the CAA's decision-making was largely correct, the CAA erred in certain aspects of its decision. On October 17, 2023, the CMA released its final decision, which was in line with its provisional determination. The CAA now needs to reconsider the small number of issues raised by the CMA's decision.

On November 28, 2023, we announced the planned divestment of our stake in the Heathrow airport. The transaction is subject to a number of conditions, including obtaining of the necessary regulatory approvals and compliance with provisions relating to the pre-emption and full tag-along rights. The transaction is expected to close in the second or third quarter of 2024.

1.22.3 The successful implementation of the capital investment program of Heathrow and the investment in NTO are subject to, among others, risks related to unanticipated construction and planning issues, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

The capital investment program of Heathrow, as well as the investment program regarding NTO at JFK, include major construction projects and are subject to a number of risks.

For example, as it pertains to the operation of Heathrow, if HAH is unable to achieve consensus in support of capital investment projects among its airline customers, it could affect the willingness of the CAA to include the costs of such projects in the airport's allowed investment and regulated asset base ("RAB").

NTO is also a significant design and construction endeavor, with multiple milestones and a schedule that contemplates completion in phases; as with any major construction effort, the project involves many risks that could result in cost overruns, in delays or in a failure to complete the project.

Difficulties in obtaining any requisite permits, consents (including environmental consents), licenses, planning permissions, compulsory purchase orders, or easements could adversely affect the design or increase the cost of the investment projects or delay or prevent the completion of the project or the commencement of its commercial operation. We may also experience difficulties in coordination with other projects at JFK, which could affect our schedule or impact our cost.

Although contractors typically share in cost and schedule risks, HAH and NTO may face higher-than- expected construction costs and delays (in respect of the former, not all of which may be permitted by the CAA to be included in Heathrow airport's RAB) and possible shortages of equipment, materials, and labor due to the number of major construction projects in the London or New York areas, respectively. The commencement of commercial operations of a newly constructed facility may also give rise to start-up problems, such as the breakdown or failure of equipment or processes, failures in systems integration or lack of readiness of airline operators, closure of facilities, and disruptions of operations and compliance with budget and specifications. The ability of contractors to meet their financial or other liabilities in connection with these projects cannot be assured. The construction contracts of HAH and NTO contain restricted remedies or limitations on liability such that any such sums claimed or amounts paid may be insufficient to cover the financial impact of breach of contract.

The failure of HAH or NTO to recognize, plan for or manage the extent of the impact of construction projects could result in projects overrunning budgets, operational disruptions, capital expenditure trigger rebates to airlines, unsatisfactory facilities, safety and security performance deficiencies, and higher-than- expected operating costs.

Furthermore, Heathrow halted its expansion work in February 2020 and will review the project and the circumstances surrounding the aviation industry at present, prioritizing its recovery from COVID-19, which is expected to enable Heathrow to better assess and subsequently resume the completion of the planning application for expansion. The U.K. Government's Airports National Policy Statement continues to provide policy support for Heathrow's plans for a third runway and the related infrastructure required to support expanded airport operations. If Heathrow's expansion is further disrupted in any way that is material, it could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Any of these risks could affect Heathrow's and, in due course, NTO's day-to-day operations and impact their reputation and, consequently, have a material adverse effect on our business, financial condition, and results of operations.

These unanticipated construction and planning issues are not the only issues that could affect the successful implementation of the capital investment program of Heathrow and the investment in NTO, respectively. For example, in deciding to commit to certain investments in connection with these airports, we make certain forecasts and projections, including projections of traffic flows, which are based on assumptions that we believe are reasonable. Any differences between our forecast and projections and actual results of these airports could adversely affect our business, results of operations, prospects, and financial condition. In particular, due to the early stage of the project, NTO's actual results have a greater likelihood to differ from the forecasts and projections made at the outset, such that revenues generated from the operation of the new terminal facilities may be insufficient to support our investment obligations at NTO.

On November 28, 2023, we announced the planned divestment of our stake in the Heathrow airport. The transaction is subject to a number of conditions, including obtaining of the necessary regulatory approvals and compliance with provisions relating to the pre-emption and full tag-along rights. The transaction is expected to close in the second or third quarter of 2024.

1.23 Risks relating to the Construction Business Division

1.23.1 Difficulties in securing private sector projects may adversely affect our business, financial condition, results of operations, and prospects.

Procurement by private sector companies has decreased as a result of the effects of the economic downturn. Difficulties in securing private sector projects as a result of this decrease may adversely affect our business, financial condition, results of operations, and prospects.

In addition, private sector companies may be forced to halt projects that are already underway due to a lack of funds, or they may decide to delay or abandon studies of potential projects while they await more favorable investment conditions. Whilst standard practice in the private sector is for the construction company to be paid as the works are executed, we are exposed to loss of revenue if such works are delayed or cancelled.

Reductions in project procurement and delays in the completion of projects by the private sector may adversely affect our business, financial condition, results of operations, and prospects.

1.23.2 Any failure to meet construction project deadlines and budgets may have a material adverse effect on our business, financial condition, results of operations, and prospects.

There are certain risks that are inherent to large-scale construction projects, such as supply chain shortages and increased costs of materials, machinery, and labor. If any of our contractors and sub-contractors fail to meet agreed deadlines and budgets, or if there are any interruptions arising from adverse weather conditions, unpredictable geological conditions, or unexpected technical or environmental difficulties, there may be resulting delays and excess construction costs.

Contractor and sub-contractor liability clauses, included in most standard construction agreements entered into with contractors and sub-contractors, generally cover these situations, although they may not cover the total value of any resulting losses.

In the event of construction delays, we may receive revenues later than expected and could face penalties and even contractual termination. These eventualities could increase our expenses and reduce our income, particularly if we are unable to recover any such expenses from third parties under our concessions, in which case our business, financial condition, results of operations, and prospects may be materially adversely affected.

1.24. Risks relating to the Energy Infrastructure and Mobility Business Division.

1.24.1 The triggering of performance guarantees in relation to our waste management plants in the U.K. could have a material adverse effect on our business, financial condition, and results of operations.

We operate waste management plants in four main locations in the United Kingdom and most of those plants are part of four separate concession contracts with different local authorities. The four concession contracts represent the majority of our waste management operations and are expected to expire between 2026 and 2043. Other current waste management contracts expire earlier, starting in 2024. All our waste management contracts are in their operational phase, except the provision of energy from waste management plan, which forms part of our contract with the Isle of Wight Council and is in its commissioning phase.

