

Supply chain

Sustainability criteria

Ferrovial is working to extend sustainability to a supply chain in permanent continuous improvement, with innovation always present, formed by the best partners and suppliers.

Ferrovial integrates environmental, social and good governance (ESG) principles into all stages of its supply chain by using an integrated model that aims to foster quality, sustainability, efficiency and transparency, respect for Human Rights and nondiscrimination and equal opportunities.

INTEGRATION OF ESG PRINCIPLES IN THE SUPPLY CHAIN

Ferrovial has a Global Purchasing Policy that is applicable to all Ferrovial companies and subsidiaries. The policy sets out the commercial, environmental, social and good governance principles that underlie the company's relations with all its suppliers. They are based on the Code of Business Ethics, the Corporate Responsibility and Human Rights Policies and the Due Diligence Process to Ensure Supplier Integrity and Ethics.

The business purchase procedures were updated in 2019 to establish more rigorous criteria in managing suppliers in aspects related to ESG criteria, especially with regard to compliance with Ferrovial's ethical and anticorruption policy principles, in line with the procedure of due diligence of ethical integrity of suppliers, established in the previous year. This has also been reflected in the contractual clauses of Ethics and Anti-Corruption Policy with suppliers. In addition, the company is developing a Supplier Code of Ethics through which the company expects to promote responsible behavior in its value chain, complying with the main standards in ethics and integrity, Health and Safety, the environment and Human Rights.

NUMBER OF SUPPLIERS

84,429

NUMBER OF SUPPLIERS ASSESSED

14,458

Supplier management starts with a preliminary classification based on their degree of criticality. A supplier will qualify as critical when its purchasing volume is deemed significant in financial terms or if the goods or services they provide could have a negative impact on business continuity in the event of an incident.

Throughout the purchasing life cycle, both in the screening and initial assessment stages, such as bidding and final control, evaluation and monitoring specific quality management, classification, evaluation and risk control processes that include ESG criteria are applied, as well as the usual criteria of product/service quality, technical capacity, price compliance, meeting deadlines and compliance with occupational Health and Safety. All suppliers are subjected to evaluation and monitoring processes, the result of which may result in them receiving a warning, an improvement action plan being established, or even them being disqualified from working with Ferrovial depending on its severity. In the case of a verified breach of the Anti-Corruption Policy, the supplier is automatically disqualified.

In 2019, 25,840 suppliers joined the Ferrovial supply chain and 14,458 of them were evaluated, less than 1% of which were rejected. A total of 1,523 suppliers were considered critical, which accounted for 24.3 % of total supplier invoicing.

INNOVATION IN SUSTAINABLE PURCHASES

Ferrovial undertakes innovation projects and applies new technologies to achieve a more agile, efficient and transparent supply chain, which in turn allows the gradual incorporation of sustainable purchases, thus extending sustainability principles throughout its value chain. The most noteworthy initiatives in this regard are the following:

- **Efficient vehicle fleet:** the vast majority of the fleet is managed through agreements of up to three years, which has enabled the fleet to be completely renewed by efficient vehicles. This has resulted in a substantial and continuous reduction in emission levels. During 2019, the first hybrid, gas and electric

SUPPLIER 360 PROJECT IN FERROVIAL

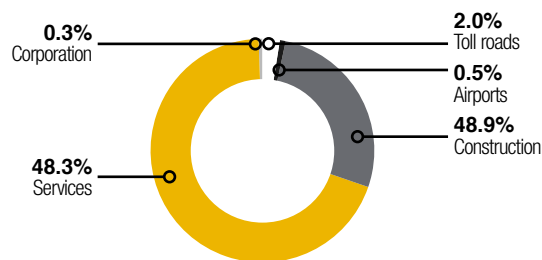
During 2019, the “Supplier 360” project was carried out during the testing phase in order to develop a computer tool for monitoring suppliers that, using advanced data analytics techniques and through internet searches, allows potential risks in suppliers to be detected, both for possible insolvencies and for environmental, legal or reputational problems, generating reports on the analysis performed.

This tool will help to provide additional information to be considered in the phase of selecting and contracting relevant suppliers, as well as when monitoring them by applying it in a standardized way to the relevant suppliers in Spain. Based on this, the adjustments and improvements deemed necessary will be implemented, and in 2021 its adaptation is planned for use with suppliers from other strategic markets, initially the United States and the United Kingdom.

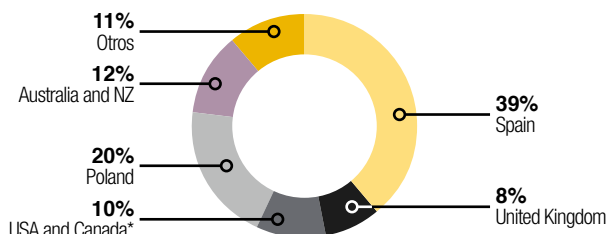
vehicles were incorporated into the fleet. The company expects to reach 33% of zero emission fleet vehicles by 2030.

- Smart vehicle fleet: Ferrovial Servicios Spain is undertaking the Smart Fleet program, which includes a set of initiatives that seek to optimize use of the fleet (more than 10,000 vehicles) and provide a differential value in the contracts. As part of this program, progress was made in the “fuel tank management” initiative in 2019. This program aims to unify the software installed in fuel tanks, from which online information is obtained on refueling, users, level of filling the tanks and warnings by reordering point, which makes it possible to control and optimize the use of fuel. Smart Fleet was awarded the “2019 Fleets” award by AEGFA (Spanish Association of Fleet and Mobility Managers), while the fuel tank management initiative was awarded the ENERTIC Prize.
- Purchase of renewable electricity: the company encourages, whenever possible, purchasing electricity with guarantee of origin. In this regard, the commitment has been established to continuously increase the percentage of purchasing renewable electricity compared to the total consumed, hoping to reach 100% in 2025. The agreement between Zity, Ferrovial’s electric carsharing, with Iberdrola for recharging the batteries of vehicles with certified renewable energy is noteworthy.
- Catalog of Green Purchases: the information available in the catalog has been updated and increased in the last year with the intention of encouraging more of these types of sustainable products to be purchased and this has reached more areas of the company.

SUPPLIERS BY BUSINESS



SUPPLIERS BY COUNTRY



* Suppliers from the US (5,993) and Canada (408).

PURCHASING PROCESS

