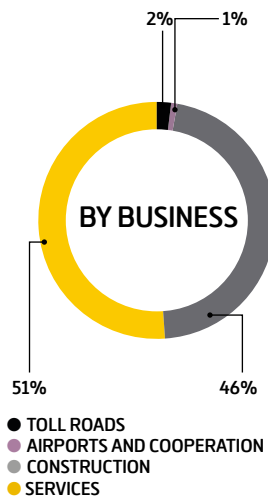


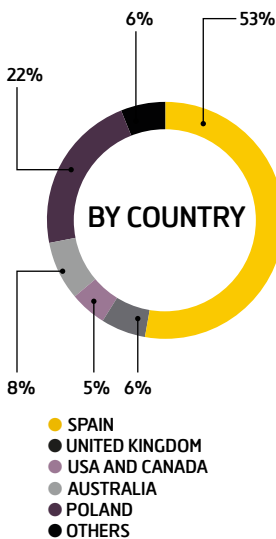
SUPPLY CHAIN

FERROVIAL WORKS TO DEVELOP A SUPPLY CHAIN FORMED BY THE BEST PARTNERS AND SUPPLIERS, PROMOTING SUSTAINABLE PURCHASING, COLLABORATION, EFFICIENCY AND INNOVATION.

NUMBER OF SUPPLIERS: 87,335



TOTAL NUMBER OF SUPPLIERS



Ferrovial integrates its corporate principles and values throughout the entire supply chain. The company works with leading, socially responsible and collaborative organizations and partners.

The selection and contracting processes are objective and rigorous. Through the evaluation and monitoring of quality, the company seeks to increase the performance of the supply chain and facilitate solid and long-term business relationships.

STRATEGY AND MANAGEMENT PROCEDURES

The Global Purchasing Policy, applicable to all Ferrovial companies and subsidiaries, includes the fundamental principles in terms of safety and sustainability that mark the relationship of the company with its suppliers. They are based on the company's Code of Business Ethics and the Corporate Responsibility Policies.

This policy defines the bases and the basic operating procedure, and specific operating procedures are applied for each country/area to adapt them to the particularities of each market. It seeks to shore up the management adapted to the specific requirements of each project in accordance with the local supplier marketplace yet applying an international vision in relevant purchase with a view to benefiting synergies and the extensive knowledge of the global supplier marketplace.

The overall coordination of the purchasing activity rests with the Global Procurement Committee, which, led by Ferrovial's Chief Information and Innovation Officer (CIIO) and formed by the chief procurement managers of the business areas, facilitates sharing good practices and improving the procurement function from a global point of view.

The strengthening of good purchasing governance is materialized with the reinforcement of the procedures control model using information obtained from the systems, developing certain sustainability plans, and establishing work groups to look into new approaches and specific solutions to mitigate risks.

Another of the targets pursued is the professionalization of the function through specific training programs, presence in events and the improvement of communication with businesses. This year, 5,820 hours of training were given, mainly aimed at procurement managers, to find out the best practices and latest developments in the field of provisioning.

COMPREHENSIVE SUPPLIER MANAGEMENT

The relationship that Ferrovial maintains with its suppliers is based on transparency and mutual trust, with the clear objective of being able to guarantee an excellent, efficient and quality service provision. The relationship with suppliers and contractors is maintained through specific management, classification, approval, evaluation and risk control systems.

Supplier selection is based on objective and rigorous criteria that guarantee independence and impartiality. The procedure for evaluating and monitoring the quality of suppliers and subcontractors includes an assessment of incidents in the event of any breach of the agreed requirements included in the contract or order that change the provision of the service. Incidents are classified as minor or serious and may lead to the blocking and/or exclusion of the supplier in future tenders.

It is also essential that suppliers ensure compliance with the Corporate Responsibility Policy, the Code of Business Ethics and Anti-Corruption and Compliance Policies in their applicable field. Along this line, contract and order models have been updated to align them with the new Corporate Compliance Policy, so that procurement managers convey to suppliers the commitment to act in accordance with said policy.