Our waste management contracts include parent company guarantees related to the fulfillment of the respective underlying contract. The maximum value supported by these guarantees as of December 31, 2023, amounted to of GBP 358 million (EUR 413 million); however, in specific scenarios such as fraud, willful misconduct, or abandonment of the asset, the value to be supported by the guarantees is not capped.

The waste management business was developed, operated and guaranteed by Amey and Cespa. However, it was carved out from both groups before we sold them. Therefore, we are currently responsible for the execution of the existing contracts, including the liabilities associated to all their associated parent company guarantees, and we provided indemnities to the acquirers of Amey and Cespa for any damage either of them may suffer in relation to the UK waste management business we have retained.

In recent years, the plants have faced issues in both their construction phase and their commissioning and operation phase, particularly in the case of the Milton Keynes, Isle of Wight, and North Yorkshire (AWRP) plants. As of December 31, 2023, we recognized a provision for future losses covering these plants in the amount of GBP 39.6 million (EUR 45.7 million). The provision does not include structural costs of the business estimated at GBP 8 million (EUR 9 million) per annum.

The triggering of performance guarantees or the occurrence of further issues in connection with the operation or commissioning of the waste management plants may materially and adversely affect our business, financial condition, and results of operations.

1.24.2 We provide services to a limited number of customers in the mining sector in Chile, which is a highly regulated sector and is subject to risks.

We provide services to the mining sector in Chile. Mining is a highly-regulated activity, in large part due to its inherent risks to health and safety. Health and safety standards in this sector are particularly stringent. Changes in laws, regulations and standards applicable to our businesses or the business of our customers could increase our costs of doing business, which could have a material adverse effect on our results of operations. Furthermore, any accidents or incidents involving our operations in this sector may damage our reputation and expose us to claims and litigation, increased insurance premiums or otherwise adversely impact our operations.

Currently we provide our services in this sector in Chile to a limited number of large mining companies that primarily focus on extraction and refinement of copper. Any factors that could impact our clients' financial condition or demand for our services, such as international copper prices, a downturn in the copper mining industry due to lower demand, higher competition or other factors, could materially impact the need for our services and, in turn, have an adverse effect on our business, financial condition, and results of operations.

Furthermore, mining services and our activities in this sector are also labor intensive. Any changes in legislation that may impact labor costs, increases in salaries or lack of availability of qualified labor force could lead to increases in costs that we may not be able to pass on under our contracts in the short-term. Furthermore, lack of available qualified personnel could lead to non-compliance with requirements under our existing contracts. Any of the abovementioned factors could materially and adversely affect our business, financial condition, and results of operations.

2. Risks Related to Legal, Regulatory, and Industry Matters

2.1. We operate in highly regulated environments that are subject to changes in regulations and are subject to risks related to contracts with government authorities, which could have a material adverse effect on our business, financial condition, and results of operations.

General and industry-specific considerations. We must comply with both (i) specific aviation, toll road, waste management and treatment, public procurement, and construction and energy infrastructure sector regulations, as well as (ii) general regulations in the various jurisdictions where we operate. Each jurisdiction where we provide our services has a different risk profile and may present different risks to mitigate, including political and social tensions, locations with limited access, legal uncertainty, local content requirements, increased tax pressures, or heightened complexity of the profit margin allocation process. The current context of geoeconomic crisis encourages economic policies aimed at prioritizing national or regional interests, and increasing fiscal pressure in some markets. These interventions could affect asset management and the development of future projects.

The rise of protectionist policies and political instability in some areas where we operate may lead to regulatory changes that adversely impact management of assets and expose us to new risks, a risk which has been accentuated by the macroeconomic situation generated by the conflicts in Ukraine and the Middle East and COVID-19. As in all highly regulated sectors, any regulatory changes in any of these sectors could adversely affect our business, financial condition, and results of operations.

Environmental considerations. In the countries where we operate, there are local, regional, national, and supranational bodies which regulate our activities and establish applicable environmental regulations. These laws may impose strict liability in the event of damage to natural resources, pollution over established limits, or threats to public safety and health. Strict and/or criminal liability may mean that we could be held jointly and severally liable with other parties for environmental damage regardless of whether we have acted negligently, or that we owe fines whether or not effective or potential damage exists or is proven. Significant liability could be imposed on us for damages, clean-up costs, or penalties in the event of certain discharges into the environment and environmental contamination and damage, as has occurred in the past.

Granting and retention of concessions. Our concessions are granted by governmental authorities and are subject to special risks, including the risk that governmental authorities will take action contrary to our interests or rights under the concession agreements (this may include unilaterally terminating, amending or expropriating the concessions on public interest grounds, or imposing additional restrictions on toll rates).

This risk may be especially relevant in infrastructure assets, where we enter into most of our contracts with governmental authorities. For example, in August 2019, the City of Denver notified the concessionaire of the Great Hall Project (a consortium participated in by a subsidiary of Ferrovial Airports at the time) of its decision to unilaterally terminate the concession agreement which regulated the refurbishment, operation, and management of the Great Hall of the Denver International Airport. However, such scenarios are rare and, if they occur, fair compensation may be paid to the concessionaire in accordance to the terms of the agreement and applicable laws and regulations. For example, following termination of the concession agreement in connection with the Denver International Airport's Great Hall Project, the concessionaire received fair payment as compensation.

Should any actions such as the above be taken by government authorities in any of the jurisdictions in which we operate, there is no certainty that adequate compensation for any losses arising from such risks will be provided by the relevant government, which could have a material adverse effect on our business, financial condition and results of operations.

2.2. We operate in highly regulated environments and are subject to risks related to the granting of permits and rights-of-way and securing land rights, which could have a material adverse effect on our business, financial condition, and results of operations.

Approvals, licenses, permits, and certificates. We require various approvals, licenses, permits, and certificates in the conduct of our business. We cannot assure that we will not encounter significant problems in obtaining new or renewing existing approvals, licenses, permits, and certificates required for the conduct of our business, nor that we will continue to satisfy the conditions under which authorities grant such authorizations. In addition, there may be delays on the part of the regulatory, administrative, or other relevant bodies in reviewing our applications and granting the required authorizations. If we fail to obtain or maintain the necessary approvals, licenses, permits, and certificates required for the conduct of our business, we may lose contracts or be required to incur substantial costs or suspend the operations of one or more of our projects. Furthermore, to bid, develop, and complete a construction project or an energy project, we may also need to obtain permits, licenses, certificates, and other approvals from the relevant administrative authorities. We cannot assure that we will be able to obtain or maintain such governmental approvals or fulfil the conditions required for obtaining the approvals or adapt to new laws, regulations, or policies that may come into effect from time to time, without undue delay or at all. Obtaining environmental permits and the acquisition of the relevant rights-of-way are key elements in the pre-construction phase of many toll roads and transmission line or energy generation projects in which we are or may be involved in the future.

