

# ethical integrity

## Commitment

- Ethics, professionalism and transparency in all Ferrovial activities.

## Lines of Action

- Combat corruption, bribery and extortion
- Promote the Global Compact principles
- Improve reporting of non-financial performance to analysts and investors
- Include ESG risks in the Risk Management Model
- Integrate respect for Human Rights in all the areas of activity
- Establish relations with suppliers according to a methodology that includes Corporate Responsibility criteria
- Monitor the Principles for Sustainable Development

## 2012 Milestones

- Extended the operation of Ferrovial Risk Management (FRM)
- Analyzed high-risk suppliers according to the Global Compact principles

## 2013 Goals

- Identify and analyze the information requested and valued by SRI analysts
- Identify ESG risks
- Analyze the FTSE4Good and UN Human Rights requirements

**The business and professional activities of Ferrovial and its employees are based on the value of integrity, and are carried out in accordance with the principles of honesty, avoidance of every form of corruption and respect for the individual circumstances and needs of all parties involved.**

Ferrovial's Code of Ethics prohibits bribes to public authorities and civil servants and forbids its employees from giving or receiving undue payments of any type as well as presents, gifts or favors from third parties outside the scope of regular market practices, or which, by reason of their value, characteristics or circumstances, may reasonably be thought to alter the commercial, administrative or professional relations of its companies.

In addition, it prohibits any action that may involve unfair competition practices and undertakes to ensure compliance with the competition laws applicable in the countries where it operates.

Fraud prevention is the responsibility of each one of the managers, and Internal Audits supervises compliance with the Code of Ethics. It also manages the Complaints Box. In 2010 a new whistleblowing channel was created for reports related to the Code of Ethics.

Based on the information available for 2012, there have been no significant final penalties, monetary or otherwise, arising from violations of laws, regulations or standards governing the exercise of the Company's activities.

The Code of Ethics, as well as the corporate procedures for "Protection of Ferrovial Assets Through Prevention of Internal Fraud" and the "Corporate Procedure for the Complaints Box", must be complied with by all employees and subsidiaries that make up the company in Spain and abroad.

Ethical integrity	2012	2011	2010	Change 12/11
Complaints received through the Whistle-blowing Channel	31	63	112	-51%
Training given on the Code of Ethics* (hours)	69	273	4,250	-75%*

\*Training given to new hires and employees who did not take the course in previous years.

## Code of Business Ethics

Ferrovial has a Code of Business Ethics, which was approved by the Board of Directors in 2004. It establishes the basic principles and commitments that all companies in the group, its employees and executives, and all other entities linked to Ferrovial or to any of its group companies in which it has a dominant position, must respect and comply with in the exercise of their activities.

- **Respect for the law:** Ferrovial's business and professional activities shall be carried out in strict compliance with the laws in force in every country where it operates.
- **Ethical integrity:** The business and professional activities of Ferrovial and its employees shall be based on the value of integrity and carried out in accordance with the principles of honesty, avoidance of every form of corruption and respect for the individual circumstances and needs of all parties involved.
- **Respect for Human Rights:** All actions of Ferrovial and its employees shall scrupulously respect the Human Rights and Civil Liberties enshrined in the Universal Declaration of Human Rights.

These principles are a guarantee of integrity for Ferrovial and reflect the group's adherence to major international inter-governmental initiatives such as the ILO (International Labor Organization) Tripartite Declaration, the OECD (Organization for Economic Cooperation and Development) Guidelines, and the Principles of the United Nations Global Compact, to which Ferrovial has made a special commitment, and which form the basis of its Corporate Responsibility policy.

At present, the Code is enforced in all the countries where Ferrovial operates and applies to the whole workforce. In addition, some companies recently acquired by Ferrovial have their own codes of ethics already in force, which are complemented by the Corporate Code.

The full version of the Code of Ethics is available on the Ferrovial website in Spanish and in English.

## Code of Ethics training

All employees who join Ferrovial receive a printed copy of the Code of Ethics in Spanish or English. They also have direct access to the Code through the corporate intranet or website.

