

5. ETHICS

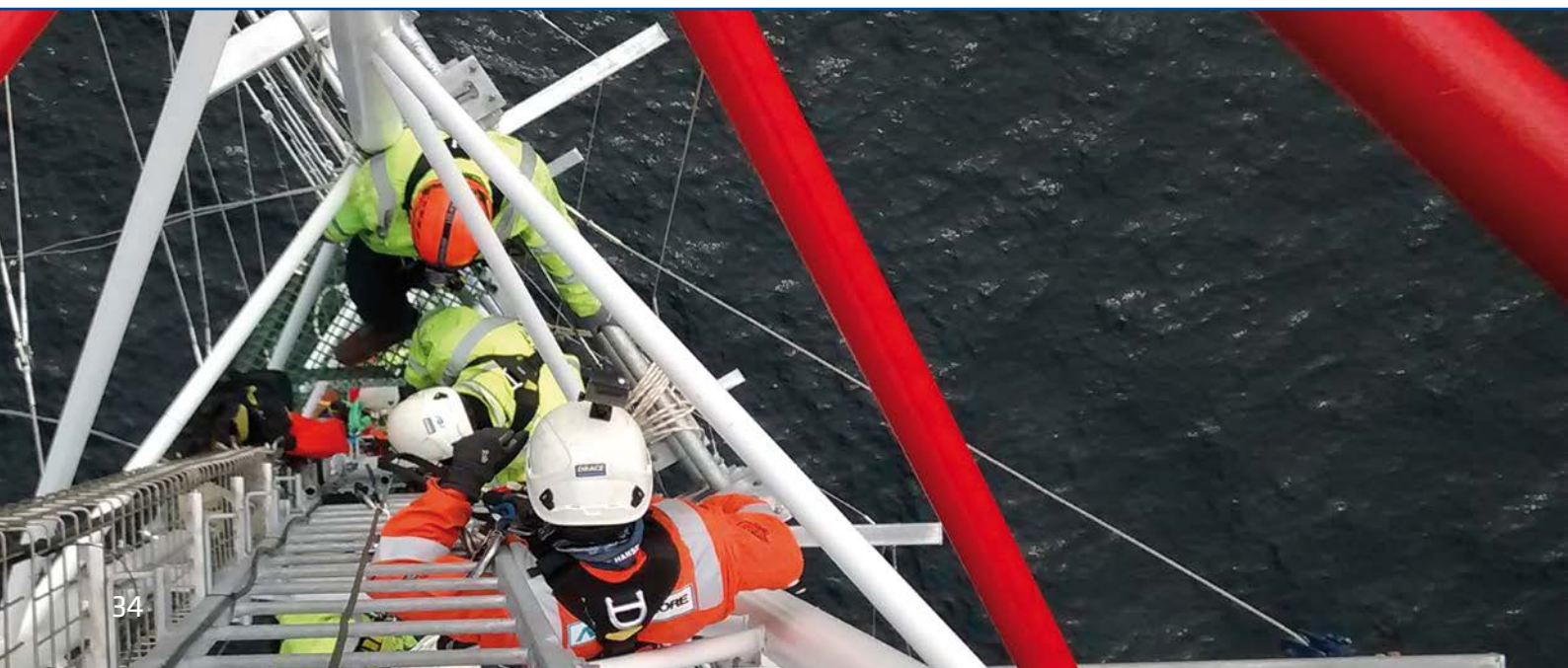
5.1. ETHICS AND INTEGRITY: SUMMARY, OBJECTIVES AND GENERAL PRINCIPLES

The ACS Group and the companies which make it up are fully committed to promotion, reinforcement and control in matters related to ethics and integrity, through measures which enable them to prevent, detect and eradicate bad practices.

Integrity is a very important aspect in the ACS Group. In 2011, important measures were promoted from the Board of Directors' Executive Committee to advance these values included in the ACS Group's Code of Conduct. In 2015, the ACS Group adapted its Code of Conduct to follow the most demanding standards in terms of Good Corporate Governance. The code includes new subjects such as fiscal responsibility, loyal competition, eradicating of forced labour and respect for minority rights. The Code has also included the company's adaptation with

the framework of the United Nations Ruggie Report for Human Rights and companies. Specific adjustments have also been made concerning questions such as how to avoid discrimination and the Ethical Channel function.