Land rights and related governmental action. Additionally, we may not be able to secure, timely or at all, the land rights we need to obtain to build or extend the toll roads, develop the infrastructure assets, or develop energy infrastructure projects for the concessions in which we have an interest. We principally depend on governmental action to secure such land rights, as it often involves governmental authorities taking action to expropriate the land on which the relevant infrastructure asset is to be constructed.

The entry into force of new regulations and the imposition of new or more stringent requirements as part of permits or authorizations, or a stricter application of existing regulations, may cause delays or increase our costs or impose new responsibilities, leading to lower earnings and liquidity available for our activities and the business, in turn materially adversely affecting our financial condition and results of operations.

2.3 We are subject to litigation risks, including claims and lawsuits arising in the ordinary course of business, which could have a material adverse effect on our reputation, business, financial condition, and results of operations.

We are, and in the future may be, a party to judicial, arbitration, and regulatory proceedings. We are exposed to risks derived from potential lawsuits or litigation of different kinds arising, including in the ordinary course of business. In relation to these legal risks, and according to prevailing accounting standards, when such risks are deemed probable, we must make accounting provisions. When such risks are less likely to materialize, we recognize contingent liabilities. For example, as of December 31, 2023, our litigation and tax provisions amounted to EUR 156 million, including provisions of EUR 71 million to account for possible risks resulting from lawsuits and litigation in progress. The litigation provision amount remained relatively stable compared to the previous year.

Our business strategy is to focus on technically complex projects with long periods of maturation and the development of that, due to such long period of maturation, may result in non-compliance with agreed quality levels and committed deadlines. Any such non-compliance or perceived non-compliance risk may give rise to disputes with clients, counterparties, partners, or stakeholders and potential litigation. In addition, the budgetary constraints faced by some of our public clients may increase their need or willingness to litigate, and consequently increase our exposure to the risk of contractual disputes on construction and maintenance projects, as has been the case in the past with regards to certain of our projects in the United Kingdom, which can negatively impact our return on investment.

Several types of claims may arise in connection with this risk, including:

i. claims relating to compulsory land purchases required for toll roads construction;

ii. claims relating to defects in construction projects performed or services rendered;

iii. claims for third party liability in connection with the use of our assets or the actions of our employees;

iv. employment-related claims;

v. environmental claims; and

vi. claims relating to tax inspections.

Also, criminal claims against our employees may arise, such as the proceedings relating to potential irregularities in tenders organized by the Warsaw Municipal Wastewater Treatment Works for contracts for municipal waste disposal.

An unfavorable outcome, including an out-of-court settlement, in one or more of such proceedings beyond our total litigation provisions, as well as material new claims and proceedings, could have a material adverse effect on our reputation, business, financial condition, and results of operations.

3. Risks Relating to Our Structure and Financial Risks

3.1. The Company is a holding company with no direct cash generating operations and relies on our operating Group Companies to provide itself with funds necessary to meet its financial obligations, which could have an adverse effect on our business, financial position, results of operations, and prospects.

The Company is a holding company with no material, direct business operations. The principal assets of the Company are its equity interests in the Group Companies. The Company depends on our operating Group Companies to meet its financial obligations, including its expenses as a publicly traded company and the payment of dividends. The funds the Company receives from our Group Companies are in the form of dividend distributions, loans, and other payments.

Regarding our Companies' dividend distributions, the amount and timing of such distributions will depend, among other factors, on the laws of our operating Group Companies' respective jurisdictions, their operating performance, the decisions of other shareholders of such entities, any restrictions arising in connection with any anticipated actions from the rating agencies, as well as any financing arrangements entered into by such Group Companies which restrict their ability to distribute dividends.

For example, due to the impact of COVID-19, HAH requested a waiver of the Heathrow Finance plc applicable interest cover ratio ("ICR") covenant in 2021. The conditions of such waiver do not permit dividend payments until the regulatory asset ratio ("RAR") is below 87.5%. In addition, due to the impact of COVID-19, AGS entered into an agreement to amend and extend its debt facility. The agreement does not allow dividend distribution for its duration. Similarly, due to the impact of COVID-19, 407 ETR experienced significant declines in traffic volumes, which decreased operating revenues and the resulting dividends. As a result of these impacts, in 2023, Heathrow and AGS did not distribute dividends, and 407 ETR paid dividends of EUR 281 million. In 2022, Heathrow and AGS did again not distribute dividends, and 407 ETR paid dividends of EUR 237 million (compared to EUR 164 million in 2021).

Additionally, as an equity investor in our Group Companies, the Company's right to receive assets upon such Group Companies' liquidation or reorganization would be effectively subordinated to the claims of creditors. To the extent that the Company is recognized as a creditor of subsidiaries, the Company's claims may still be subordinated to any security interest in, or other lien on, the relevant Group Company's assets and to any of its debt or other (lease) obligations that are senior to the Company's claims.

3.2. Our joint venture and partnership operations could be affected by our reliance on our partners' financial condition, performance, and decisions, which could have a material adverse effect on our business, financial position, results of operations, and prospects.

A relevant number of our operations are conducted through joint ventures and partnerships, including holding non-controlling interests in companies that operate some of our main infrastructure assets, such as Heathrow and the 407 ETR.

We may continue to enter into arrangements subject to joint control, such as joint ventures or minority ownership. Joint ventures, related partnerships, and minority ownership interests are subject to risks related to oversight and control, compliance, competing business interests, financial liabilities, and difficulties to dispose of the stake due to the existence of preemptive rights. Disputes with joint venture partners may result in the loss of business opportunities or intellectual property or disruption to, or termination of, the relevant joint venture, as well as to litigation or other legal proceedings. In the event that risks related to oversight and control, compliance, competing business interests, financial liabilities, and difficulties to dispose of the stake, in respect of joint ventures, joint venture partners and minority shareholders materialize, this could result in financial, reputational, and legal consequences, which could have a material adverse effect on our business, results of operations, and financial condition.

Investment partners may have economic or other interests that do not align with our interests. Furthermore, investment partners may be in a position to take or influence actions contrary to our interests and plans, which may create impasses on decisions and affect our ability to implement our strategies and dispose of the affected concession or entity.