Courses linked to the Code of Business Ethics continued in 2012, with the aim of spreading the basic principles of behavior for Ferrovial professionals and the procedures that the company makes available for all its employees:

- Harassment Prevention Protocol
- Equal Opportunity Plan
- Work/Life Balance Plan
- Fraud Prevention Procedures
- Health and Safety Policy
- Information Security Policy
- Quality and Environment Policy

In 2012, the online Business Ethics course was taken by 78 employees (people who had not taken it before and new hires), with an access time of 69 hours. This course is aimed at structural personnel in Spain. This amounts to 4,465 employees, who have taken the course over 4,592 hours since it began to operate in 2010.

As a result of the entry into force of the latest reform of the Penal Code in Spain, the Board of Directors of Ferrovial approved a Crime Prevention Protocol in 2011 that includes a Catalog of Prohibited Conduct. Ferrovial encourages employees and gives them all the means necessary to be familiar with this document, by creating an online Crime Prevention course. A total of 506 users took this course in 2012 (those who did not take it in 2011) over 197 hours. This amounts to 3,855 employees, who have taken the course over 2,278 hours since 2011.

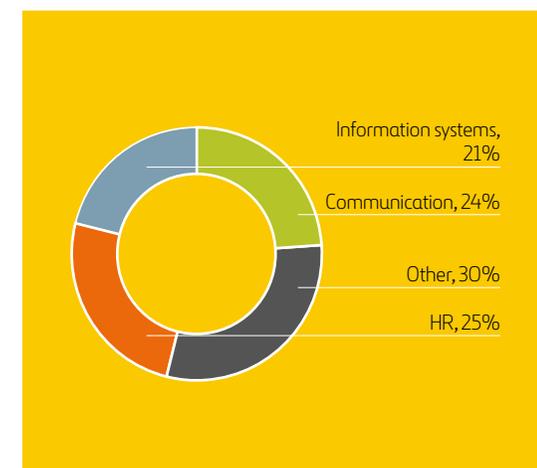
The Protocol is obligatory for Ferrovial workers. It includes a non-exhaustive list of prohibited conduct, aimed at preventing criminal lawsuits being filed against the company, its directors and employees.

As part of its normal relationship with suppliers and subcontractors, Ferrovial promotes various training initiatives on the implementation of the principles of the Code of Ethics in the supply chain.

## Suggestion Box

Ferrovial has had a "Suggestion Box" since 2004, where employees can make suggestions for improvement, and leave their comments and criticisms. This box can be accessed via the corporate intranet.

A total of 71 suggestions were received in 2012. The breakdown by type of suggestions made is as follows:



As of the date of publication of this report, 89% of the communications had been closed (processed or rejected).

## Whistleblowing Channel

With the aim of ensuring compliance with the Code of Ethics, procedures and protocols, reports are channeled through the Whistleblowing Channel introduced in 2009. Employees (internal stakeholders) and external stakeholders can use this channel to report any issues, irregularities, non-compliance, or unethical or illegal conduct. In other words, any person with a well-founded suspicion or knowledge of a violation of the Code of Ethics can file a report (anonymous or not) via the corporate website.

All the complaints give rise to an investigation by the Complaints Box Managing Committee.

The committee is made up of the Director of Internal Audits and the General Director of Human Resources. It meets

at least once a month at the request of the Director of the Internal Audit Department. When the situation calls for it, urgent meetings may also be convened by any member of the Managing Committee, or any other Ferrovial department. This committee is responsible for taking measures to improve compliance and resolve incidents or doubts as to interpretation.

An emergency procedure has also been established for any complaints whose contents call for immediate action. In such cases, the Internal Audit Department, as the unit responsible for the Complaints Box, must decide whether an urgent meeting of the Managing Committee is required, or whether to set in motion the procedures that the company has established for addressing the reported problem.

In 2012 there were 31 complaints (51% down on the figure for the previous year). Of these, 84% of the people gave their names and 16% were anonymous, compared with 54% and 46%, respectively, in 2011.

Broken down by category of complaint:

- Third-party commitments: 23%
- Harassment: 16%
- Appropriation: 10%
- Working conditions: 6%
- Issued not related to breaches of the Code of Ethics: 45%

The Complaints Box procedure is available to third parties on the intranet and the corporate website. It is approved by the Chairman and accepts all associated liabilities, as well as guaranteeing absolute confidentiality and anonymity if the whistleblower so requests.