Currently, the ACS Group has equipped itself with two corporate tools: the Code of Conduct and the Ethical Channel, which are widely adopted in the various business areas, and a control system reporting to the Board of Directors, called the Code of Conduct Monitoring Committee.



The ACS Group promotes knowledge of the general principles of conduct, ethics and integrity by all employees, clients, suppliers and contractors.

5.1.1. ETHICS AND INTEGRITY: CODE OF CONDUCT

Since its foundation, the ACS Group and its companies have made a commitment to the various parties forming part of its operations and which interact with the company or its employees. This commitment is based on the ethical principles governing the ACS Group's operations, which shape its corporate culture. In 2015, the ACS Group updated its Code of Conduct to follow the most demanding standards in terms of good corporate governance, bringing its content in line with the principles and recommendations of the New Good Corporate Governance Code for Listed Companies of February 2015.

This new Code of Conduct was approved by the resolution of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. at its meeting held on 12 November 2015. This resolution was disclosed to the CNMV and uploaded to the ACS Group website on the same date.

In terms of respect for human rights, the Code has included the adaptation of the business activity to the framework of the Report of the Special Representative of the Secretary General of the United Nations on the matter of human rights and multinational companies and other companies, John Ruggie, approved in March 2011. The "Ruggie" Report sets out the United Nations framework to "protect, respect and remedy" the protection of human rights in the world of business.

ACS's Code of Conduct¹¹ constitutes a guide for the professional performance of all the Group's employees and managers in relation to their daily work, the resources used and the business environment, as well as for all the investee companies in which the ACS Group controls their management.

The basic principles for action in the Code of Conduct are as follows:

- **Integrity:**
the ACS Group promotes recognition of behaviour in accordance with loyalty and good faith, and against corruption and bribery, among its employees, avoiding any kind of behaviour and procedures constituting unfair competition; and commitment to fiscal responsibility.
- **Professionalism:**
the ACS Group's employees and management should be recognised for their high professionalism based on proactive and efficient and customer-centric performance focused on excellence, quality, innovation and willingness to provide service.
- **Respect for Others and the Environment:**
ACS undertakes the commitment to act at all times in accordance with the United Nations Global Compact, to which it has been a signatory since its foundation, the objective of which is the adoption of universal principles in the areas of human and labour rights and the protection of the environment.

¹¹ The ACS Group's Code of Conduct can be read at http://www.grupoacs.com/index.php/en/c/corporategovernance_codeofconduct

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All actions taken by the ACS Group and its employees shall strictly abide by the Human Rights and Civil Liberties included in the Universal Declaration of Human Rights, and, specifically, the United Nations Ruggie Report on Human Rights and companies. The relationship of the Group with its employees, as well as the relationship among employees, therefore, shall be based on the following commitments:

- Prevention of corruption and bribery.
- Equal opportunities.
- Non-discrimination.
- Confidentiality in information management, when applicable.
- Fair competition and avoidance on anti-competitive practices.
- Promotion of training and professional and personal development.
- Occupational health and safety.
- Eradication of child labour.
- Eradication of forced labour.
- Respect for minorities.
- Fiscal responsibility.
- Reduction of negative impact on local and indigenous communities.
- Channels for appropriate reporting of those inappropriate practices identified (Ethical Channel).

The General Code of Conduct was approved by the ACS Group's Board of Directors in its meeting of 15 March 2007, was modified by resolution of the Board of Directors' Executive Committee of 30 August 2011, and new amendments were approved thereto by the Board of Directors on 12 November 2015.