In certain situations, we may not have a controlling stake, and consequently, payment of dividends to us may be blocked by our partners, which may result in us not being able to optimize the management and value of the specific joint venture or partnership. Finally, as a result of different interests between the partners, disputes may develop, resulting in us incurring litigation or arbitration costs and distracting our management from its other tasks. Any of these factors may adversely affect our business, financial condition, and results of operations.

Examples of projects in which we do not have a controlling stake include some of our main assets, such as our 43.2% ownership interest in 407 International Inc., the concession operator of the 407 ETR, our 24.9% ownership interest in IRB Infrastructure Developers ("IRB"), an Indian toll road builder and operator, and our indirect 49.0% ownership interest in JFK NTO, the concessionaire entity that manages the NTO at JFK concession.

For the year ended December 31, 2023, our total dividends received from our infrastructure assets amounted to EUR 741 million, of which EUR 417 million were received from consolidated entities (56.3% of such total dividends) and EUR 324 million were received from equity-accounted companies (i.e., business activities with companies in which joint control is identified) from joint venture and partnership operations (43.7% of such total dividends).

In addition, the success of our joint ventures and partnerships depends on the partner's satisfactory performance of their obligations. If our partners fail to satisfactorily perform their obligations as a result of financial or other difficulties, the joint venture or partnership may be unable to adequately perform contracted services. Under these circumstances, we may be required to make additional investments to ensure the adequate performance of the contracted services.

Furthermore, mainly in connection with the Construction Business Division, we could be jointly and severally liable for both our obligations and those of our partners (although we generally execute counter guarantees with our partners in order to be left harmless). In addition, in the ordinary course of our business, we undertake to provide guarantees and indemnities in respect of the performance of the contractual obligations of our joint venture entities and partnerships. These guarantees and obligations may give rise to a liability to the extent the respective entity fails to perform its contractual obligations. A partner may also fail to comply with applicable laws, rules, or regulations, which may further result in our liability.

Any of the above factors could have a material adverse effect on our business, financial condition, results of operations, and prospects.

3.3. An increase in inflation may negatively affect our results of operations (mainly in the Construction Business Division) and an increase in real rates or an increase in inflation with no economic growth may decrease the value of our assets, which could have a material adverse effect on our business, financial condition, and results of operations.

Although we are positively exposed to inflation risk in general terms, through toll rates with a great degree of flexibility or inflation indexation, under scenarios of low or negative economic growth and high inflation, the additional revenue generated by the toll rate increases may be limited by the negative impact of such increases on traffic volumes. In addition, if real rates (interest rates adjusted for the effects of inflation) increase, the value of our assets may be affected, as the effect on present value of discount rates would be offsetting the benefits of inflation in toll highways.

The recent rise in inflation may have an adverse effect on operating margins under the construction contracts due to increases in the cost of raw materials and energy, which may affect expected profitability. Although this risk is partially mitigated in certain jurisdictions by inflation-related price adjustment clauses in contracts (such as in Poland and in certain contracts in Spain), the risk may not be adequately hedged from the effects of inflation, which could have a material adverse effect on our business, financial condition, and results of operations.

We have entered into an inflation derivative in connection with Autema, a toll road project in Spain, in order to fix the inflation component of our revenue from this project. An increase in inflation would have a negative fair value impact on this derivative, and could as such have a material adverse effect on our business, financial condition, and results of operations.

3.4. Exchange rate fluctuations could have a material adverse effect on our business, financial condition, and results of operations.

We have exposure to foreign currency, mainly to the pound sterling, the U.S. dollar, the Indian rupee, the Canadian dollar, the Polish zloty, the Chilean peso, the Colombian peso, and the Australian dollar.

Our foreign exchange rate risks arise primarily from:

i. our international presence, through our investments and businesses in countries that use currencies other than the euro;

ii. debt denominated in currencies other than that of the country where the business is conducted or the home country of the company incurring such debt; and

iii. trade receivables or payables in a foreign currency to the currency of the company with which the transaction was registered.

In analyzing sensitivity to exchange rate effects, we estimate that a 10% depreciation in the value of the euro at year-end 2023 against the main currencies in which we hold investments would have an impact on our equity attributable to shareholders of EUR 215 million, of which 26% would relate to the impact of the Canadian dollar, 21% to the U.S. dollar, 12% to the pound sterling and 19% to the Indian rupee.

We establish our hedging strategy by analyzing past fluctuations in both short- and long-term exchanges rates and have monitoring mechanisms in place, such as future projections and long-term equilibrium exchange rates. These hedges are made by arranging foreign currency indebtedness, foreign currency deposits, or financial derivatives.

Although we enter into foreign exchange derivatives to cover our significant future expected operations and cash flows, any current or future hedging contracts or foreign exchange derivatives we enter into may not adequately protect our operating results from the effects of exchange rate fluctuations which could have a material adverse effect on our business, financial condition, and results of operations. We are subject to the creditworthiness, and, in certain circumstances, the early termination of the hedging agreements by hedge counterparties.

We cannot assure that future exchange rate fluctuations will not have a material adverse effect on our business, financial condition, and results of operations.

3.5. Interest rate fluctuations may affect our net financial expense, which could have a material adverse effect on our business, financial condition, and results of operations.

Interest rate fluctuations affect our business, which may impact our net financial expense due to the variable interest on financial assets and liabilities, as well as the measurement of financial instruments arranged at fixed interest rates.

Certain of our indebtedness bears interest at variable rates, generally linked to market benchmarks such as EURIBOR, Secured Overnight Financing Rate ("SOFR"), London Interbank Offered Rate ("LIBOR"), and Sterling Overnight Interbank Average Rate ("SONIA"). Any increase in interest rates would increase our finance costs relating to variable rate indebtedness and increase the costs of refinancing existing indebtedness and of issuing new debt. This interest rate fluctuation risk is particularly important in the financing of infrastructure projects and other projects, which are heavily leveraged in their early stages and the performance of which depends on possible changes in the interest rate.

For example, a linear increase of 100 basis points in market interest rate curves as of December 31, 2023 would increase financial expenses in our income statement by an estimated EUR 4 million, of which EUR 1 million would relate to our interest in infrastructure project companies and EUR 3 million would relate to our interest in ex-infrastructure project companies. This impact would be offset by any increases in financial results due to the expected higher return of cash held by us as of that specific date.

