

A chain featuring 90,000 links

FERROVIAL IS WORKING TO DEVELOP A SUPPLY CHAIN THAT INCLUDES ONLY THE BEST PARTNERS AND SUPPLIERS, WHILE STRENGTHENING SUSTAINABLE PURCHASING, COLLABORATION, EFFICIENCY AND INNOVATION.

Ferrovial integrates ESG principles (environmental, social and good governance) into its supply chain by using a integrated model that aims to foster and improve efficiency, quality, sustainability, transparency, respect for human rights, non-discrimination and equal opportunities.

Selection, negotiation and purchasing processes are both objective and rigorous and are further bolstered with regular assessments and monitoring of the quality of the service provided.

To ensure that the entire process is traceable and transparent from start to finish, the company works with leading socially responsible companies and partners in order to forge long-term commercial relationships

STRATEGY AND MANAGEMENT PROCEDURES

Ferrovial has a Global Purchasing Policy, 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 to Respect Human Rights and the new due diligence process to ensure supplier integrity and ethics.

Overall coordination of purchasing activity rests with the Global Procurement Committee, which, led by Ferrovial's Chief Information and Innovation Officer (CIIO) and comprising the chief procurement manager of each business area, facilitates the sharing of good practices and the improvement of the procurement function on a global scale.

Another of the targets pursued is the professionalization of the function through specific training programs, presence at events and better communication with the various business lines.

NUMBER OF SUPPLIERS ASSESSED

14,588

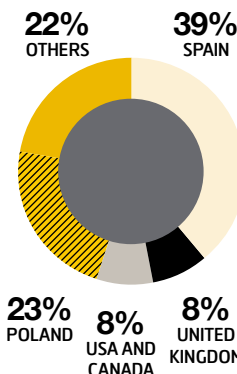
...

NUMBER OF SUPPLIERS

88,857

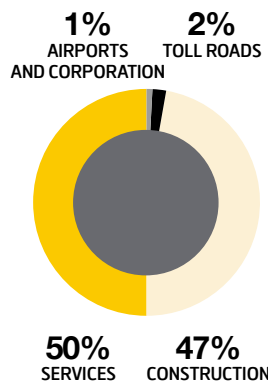
...

SUPPLIERS BY COUNTRY



...

SUPPLIERS BY BUSINESS



COMPREHENSIVE SUPPLIER MANAGEMENT

The task of selecting suppliers and partners and the company's working relationship with them is rooted in transparency, integrity, independence and sustainability with the clear goal of ensuring excellent and efficient levels of services. To achieve this, the company applies specific management, classification, assessment and risk control processes.

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

Meanwhile, the company ensures that all its suppliers comply with the Code of Business Ethics, the Corporate Responsibility to Respect Human Rights, the Anti-corruption Policy and the Due Diligence and Compliance Procedures in their applicable field of action. Contracts with suppliers include an anti-corruption clause that must be signed and accepted when entering into the contract.

The Construction and Services divisions, which account for 97% of the company's suppliers, have made certain procedural improvements to guarantee the ethical integrity of their suppliers, in line with the new procedure in place. The aim here is to help the company better track and monitor its regular suppliers and prevent risks from materializing. The aim is also to champion and promote green purchasing by providing information on suppliers of these types of product through the Green Purchasing Catalog drawn up by Construction, and the new Catalog of Responsible Purchases prepared by Services.

Further down the line, while the service is actually being provided, the company evaluates and monitors the quality of suppliers and subcontractors. This process includes an assessment of possible breaches of the obligations set out in the contract or purchase order where this leads to a change in how the service is provided. Incidents are classified as minor or serious and may lead to the blocking and/or exclusion of the supplier in future tenders.

In 2018, a total of 14,588 suppliers were assessed, of whom less than 1% were rejected. A total of 29,594 new suppliers were approved for use during the year. A total of 800 suppliers were considered critical, accounting for 21.55% of total supplier invoicing.

INNOVATION AND TECHNOLOGY

A commitment to innovation and use of new technologies is key to achieving a more agile, efficient and transparent supply chain. Collaboration with suppliers drives the improvement of the procurement processes and here the company brings its experience to bear in offering products and services that provide value, minimize risk and offer new opportunities.

For instance, Construction has drawn up a Catalog of Innovative Construction Products, which is made available for all construction projects across the globe. It provides valuable information on the improvements and developments detected by the Procurement Division and seeks to make innovation a bigger part of construction projects.

Meanwhile, Services has continued to implement its Smart Fleet project, which aims to improve efficiency and provide consumption control for fuel tanks, preventive and corrective maintenance and occupational and road safety for the company's vehicles and workshops. Two initiatives have been launched within the context of this project, the first relating to onboard electronics and the second governing active safety systems. The first of these initiatives promotes more proficient, more efficient and safer driving. Turning to the active safety systems, and in line with the Target Zero objective to promote road safety, the company's vehicles will all be fitted with active safety devices (advanced driver-assistance systems, known as ADAS), which alert the driver to any event or circumstance that might endanger their own safety or that of pedestrians or cyclists.

SUSTAINABLE PURCHASING

The procurement divisions at Ferrovial focus on renewable energies and on reducing fuel consumption by purchasing electric and hybrid vehicles. They also view energy consumption as a critical concern when making decisions. Services favors renewable energy with guarantee of origin ahead of other sources. Its goal is for renewable electricity to reach 88% of total power purchases by 2020.



LONG-TAIL PROJECT AT FERROVIAL SERVICES SPAIN

The existing supplier base at Ferrovial Services Spain —with upward of 14,000 suppliers— is noteworthy because some 40% of the associated costs are not managed centrally. This type of decentralized management has prompted the company to launch its Long-Tail project, which aims to control and monitor all decentralized purchasing, reduce supplier risk and optimize operating costs.

Within the framework of this project, the company has implemented a Suppliers Panel to organize and sort all the information relating to the suppliers of Ferrovial Services Spain and to make it available across the entire company. The panel is essentially a tool to improve the daily management of the information. The panel gathers all available information on the suppliers. It then shares key information with the relevant businesses to ensure that it is suitably managed and helps them pick the suppliers best suited to the needs of each project. For more information on the new pane on this [video](#).

The Construction business continues to expand its Catalog of Green Purchases, which it uses to raise awareness and to encourage the procurement of environmentally-friendly products for construction projects and services.

Meanwhile, Ferrovial Services Spain has drawn up a Catalog of Responsible Purchases, which aims to identify and flag those suppliers capable of integrating ESG (environmental, social and governance) factors into the value chain, thus unlocking their value when it comes to selection and negotiation. 