5.1.2. MANAGEMENT PRINCIPLES

5.1.2.1. FIELD OF ACTION AND SCOPE OF THE CODE OF CONDUCT

The Code of Conduct and the procedures laid down for disseminating and safeguarding it are basic elements in the Group's integrity framework. In this respect, the Code of Conduct has been extended to the whole organisation:

- The Code applies to all members of management bodies and to all employees of Group companies, regardless of the contractual form determining their labour relationship, the post they occupy or the place in which they carry out their work. They are all obliged to know and comply with the Code of Conduct and collaborate in its implementation in the Group. Additionally, the ACS Group's management team shall make the necessary means available to such companies to fulfil the regulations contained in the Code of Conduct.
- The scope of application of the Code may be extended contractually to any other individual or legal entity with commercial or business relations with the ACS Group when, due to the nature of that relationship, its activities could affect the ACS Group's image and reputation.
- The scopes of application contained in this Code affect all companies which form a part of the ACS Group due to the latter having control over their management. Although the HOCHTIEF Group is fully consolidated in the ACS Group, both the HOCHTIEF Group's parent company, HOCHTIEF AG, and the parent company of its CIMIC subgroup, CIMIC Group Limited, are companies listed on the German and Sydney stock exchanges, respectively, hence they are subject to their own

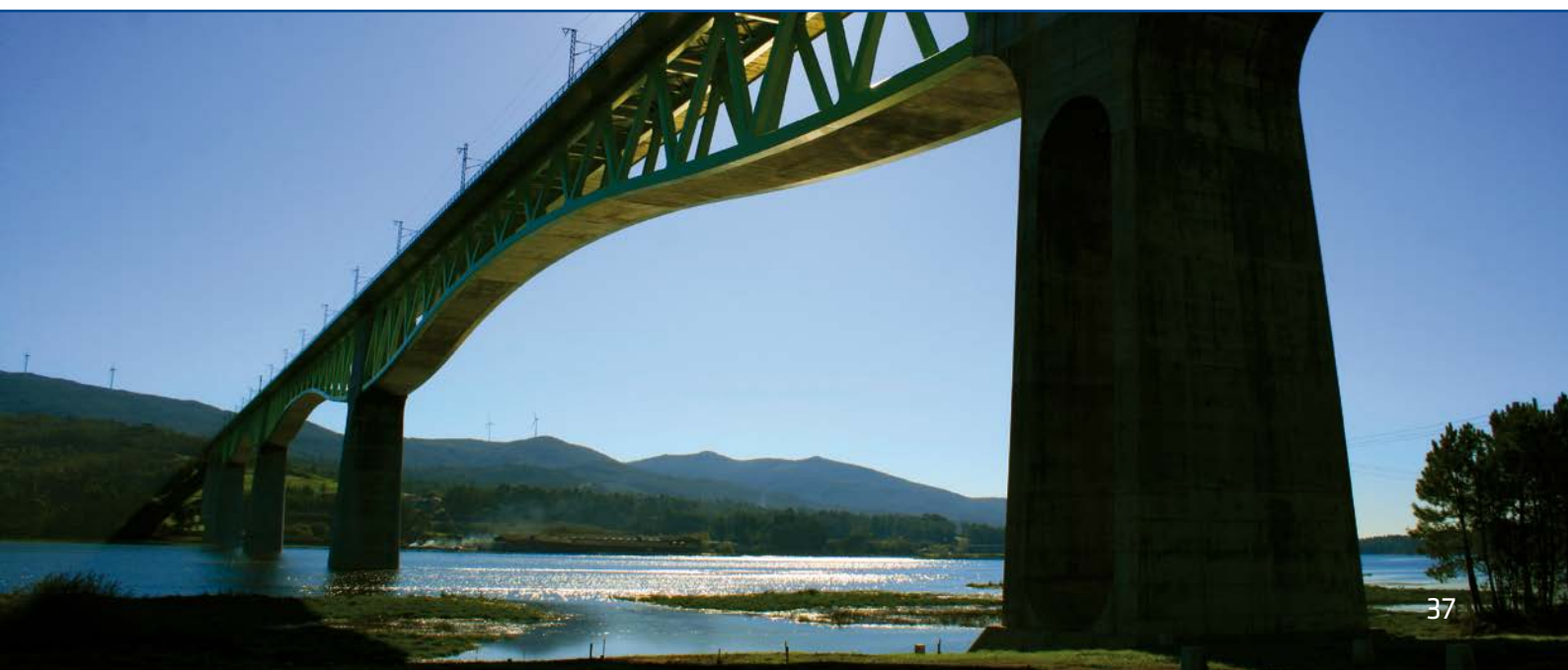
regulatory bodies' rules and have both their own Codes of Conduct and their own internal whistle blowing and control channels, under similar terms to those of the ACS Group. Hence, the Code of Conduct of the ACS Group is not directly applicable to the investees which belong to the HOCHTIEF Group and to the CIMIC Group. In HOCHTIEF's case, the Group has its own Code of Conduct, setting out the ethical principles on which the company's business is based, and which is compulsory for all its employees and directors. In the case of CIMIC Group Limited, the Group Code of Conduct covers the Group's commitment to compliance with standards in terms of good corporate governance, high ethical standards and excellence in service.