Although we enter into hedging arrangements to cover interest rate fluctuations on a portion of its debt, any current or future hedging contracts or financial derivatives entered into by us may not adequately protect our operating results from the effects of interest rate fluctuations, which could have a material adverse effect on our business, financial condition, and results of operations. We are subject to the creditworthiness of hedge counterparties and, in certain circumstances, the early termination of the hedging agreements by hedge counterparties in the context of interest rate risk arrangement.

We cannot assure that future interest rate fluctuations would not have a material adverse effect on our business, financial condition, and results of operations.

3.6. We may not be able to effectively manage the exposure of our liquidity risk, which could have a material adverse effect on our business, financial condition, and results of operations.

Our assets, especially our infrastructure assets, must be able to secure significant levels of financing for us to be able to carry out our operations (for example, regarding the NTO at JFK or AGS). Certain industries in which we operate, such as airports and toll roads, are by nature capital-intensive businesses. Therefore, the development and operation of our assets, especially infrastructure concession assets, require a high level of financing.

Our ability to secure financing depends on several factors, many of which are beyond our control, including:

i. general economic conditions;

ii. developments in the debt or capital markets;

iii. the availability of funds from financial institutions; and

iv. monetary policy in the markets in which we operate.

Our ability to make payments on and to refinance our debt, as well as to fund future working capital and capital expenditures, will also depend on our future operating performance and ability to generate sufficient cash. Credit markets are subject to fluctuations that may result in periodic tightening of the credit markets, including lending by financial institutions, which will be a source of credit for us, and affect our customers' and suppliers' borrowing and liquidity. There is a risk that the markets that provide funding will not always be available to us due to unexpected events, which may lead to a situation where we cannot honor our liabilities in time. This could also lead to an increase in cost of capital. In such an environment, it may be more difficult and costly for us to refinance our maturing financial liabilities. In addition, if the financial condition of our customers or suppliers is negatively affected by illiquidity, their difficulties could also have a material adverse effect on us.

For example, AGS finances its activities through funds generated from operations and has access to external debt and shareholders' loan facilities. In 2021, Ferrovial injected GBP 35 million in AGS through a combination of equity and a shareholder loan and negotiated amendments and an extension of AGS' debt facility with unanimous approval from all lenders. Under the aforementioned agreement, AGS's debt facility will mature on June 18, 2024. As of the date of this Annual Report an additional GBP 30 million equity commitment remains undrawn (GBP 15 million of which corresponds to our stake in AGS). AGS and its shareholders are confident that new financing facilities will be concluded to support AGS's operational funding needs beyond June 2024. However, if AGS is not able to effectively refinance its debt facility to fund its operational financing needs beyond June 2024, this may have a material adverse effect on our business, financial condition, results of operations, and prospects. Apart from the aforementioned AGS debt facility, there are no other material maturities in the short term (i.e., in 2024) in connection with the financing of infrastructure projects. As it pertains to ex-infrastructure borrowings, there are a number of facilities and bonds maturing in 2024. If we are unable to secure additional financing on favorable terms, or at all, out growth opportunities would be limited and our business, financial condition, and results of operations may be materially adversely affected.

Our ability to effectively manage our credit risk exposure may affect our business, financial condition, and results of operations. We are exposed to the credit risk implied by default on the part of a counterparty (customer, provider, partner, or financial entity), which could impact our business, financial condition, and results of operations.

In spite of signs of recovery in the global economy, the risk of late payments in both the public and private sectors is currently increased due to the effects of the global financial crisis. The cost of government financing and financing of other public entities has also increased due to financial stress in Europe, and this may represent an increased risk for our public sector clients.

Although we actively manage this credit risk through credit scoring and eventually, in certain cases, the use of non-recourse factoring contracts and credit insurance, our risk management strategies may not be successful in limiting our exposure to credit risk, which could adversely affect our business, financial condition, and results of operations.

3.7. We have entered into equity swaps which could result in losses and have a material adverse effect on our business, financial condition, and results of operations.

We entered into equity swaps linked to our share price in order to hedge any potential asset losses derived from the different incentive share plans to which we are a party. Under the general terms of these equity swaps, if, at the maturity date of each equity swap, our share price decreases below a reference share price (i.e., the strike price agreed at the inception of each equity swap), we will make a payment to the counterparty. However, if, at the maturity date of each swap, the share price increases above the reference price, we will receive payment from the counterparty. During the lifetime of the equity swaps, the counterparty will pay us cash amounts equal to the dividends generated by those shares and we will pay the counterparty a floating interest rate.

Further, whilst the equity swaps are not deemed to be hedging derivatives under International Accounting Standards ("IAS"), their market value during a given period of time has an effect on our income statement, which will be positive if the share price increases or negative if the share price decreases during that period. If our share price decreases below the reference price, the market value of the swap will decrease and our business, financial condition, and results of operations may be materially adversely affected.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3.8. The level of some of our Group Companies' contributions to pension schemes in specific entities we participate in the U.K. may vary, which could have a material adverse effect on our business, financial condition, and results of operations.

We have to contribute to the public employee pension scheme in the United Kingdom in connection with our investment in HAH through our interest in FGP, a direct shareholder of HAH. The funding position of Heathrow pension schemes may vary from time to time, including due to fluctuations in investment fair values or changes on actuarial assumptions, thereby affecting the level of Heathrow's pension costs. On November 28, 2023, we announced the planned divestment of our stake in the Heathrow airport. Increased pension costs resulting from variations to our Group Companies' pension schemes' funding positions could, in turn, have a material adverse effect on our business, financial condition, and results of operations.

3.9 Our shareholders in the United States may have difficulty bringing actions and enforcing judgements, against us, our directors, and our executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof.

We are incorporated in the Netherlands and the vast majority of our directors and executive officers reside outside the United States, primarily in Spain or the Netherlands. As a result, our shareholders' ability to bring an action against these individuals or us in the United States in the event that the shareholders believe their rights have been infringed under the U.S. federal securities laws or otherwise, or the procedures in relation thereto, may be subject to uncertainties. Even if our shareholders are successful in bringing an action of this kind, whether they can successfully enforce a judgment against our directors, executive officers, or us outside the United States is subject to substantial uncertainty.

4. Risks Relating to Tax

4.1. The Spanish Tax authorities may consider the Merger to fall outside of the Special Tax Neutrality Regime's protection, which could have a material adverse effect on our business, financial condition, and results of operations.

