



## CORPORATE TAX POLICY

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## **CORPORATE TAX POLICY**

The Board of Directors of ACS Actividades de Construcción y Servicios, S.A., (“ACS” or “the Company”) in accordance with the regulations governing its functioning and powers, is responsible for the Company’s risk control and management policy and periodic monitoring of internal information and control systems, which is considered to include control and management of tax risks in accordance with the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*).

The Board Regulations empower the Board to approve the creation and acquisition of special purpose entities or entities with their registered office in territories or countries considered to be tax havens, along with any other operation or transaction that may reduce the transparency of the Company or the Group.

In accordance with the above and the Corporate Enterprises Act, during its meeting on 24 March 2015 the Board of Directors approved this document containing the tax policy/strategy for the Company.

### **Principles**

1.- The tax policy of ACS is based on due compliance by the Company with the applicable tax regulations and accordingly compliance by all persons involved not only in tax management but also execution of transactions with a tax impact. This constitutes an essential aspect of the principle of integrity contained in the Company’s Code of Conduct, according to which all employees and management staff must comply with the general regulations in force in countries where it carries out its activity and act ethically at all times.

2.- ACS must ensure a cooperative relationship with tax authorities based on mutual confidence and transparency. Efforts must be made to reduce litigation deriving from different interpretations of the applicable regulations using the dispute resolution procedures established for this purpose by the law, without preventing the Company from bringing claims to defend its legitimate interests where this is not possible.

3. Any business decision that may have tax implications must be adopted with full knowledge of such implications. In particular, in the case of transactions that must be submitted for approval by the Board of Directors, the Board must be informed of the tax consequences of the transaction when this may constitute a relevant factor to make the decision. In any event, any transactions which due to their amount or special characteristics or due to the possibility of different interpretations of the applicable law may in due course give rise to a relevant tax dispute must be submitted for approval by the Board.

The Company confirms its intention to apply these principles through its voluntary endorsement of the Spanish Code of Best Tax Practices, as reflected in the Board resolution dated 16 December 2010.

## **Management practices**

1.- The Company's tax management is based on a reasonable interpretation of the tax regulations, taking into account both their literal terms and their spirit and purpose.

2.- Tax planning practices may be applied which result in a reduction of tax costs, provided that they are not carried out by means of simulated acts or patently artificial or improper dealings to achieve the result obtained. For these purposes, (1) the Company may choose the most favourable option from a tax perspective from among all the usual or typical means of executing an act or dealing to achieve the economic or legal purpose desired and (2) acts or dealings may be entered into principally for tax reasons provided that they produce real legal or economic effects and the desired tax consequences are not contrary to the spirit of the law.

3.- The relevant tax implications of any Company transaction, including those relating to restructuring or structuring of investments or divestments, must be notified to the management bodies or levels that must give their approval. For these purposes, the tax implications will be considered relevant when: (1) they affect the choice of the specific arrangement of the transaction or (2) they give rise to significant tax effects that would not have arisen without the transaction or (3) they may give rise to a relevant tax dispute due to possible different interpretations of the regulations. In particular, no restructuring transaction will be performed with the sole purpose of achieving a tax advantage, although it will be possible to adopt a company procedure from among those suited to the relevant economic purpose which results in more favourable tax regulation.

4.- No companies will be constituted or acquired that have their registered office in territories the Spanish government considers to be tax havens unless they are necessary for the development of business activity in that territory. The Company will also refrain from creating artificial company structures not related to the Company's business activity with the sole purpose of reducing its tax liability, nor will it enter into transactions between its subsidiaries without any economic purpose other than base erosion and artificial profit shifting to low or no-tax locations. If upon acquiring a parent company of a company group the Company obtains indirect control over an entity with the above characteristics, its suitability will be assessed in relation to the corporation tax policy and if it is considered to be incompatible it will be liquidated or if there are economic or contractual reasons for not doing so measures will be adopted to ensure strict compliance with the tax regulations of Spain and the countries that have dealings with that company.

5.- ACS will not constitute company structures for the purpose of concealment or which may reduce the transparency of the Group, i.e. which tend to prevent or hinder an understanding of the ownership of assets and liabilities or business dealings. Even if a company structure may result in a legitimate tax advantage, this may never be the basis for its implementation if it could lead to loss of transparency in the Group's accounting information.