## Purchasing

According to the Code of Ethics, employees involved in purchasing must not have any personal, financial, family or other interest, whether direct or indirect, in the suppliers. If such an interest does exist, the employee must notify his or her immediate supervisor. Since 2008, the personnel in Ferrovial's Purchases Department have also been bound by the specific principles of integrity published in the Code of Buyers.

An immediate supervisor must be advised of any direct or indirect conflicts of interest arising from family connections, personal ties, financial interests or other factors. Employees who participate in purchasing are prohibited from accepting special discounts or gifts valued at over 90 euro. Gifts of a lesser value may only be accepted if they are delivered to corporate headquarters. The code stipulates that invitations to trips, events or paid meals must be supervised, and employees should not accept invitations from suppliers.

The Nomination and Remuneration Committee is responsible for taking measures to make sure that Ferrovial does not hire, either as employees or as senior management, persons who have previously performed evaluations of the company for rating agencies, unless more than two years have passed since they left the agency.

Ferrovial prepares an Annual Good Governance Report that covers all essential aspects of good governance, aligned with the values of integrity, transparency and responsibility.

## Good governance

Ferrovial's operations are based on a commitment to good governance, transparency and integrity. The business and conduct of Ferrovial and its employees are founded on the key value of integrity, and are managed in accordance with the principles of honesty, prevention of all forms of corruption and respect for the specific circumstances and needs of all parties involved.

Ferrovial prepares an Annual Good Governance Report that covers all essential aspects of good governance, aligned with the values of integrity, transparency and responsibility. It also prepares an Annual Board of Directors' Remuneration Report, which contains the individual remuneration of each of the board members, as well as clear and comprehensible information on the Company's remuneration policy for the current and following years.

 Annual Good Governance Report.  
 Annual Board of Directors' Remuneration Report.

## Preventing fraud and corruption

Ferrovial has had an internal fraud prevention procedure in place since 2005 to protect its business assets by preventing conduct that may involve internal fraud. It was updated in 2009 to keep it in line with the reality of the companies and countries in which Ferrovial operates.

The procedure is applicable to the employees of Ferrovial and of all companies, associations or organizations in which Ferrovial has a controlling interest (50% or more) or in which it has a minority interest with managerial control.

Internal fraud is defined as "any willful act or omission which, performed by Ferrovial employees, attempts to cause or causes harm to the assets of Ferrovial, harm being understood to mean the generation of costs or expenses without equivalent compensation, the production of asset impairment or the failure to obtain a legitimate return."

The procedure provides that any person subject to it who is aware of actions that could harm the company's assets has the right and obligation to inform Ferrovial. Notifications can be sent to the person's immediate superior or through the Complaints Box, anonymously

or not. The employee must try to make available all the information and/or documentation necessary so that a superior or the Complaints Box Managing Committee has sufficient evidence to make a correct analysis and assessment of the facts.

## Risk Management

Since 2009, Ferrovial has been implementing the new process of integrated risk management, called Ferrovial Risk Management (FRM), led by the company's Risk Management Department. This process identifies and assesses risks that threaten the achievement of business goals set by Management, whether financial or non-financial (Corporate Responsibility).

The whole organization takes part in the FRM process, with its main objectives being:

- risk identification and assessment, through a prioritization and standardized valuation exercise.
- adoption of corrective measures needed to mitigate the impact of risks and/or the probability of their occurring.

The process operates at different levels of the organization. Identification, assessment and comprehensive management of risks is carried out bottom-up, starting with managers working directly in the businesses at local level through to higher levels of the company.

The definition of the FRM and its components, the risk universe (strategic, operational, compliance and financial risks) and a uniform rating scale for the entire organization, is based on Ferrovial's Control and Risk Management policy, which is established by the Board of Directors and organized into a set of principles. FRM does not consider Corporate Responsibility to be a risk but a business goal to be achieved by the organization, which means that the company managers must identify and assess the risks to achieving the Sustainability goals set by Management.

The exercise of identifying risks is carried out at the same time throughout the organization, taking into account the geographical diversity of Ferrovial's activities. To carry out this exercise, 109 different business realities have been distinguished for carrying out the risk identification and assessment, and for designating the managers responsible for carrying out the analysis.