The Company has applied the special tax neutrality regime implemented in Spain pursuant to Chapter VII of Title VII of the Spanish Law 27/2014 of November 27 on Corporate Income Tax and its implementing regulations, as approved by Decree Law 634/2015 of July 10 (the "Spanish CIT Law"), implementing in Spain the Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States (the "EU Merger Directive"), to the Merger completed on June 16, 2023. Under this tax neutrality regime, the Merger benefits from total or partial tax neutrality consisting in the deferral of tax due to the capital gains or losses that may have arisen in connection with the Merger while maintaining the tax basis of the assets and shares affected by the Merger.

In connection with the application of the special tax neutrality regime, there is a potential risk of a challenge by the Spanish tax authorities. Specifically, the Spanish tax authorities may, in the course of a tax audit, consider that the Merger did not take place for a valid business reason and instead occurred with the main intention of obtaining a tax advantage, a position that the Company expressly rejects. In such case, the Spanish Tax Authorities may deny the application of such special regime and reverse the intended tax advantages.

Should the Spanish Tax Authorities make such a determination, they will seek to eliminate any intended tax advantage. The main difference in taxation between the Spanish and the Dutch Corporate Income Tax ("CIT") regimes is the participation exemption—while the Netherlands has full participation exemption, in Spain, although the tax payers enjoy a participation exemption, 5.0% of such exempt dividends and gains are included in the CIT taxable base. If the Spanish Tax Authorities conclude that avoidance of the inclusion of 5.0% of the exempt dividends and gains in the CIT taxable base is a tax advantage the Company sought, they may as a result assess the CIT due on the difference between the fair market value of our assets transferred as a result of the Merger not allocated to a branch in Spain and the assets' tax basis. In this regard, the main impact would derive from the gains on the transfer of the Shares; however, only 5.0% of the gains would be effectively subject to taxation at a 25.0% CIT rate; such part of the gains would be further reduced by the carry-forward losses that Ferrovial had and deductible expenses, including financial expenses and pending tax credits.

Although the Company does not believe the foregoing would materially affect our overall business or financial condition, the tax impact will depend on the appraisal of transferred assets market value made by the competent authorities, and it could nevertheless result in a significant additional cost.

4.2. We are subject to complex tax laws, including changes thereof, in the jurisdictions in which we operate which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

We are subject to complex tax legislation in the jurisdictions in which we operate. Our tax treatment depends on the determination of facts and interpretation of complex provisions of applicable tax law, for which no clear precedent or authority may be available. Any failure to comply with the tax laws or regulations applicable to us may result in reassessments, late payment interest, fines, and penalties.

We are exposed to risks based on transfer pricing rules applying to intragroup transactions. Pursuant to such rules, related companies and enterprises are required to conduct inter-company transactions at arm's length (i.e., on terms which would also apply among unrelated third parties in comparable transactions) and to sufficiently document the relevant transactions. Although we endeavor to follow such arm's length principle, tax authorities might challenge the transfer pricing model we have implemented, which may result in disputes, double taxation in two or more jurisdictions, and the imposition of interest and penalties on underpaid taxes.

The tax rules applicable to us are consistently under review by persons involved in the legislative process and tax authorities, which may result in the passing of new tax laws, new or revised interpretations of established concepts, statutory changes, new reporting obligations, revisions to regulations, and other modifications and interpretations. Our present tax treatment may be modified by administrative, legislative, or judicial interpretation at any time, and any such action may apply on a retroactive or retrospective basis.

Any change in current tax legislation (including conventions for the avoidance of double taxation) in the countries where we operate or a change in the interpretation of such legislation by the tax authorities, as well as any change in accounting standards as a result of the application of tax regulations, could have a material adverse effect on our business, operating results, and financial position of the Company and our Group Companies. There is also a risk that unexpected tax expenses may arise or that tax authorities may challenge the general transfer pricing policy we have adopted, which could have a material adverse effect on our business, operating results, and financial position.

We continue to assess the impact of changes in tax laws and interpretations on our businesses and may determine that changes to our structure, practice, tax positions, or the manner in which we conduct our businesses are necessary in light of such changes and developments in the tax laws of the jurisdictions in which we operate. Such changes may nevertheless be ineffective.

For example, the G20/OECD Inclusive Framework has been working on addressing the tax challenges arising from the digitalization of the economy. One of the solutions to address the impact and consequence of the digitalization of the global economy is the Organization for Economic Cooperation and Development's (the "OECD") Pillar One and Pillar Two blueprints, released on October 12, 2020. Pillar One refers to the re-allocation of taxing rights to jurisdictions where sustained and significant business is conducted, regardless of a physical presence, and Pillar Two contains a minimum tax to be paid by the multinational enterprises. On December 14, 2022, the EU approved implementation of Pillar Two.

The Dutch legislative proposal to transpose Pillar Two in the Dutch corporate tax system, titled "Minimum Tax Act 2024 (Pillar Two)", entered into force on January 1, 2024.

This measure aims to ensure that multinationals are subject to a corporation tax rate of at least 15.0%, preventing them from shifting profits to low-tax jurisdictions in order to minimize the tax that they pay. The Company's current view is that the Minimum Tax Rate Act 2024 should not lead to adverse tax consequences for the Group, but this measure could have an adverse effect on the Company's tax compliance burden. In principle, the Minimum Tax Rate Act 2024 should not lead to an increase in taxes payable by us, as we develop our activity in jurisdictions with a nominal tax rate for CIT purposes above the minimum 15.0% threshold, but it could have an adverse effect due to the potential increase in our tax compliance obligations.

The original treatment of a tax-relevant matter in a tax return, tax assessment, or otherwise could later be found incorrect and as a result, we may be subject to additional taxes, interest, penalty payments, and social security payments. Such reassessment may be due to an interpretation or view of laws and facts by tax authorities in a manner that deviates from our view.

We are subject to tax audits by the respective tax authorities on a regular basis. As a result of ongoing and future tax audits or other reviews by the tax authorities, additional taxes could be imposed that exceed the provisions reflected in previous financial statements. This could lead to an increase in our tax obligations, either as a result of the relevant tax payment being assessed directly against the Company or as a result of becoming liable for the relevant tax as a secondary obligor due to the primary obligor's failure to pay such taxes. Consequently, we may have to engage in tax litigation to defend or achieve results reflected in prior estimates, declarations, or assessments which may be time-consuming and expensive. We are subject to pending litigation on tax matters which could result in a material amount of tax becoming payable. For further details, see "—3. The final outcome of ongoing tax proceedings could adversely affect our after-tax profitability and financial results."