SUPPLIERS EVALUATED IN 2017

13,129

In 2017, 13,129 suppliers were assessed, and less than 1% were rejected. 29,173 new suppliers were incorporated during the year. A total of 685 suppliers were considered critical, which accounted for 19.1% of the total supplier invoicing.



INNOVATION AND TECHNOLOGY

For Ferrovial, it is essential to continue being committed to innovation and using new technologies as key elements to improve procurement processes and available information. Continuous improvement is a priority, incorporating new ways of working, sharing knowledge and learning from best practices. Innovation is also sought in collaboration with suppliers, using their experience to offer products and services that add value, minimize risk and offer new opportunities.

In Construction, the use of InSite continues to be promoted as a tool to support procurement information and management, incorporating new information processing and analysis capabilities.

Meanwhile, Ferrovial Services launched an ambitious program to optimize the available information and share it with the other business activities. It includes punch-out catalogs for improved integration with critical suppliers; dashboards for procurement management (PIC BI) and fleet management (OMEGA BI), to take better advantage of available information; and the design and implementation of the OPTIMAS project, which consists of an improvement plan to optimize the backoffice functions of the business areas.

Regarding the management of information and data, the increase in the supply and fleet presence in innovation projects is noteworthy. The Smart Fleet project, an intelligent fleet and connectivity program that involves the implementation of technology in the fleet itself, is designed to obtain information aimed at improving efficiency, fuel consumption in fuel tanks, preventive and corrective maintenance, and workplace and road safety in the fleet and workshops.

OMEGA PROJECT

...

Ferrovial Services has been using the OMEGA tool (Optimization of Equipment Maintenance and Asset Management) software tool since March 2017 to gather all the equipment and vehicle information in its workshops, which enables greater control of the fleet and reduces the associated maintenance costs.

The objective of OMEGA is to obtain sufficient traceability to control expenses and efficiently allocate available resources such as labor, materials and subcontracting expenses. With the data obtained, and using Big Data, we expect to anticipate possible breakdowns and adapt preventive maintenance plans.

Considerable resources have been invested in designing the application to adjust it to the different technical profiles in the workshops. The main benefits of this new tool are:

- Having a unique management model unified in Ferrovial Services.
- Saving management costs thanks to improved planning.
- Improving fleet management, by having all the technical information of the equipment and vehicles.

SUSTAINABLE PURCHASES

The procurement area actively contributes to achieving the objectives of the Strategic Plan for Corporate Responsibility, the 20.19 Plan, by promoting the contracting of renewable energies, the reduction of fuel consumption and by purchasing electric and hybrid vehicles. Along this line Construction has a Catalog of Green Purchases conceived for shoring up acquisitions of products and services with environmental characteristics that enable a contribution to improving energy efficiency, environmental sustainability and assisting responsible decision-making for purchasing supplies and commissioning construction work and services.

When making a decision in procurement processes, energy consumption is considered among the factors that are analyzed in the products or services to be contracted, in procurements in which this factor is relevant. In 2017 a market study was carried out on hybrid and electric vehicles to determine the possible alternatives, as well as the advantages and disadvantages and/or limitations compared to conventional vehicles. Ferrovial Services is analyzing new methods of propulsion for heavy vehicles, especially for waste collection trucks (100% electric and hybrid in development).



PROCUREMENT PROCESS

...



PURCHASE REQUEST

Each area organizes its own purchasing according to the management criteria established by the Procurement Committee.

CONTRACTING STRATEGY

- Green Purchasing Catalog.
- Recycled Product Supplier Study.

POTENTIAL VENDOR ASSESSMENT AND SELECTION

Suitability analysis:

- Financial capacity.
- Environmental.
- Social (Health & Safety, respect for human rights, ethics).

REQUEST FOR PROPOSALS

Transmission of ethical and anti-corruption requirements, and inclusion of clauses in orders and contracts.

CONTRACT AWARDING

Control and monitoring of suppliers and contracts.