6.- The Company will not accept nor pay invoices that do not correspond to supply of actual goods or services necessary for its activity. Any person who, notwithstanding the above, accepts or orders payment of invoices which although they reflect the true nature of the goods or services acquired do not facilitate justification of their necessity, must immediately notify the head of the Company's tax department so that this may be accounted for in the Company's tax declarations.

7.- ACS will apply the tax deductions allowed by law with strict observance of any and all requirements and without dispensing with any requirement on the basis that it is a mere formality. The prior validation procedures established by law in the case of significant tax deductions will be applied. When any doubts arise regarding entitlement to a deduction, the criteria adopted will be based on a reasonable interpretation and it will not be possible to oppose the clear literal terms of any law, nor its clear purpose, nor the relevant case law. When, notwithstanding the above, it is considered that either due to the manifest imprecision of a law or the existence of contradictory administrative decisions the criteria may be questioned in the event of a tax inspection and the impact may be significant, the Company management must be informed.

### **Implementation guidelines**

1.- The Company will implement the control mechanisms and obtain the necessary resources for effective compliance with the applicable tax regulations and the corporation tax policy determined by the Board of Directors, ensuring that all persons involved in tax matters have the necessary technical qualifications in accordance with their degree of responsibility.

2.- The Audit Committee, which is responsible for supervision of internal control and risk management systems, drafting of the annual accounts and monitoring of tax inspections and tax contingencies, will receive information from the head of the Company's tax department as a minimum annually and at the close of the annual accounts on the relevant tax policies applied during the year. It will also inform the Company's bodies of such information as required according to their functions.

3.- On the date of approving this policy, the Company in its capacity as the parent company of a company group which includes different business areas with a large number of subsidiaries located both in Spain and overseas, will at all times within the scope of its powers ensure effective application of this tax policy by all its subsidiaries.

4.- If such subsidiaries are not listed on regulated markets and their management is directly or indirectly controlled by ACS, the Company will be responsible for ensuring that all of them are aware of the corporation tax policy and their management teams are aware of the requirement to comply with its terms. In particular, the company bodies of subsidiaries directly and wholly owned by ACS which are heads of a business area assume, as part of their independent management according to the Group's general policy, responsibility for the same tax matters that this corporate policy assigns to the Board of Directors with regard to ACS, including in particular control and management of tax risks, for which they must establish and supervise appropriate procedures in accordance with the guidelines established by ACS.

Notwithstanding the above, the management bodies of the subsidiaries mentioned in the previous paragraph must refer the constitution or acquisition of companies in tax havens or special purpose entities for approval by the Board of Directors of ACS when the mere possibility exists that it may reduce the transparency of the Group.

5.- In the specific case of subsidiaries comprising the Spanish Tax Group the parent company of which is ACS, ACS will present a consolidated Corporate Income Tax return and charge or credit each subsidiary the proportion of the consolidated amount to be paid or returned resulting from its individual tax return or corresponding consolidation adjustments in terms equivalent to those specified in the accounting regulations. The same procedure will apply to any subsequent adjustment, including both those carried out voluntarily by the Group and

those deriving from inspection activities. The Management of each member of the Tax Group will be responsible for correct calculation of the tax base and the deductions included in the individual Corporate Income Tax return which are transferred to the consolidated return. Due to this responsibility, ACS will charge the subsidiaries for the amount of any fines imposed based on the adjusted items in the consolidated declaration which are the result of incorrect declarations by the subsidiaries.

6. Finally, in the case of companies of the consolidated accounting group of ACS which do not form part of its Tax Group and ACS does not exercise control over their management, or subsidiaries listed on organised markets and subject to their own corporate governance regulation, or dependent subsidiaries of the same, the Company will within the scope of its powers promote the adoption of procedures for control and assignment of functions for determination and supervision of the tax policy similar to those contained in this corporation tax policy. In particular, ACS will through its representatives in the bodies of those companies ensure that their Audit Committees comply as a minimum with the levels of information established by the Audit Committee of ACS.

7.- The Board of Directors of the Company is responsible for ensuring effective communication of the corporation tax policy and any amendments that may be made to its terms.