The materialization of any of the above risks could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

4.3. The final outcome of ongoing tax proceedings could adversely affect our after-tax profitability and financial results.

We are a Dutch-based Group with operations in several countries and, thus, are subject to tax in multiple jurisdictions. Significant judgment is required in determining our global provision for income taxes, deferred tax assets and liabilities and in evaluating our tax positions in these jurisdictions. For further details, see "—2. We are subject to complex tax laws, including changes thereof, in the jurisdictions in which we operate which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects." We are subject to tax audits and tax litigation, which could be complex and may require an extended period of time to resolve. While we believe that our tax positions are consistent with the tax laws of the jurisdictions in which we conduct our business, it is possible that these positions may be overturned by the relevant tax authorities.

Specifically, we are currently involved in a tax proceeding relating to a previous tax assessments at a supranational level. The outcome of this or any future tax proceedings may have a significant impact on our tax provisions and could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects.

4.4 Potential amendments on the convention for the avoidance of double taxation between the Netherlands and Spain may provide less benefits to the Group and the Company's shareholders, which can potentially lead to adverse tax consequences for either the Group or the Company's shareholders.

The convention for the avoidance of double taxation between the Netherlands and Spain, entered into by those countries on June 16, 1971, is currently being renegotiated. The existing tax treaty provides for rules that reduce or eliminate double taxation of income earned by residents of either country from sources within the other country. Consequently, the Group and the Company's shareholders may currently, under the terms of the existing tax treaty, be entitled to tax benefits, such as exemption from certain income taxation, reduced tax rates, and other benefits. As a consequence of the treaty renegotiation, a new or amended tax treaty may be concluded which differs from the current tax treaty, which can potentially lead to adverse tax consequences for either the Group or the Company's shareholders, or both, to the extent they are currently entitled to benefits of the existing tax treaty.

4.5 The recoverability of our deferred tax assets may be subject to certain limitations, which could have a material adverse effect on our business, financial position, results of operations, and prospects.

As of December 31, 2023, a significant portion of our recognized deferred tax assets were tax loss carry-forwards and prepaid taxes from losses incurred by the Company and its subsidiaries. In Spain, for the purpose of assessing the recoverability of tax loss carry-forwards by our Spanish tax consolidated group, we have decided not to record all the tax credits for accounting purposes, in view of a reasonable doubt that they may be recovered in the short- or medium-term.

Our current and deferred income taxes may be further impacted by events and transactions arising in the normal course of business, as well as by special non-recurring items or changes in the applicable tax laws. Changes in the assumptions and estimates made by our management may result in our inability to recover our deferred tax assets if we consider that it is not probable that a taxable profit will be available against which the deductible temporary difference can be used. A future change in applicable tax laws could also limit our ability to recover our deferred tax assets. Additionally, currently ongoing or potential future tax audits and adverse determinations by the Spanish tax authorities may affect the recoverability of our deferred tax assets.

Specifically, we currently have ongoing litigation with respect to our CIT assessments pertaining to the tax years 2016 through 2023. On January 18, 2024, the Spanish Supreme Court issued a decision declaring unconstitutional the Royal Decree-Law 3/2016, on tax measures aimed at the consolidation of public finances. This decision could affect the outcome of our ongoing CIT litigation. Should the final outcome of the CIT litigation be favorable, which we believe is likely following the Spanish Supreme Court's unconstitutionality decision, it may results in our tax credits being recoverable and available to the Group in connection with its future CIT filings.

Moreover, as a result of the Merger, the Company's and its Dutch subsidiaries' ability to use carry-forward losses and other tax attributes for Dutch tax purposes that arose prior to the Merger to offset taxable income that arises after the Merger may be subject to certain limitations, as certain rules apply to restrict such an entity's use of carry-forward losses incurred prior to the Merger only to profits arising after the Merger that are attributable to such entity. Any such limitation on the Company's or its Dutch subsidiary's use of carry-forward losses or other tax attributes may adversely affect our business, financial position, results of operations, and prospects.

The Company and its Spanish subsidiaries that apply the special CIT group regime ("CIT Group Regime") allowing entities residing in Spain and permanent establishments forming part of a group regime to be taxed as a single CIT payer (the "Spanish CIT group") would also face restrictions on its ability to use carry-forward losses and other tax attributes for Spanish tax purposes.

4.6 If the Company ceases to be a resident in the Netherlands for the purposes of a tax treaty concluded by the Netherlands and in certain other events, the Company's shareholders could potentially be subject to a proposed Dutch dividend withholding tax in respect of a deemed distribution of the entire market value of the Company less paid-up capital.

Under a law proposal currently pending before the Dutch parliament, the DWT Exit Tax, the Company will be deemed to have distributed an amount equal to its entire market capitalization less recognized paid-up capital immediately before the occurrence of certain events, including if the Company ceases to be a Dutch tax resident for purposes of a tax treaty concluded by the Netherlands with another jurisdiction and becomes, for purposes of such tax treaty, exclusively a tax resident of that other jurisdiction, which is the "qualifying jurisdiction." A qualifying jurisdiction is a jurisdiction other than a member state of the EU/EEA that does not impose a withholding tax on distributions, or that does impose such tax but that grants a step-up for earnings attributable to the period prior to the Company becoming exclusively a resident in such jurisdiction. This deemed distribution would be subject to a 15.0% tax insofar it exceeds a franchise of EUR 50 million. The tax is payable by the Company as a withholding agent. A full exemption applies to entities and individuals who are resident in an EU/EEA member state or a state that has concluded a tax treaty with the Netherlands that contains a dividend article, provided the Company submits a declaration confirming the satisfaction of applicable conditions by qualifying shareholders within one month following the taxable event. The Company would be deemed to have withheld the tax on the deemed distribution and have a statutory right to recover this from the shareholders. Dutch resident shareholders qualifying for the exemption are entitled to a credit or refund, and non-Dutch resident shareholders qualifying for the exemption are entitled to a refund, subject to applicable statutory limitations, provided the tax has been actually recovered from them.

The DWT Exit Tax has been amended several times since its initial proposal and is under ongoing discussion. It is therefore not certain whether the DWT Exit Tax would be enacted and if so, in what form. If enacted in its present form, the DWT Exit Tax will have retroactive effect as from December 8, 2021.

4.7. The Company operates so as to be treated exclusively as a resident of the Netherlands for tax purposes, but other jurisdictions may also claim taxation rights over the Company, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects, and on the net cash proceeds received by the Company's shareholders in respect of distributions by the Company.