In the FRM process, the organization's risks are identified and assessed (this takes into account the potential impact on the benchmark objectives, the probability of their occurrence and the exposure of the businesses to this situation). Risk events (called contingencies in the FRM) that may have occurred in the organization are also identified and assessed.

## Risk Management and Control policy

A policy on Control and Risk Management was approved in 2011. It is applicable to all those companies in which Ferrovial has a majority holding and/or management control. The policy is based on respect for Ferrovial's Code of Conduct.

The Procedure to identify and assess risks and contingencies was formalized in 2012, with the aim of harmonizing criteria regarding methodology, information, supervisors, etc.



Aerial view of the Ocaña-La Roda highway, Spain

## Crisis communication and management procedures

The general system of risk supervision and control is closely linked to crisis and business continuity procedures.

In the corporate sphere, the risk profile is a basis for detecting sudden situations that may affect the company's reputation. These risks are identified in catalogs that are specific to each business activity. They are permanently updated and accessible at the organization levels where such situations may occur.

The crisis communication model enables Ferrovial to deal effectively with any contingency that may affect the company's reputation negatively and significantly because of its importance and interest to the media and public opinion. The first measures that deal with possible contingencies are key elements for managing a crisis.

That is why an internal and external communication protocol is in place to ensure that in a crisis situation the decision-making organizational levels are provided with reliable and appropriate information in the shortest possible time.

There are also specific procedures in the systems of the business areas that include measures to be implemented at the levels affected by the crisis in order to mitigate damage to people or the environment, and to reduce the economic impact of the crisis and help the business activity recover in the shortest possible time.

The crisis communication model enables Ferrovial to deal effectively with any contingency that may affect the company's reputation negatively and significantly because of its importance and interest to the media and public opinion.

## Information Security

In March 2012, Ferrovial's Information Security Management System was certified according to standard ISO/IEC 27001.

Ferrovial has an internal information security regulatory framework, stored on the corporate intranet, to safeguard the integrity, confidentiality and availability of the information produced and handled by and for Ferrovial.

It is based on the following basic principles:

- Ownership of information
- Handling of information restricted to authorized and business purposes
- Adaptation to the legal framework
- Code of Business Ethics

This framework is mandatory for all Ferrovial employees and partners, and applies to any kind of information that is generated, regardless of its nature and the means and supports used for storing and transmitting it (in written or printed form, or contained in any other physical medium, digital information managed through information systems, information transmitted orally, etc.).

Ferrovial recognizes the strategic importance of its information assets and considers that the policies and procedures used to create, collect, handle, store, use, control and safeguard Ferrovial's information are key factors for the development of its activity and for its reputation.

Ferrovial also considers it essential to protect its information so that it is not destroyed, rendered unavailable, tampered with or disclosed without authorization. For this purpose, it has established a series of general practical guidelines and control mechanisms applicable both to Ferrovial's information assets and to the systems that process and support them.

Ferrovial periodically carries out training, awareness-raising and communication actions to spread awareness of the need to protect business information.

## Controlling investments and expenses

### Procedure governing investments

This procedure establishes the systems of checks and approval required to carry out large transactions of one million euro or more. On a rising scale that depends on the amount, the operations must be approved by the CEO, the Chairman or the Board of Directors. All preliminary agreements, option contracts and purchase agreements involving down-payments must also be given approval. The formal presentation of non-binding bids, including ITNs (invitations to negotiate), in the course of public or private contract bidding processes, shall be communicated in writing to the CEO with copies to the General Secretary's Office and the Financial Department.

### Handling of cash and expenses

To avoid irregularities in connection with travel expenses, regulations require that all airline and train tickets, rental car fees and hotel reservations have to be handled by the central travel agency with which each company regularly works.

### Credit cards

The use of company credit cards is limited exclusively to paying corporate travel expenses.

### Cash availability

In order to control the availability of cash, regulations control requests for cash advances through the computerized expense management system. The maximum sum allowed for travel expenses is 1,200 euro for domestic trips and 3,000 euro for travel abroad. If the amount of the current request plus the previous advances that have not yet been justified exceeds 1,200 euro, the request requires authorization from the immediate superior.



J. Laitce City, Barcelona, Spain