The Company has established its organizational and management structure in such a manner that the Company should be regarded to have its residence for tax purposes exclusively in the Netherlands and to exclusively qualify as a Dutch tax resident for purposes of the Dutch Dividend Withholding Tax Act (the "DWTA") and the Dutch Corporate Income Tax Act.

However, the determination of the Company's residency for tax purposes depends primarily upon its place of effective management, which is largely a question of fact, based on all relevant circumstances. Therefore, no assurance can be given regarding the final determination of the Company's tax residency by the relevant tax authorities. If the tax authorities of a jurisdiction other than the Netherlands take the position that the Company should be treated as a tax resident of exclusively that jurisdiction (including for purposes of a tax treaty), the Company may be liable to pay an exit tax for Dutch income tax purposes and may also become subject to income tax in such other jurisdiction. See "—6. If the Company ceases to be a resident in the Netherlands for the purposes of a tax treaty concluded by the Netherlands and in certain other events, the Company's shareholders could potentially be subject to a proposed Dutch dividend withholding tax in respect of a deemed distribution of the entire market value of the Company less paid-up capital." In addition, this assessment would result in the Company no longer being part of the Dutch fiscal unity headed by it, which may subsequently result in certain deconsolidation charges becoming due, and the loss or restriction of certain tax assets such as carry-forward tax losses.

If the Company is regarded to also have its residence for tax purposes in any other jurisdiction(s) than the Netherlands, the shareholders could become subject to dividend withholding tax in such other jurisdiction(s), as well as in the Netherlands.

In each case, this could have a material adverse effect on our business, financial condition, results of operations, cash flows, and prospects, and on the net cash proceeds received by shareholders in respect of distributions by the Company. The impact of these risks differs depending on the jurisdictions and tax authorities involved and the Company's and its shareholders' ability to resolve double taxation issues, for instance through mutual agreement procedures and other dispute resolution mechanisms under an applicable tax treaty, the dispute resolution mechanism under Council Directive (EU) 2017/1852 of 10 October 2017 on tax dispute resolution mechanisms in the European Union (the "EU Arbitration Directive") (in the case of an EU jurisdiction), or judicial review by the relevant national courts. These procedures require substantial time, costs, and efforts, and it is not certain that double taxation issues can be resolved in all circumstances.

4.8 If the Company is classified as a passive foreign investment company for U.S. federal income tax purposes, U.S. investors in the Company's ordinary shares may be subject to adverse U.S. federal income tax consequences.

A non-U.S. corporation will be classified as a passive foreign investment company ("PFIC") for any taxable year if, either: (i) 75.0% or more of its gross income for the taxable year consists of "passive income" for the purposes of the PFIC rules (including dividends, interest, and other investment income, with certain exceptions) or (ii) at least 50.0% of the value of its assets for the taxable year (determined based upon a quarterly average) is attributable to assets that produce or are held for the production of "passive income." The PFIC rules also contain a look-through rule whereby the Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25.0% or more (by value) of the stock.

Whether the Company is treated as a PFIC is a factual determination to be made annually after the close of each taxable year and thus may be subject to change. The Company's PFIC status for each taxable year will depend on facts including the composition of the Company's assets and income, as well as the value of the Company's assets (which may fluctuate with the Company's market capitalization) at such time. Based on the nature of the Company's business, the ownership, and the composition of the income, assets, and operations of the Company, although not free from doubt, the Company believes it was not a PFIC for the taxable year ending December 31, 2023.

The determination of the Company's PFIC status is complex and subject to ambiguities. In addition, the Company's PFIC status for the current and future taxable years depends, in large part, on the expected value of its goodwill, which could fluctuate significantly. Moreover, the U.S. Internal Revenue Service ("IRS") or a court may disagree with the Company's determinations, including the manner in which the Company determines the value of the Company's assets and the percentage of the Company's assets that are passive assets under the PFIC rules. Therefore, there can be no assurance that the Company will not be classified as a PFIC for the current taxable year or for any future taxable year.

4.9 Changes to applicable tax laws and regulations or exposure to additional income tax liabilities could affect our future business and profitability.

We are a Dutch company and thus subject to Dutch corporate income tax as well as other applicable local taxes on our operations. Our subsidiaries are subject to the tax laws applicable in their respective jurisdictions of incorporation. New local laws and policy relating to taxes, whether in the Netherlands or in any of the jurisdictions in which our subsidiaries operate, may have an adverse effect on our future business and profitability. Further, existing applicable tax laws, tax rates, statutes, rules, regulations, treaties, administrative practices and principles, judicial decisions or ordinances could be interpreted, changed, modified or applied to us or our subsidiaries in a manner that could adversely affect our after-tax profitability and financial results, in each case, possibly with retroactive effect.

Additionally, there is also a high level of uncertainty in today's tax environment stemming from both global initiatives put forth by the OECD, and unilateral measures being implemented by various countries due to a lack of consensus on these global initiatives. As an example, the OECD has put forth two proposals, Pillar One and Pillar Two, that revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation, respectively (as of November 4, 2021, the OECD published that 137 countries have agreed on Pillar Two at a rate of 15.0%. The Dutch legislative proposal to transpose Pillar Two in the Dutch corporate tax system, titled "Minimum Tax Act 2024 (Pillar Two)", entered into force on January 1, 2024. Further, unilateral measures, such as digital services tax and corresponding toll rates in response to such measures, are creating additional uncertainty. If these initiatives are implemented, they may negatively impact our financial condition, tax liability, and results of operations and could increase our administrative costs.

4.10. Our tax obligations may change or fluctuate, become significantly more complex, or become subject to greater risk of examination by taxing authorities, including as a result of plans to expand our business operations, including to jurisdictions in which tax laws may not be favorable, any of which could adversely affect our after-tax profitability and financial results.

We currently operate in several jurisdictions in addition to the Netherlands and Spain, such as the United States, Canada, the United Kingdom and Poland, among others. In the event that our business expands to additional jurisdictions, our effective tax rates may fluctuate widely. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under the International Financial Reporting Standards ("IFRS"), changes in deferred tax assets and liabilities, or changes in tax laws. Factors that could materially affect our future effective tax rates include, but are not limited to:

i. changes in tax laws or the regulatory environment;

ii. changes in accounting and tax standards or practices;

iii. changes in the composition of operating income by tax jurisdiction; and

iv. pre-tax operating results of our business.

Outcomes from audits or examinations by taxing authorities could have an adverse effect on our after-tax profitability and financial condition. Additionally, foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be affected.