- All ACS Group companies adhere to the Code of Conduct. In addition, companies representing 89.1% of ACS Group employees have developed initiatives to expand the precepts of the Code of Conduct as a consequence of the needs they have detected resulting from their type of business, their presence in countries or geographical areas with additional risks or as a consequence of additional legal requirements.

5.1.2.2. ACTIONS TO PROMOTE GOOD ETHICAL PRACTICES

The ACS Group understands due diligence as the set of activities carried out and aimed at minimising the possibility of bad practices arising in the Group as regards ethics and integrity. The ACS Group understands that the following are necessary for this:

- Allocation of responsibilities as regards supervision of the company's performance in this field. This responsibility falls to the Code of Conduct Monitoring Committee, reporting to the Board of Directors.
- Establishing procedures which enable the prevention, detection, notification and eradication of bad practices in this field. In this regard, specific initiatives are defined in Group companies where additional risks (operational, geographical or mixed) are detected, to expand on the Code of Conduct at the same time as promoting training in fields related to Ethics and encouraging use of the Ethical Channel.



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- The knowledge and understanding by the company's people of what is expected of them in relation to ethics and integrity. In 2015, companies representing 93.8% of Group employees report the existence of a specific training plan in matters of Human Rights, Ethics and Integrity and Conduct. A total of 1,384 training courses, attended by 51,326 employees, were given in this field in ACS in 2015. Indeed, the level of penetration of training in terms of Human Rights, Ethics and Integrity and Conduct has already reached 33.6% of the Group's total number of employees. Each trained employee had an average of 3 training hours during the year.
- The adoption of good practices has begun to be promoted relating to performance assessment in terms of Ethics and variable remuneration according to parameters related to the control of Ethical risks. As such, formal, documented commitments to the Universal Declaration of Human Rights are included in companies representing 89.8% of ACS employees. Additionally, compliance with the precepts of the Code of Conduct is confirmed in employee performance assessments.
- Establishing commitments which make clear the behaviour expected of the people who make up the company. An outstanding cultural characteristic in compliance terms in the ACS Group is the adoption of "Zero Tolerance" policies to breaches in this field. Companies representing 84.5% of Group employees report the existence of such a policy.
- Supervision and monitoring of the whole process by means of audits or inspections by independent companies. Companies representing 18.8% of Group employees perform regular (annual or at least twice-yearly) independent external audits.
- Promotion and monitoring of ethical standards in suppliers and subcontractors.

ACS Group companies representing 82% of sales explicitly include compliance with the ACS Code of Conduct in the contracts they sign with Suppliers and Subcontractors. Furthermore, 27% internally or externally verify such compliance. Companies representing 69% of ACS's sales promote and positively assess their suppliers' adherence to international standards such as the Global Compact, UN and ILO conventions, etc.

- In terms of avoiding monopoly practices, the ACS Group is opposed to such practices, through its Code of Conduct, and assesses annually the level of risk this aspect represents. In 2015, the Group's purchasing managers reported that companies representing 65.3% of total turnover had implemented anti-market monopoly practices.

The final aim of ACS's actions with regards to ethics and integrity is to establish a framework for action which stimulates everyone to execute their responsibilities in an upright, responsible and transparent manner.

5.1.2.3. GENERAL CODE OF CONDUCT MONITORING COMMITTEE

The recent reform of the Rules of the Board of Directors of the parent company of the ACS Group, approved in 2015, was ultimately aimed at adapting its content to the new developments introduced in the legal regime applicable to the Boards of directors of the Company, and, in general, to the directors of the listed Public Limited Companies, by Act 31/2014, which amended the Corporate Enterprises Act 31/2014, to improve corporate governance, and the New Good Governance Code for Listed Public Limited Companies approved by the Spanish Stock Market Commission on 24 February 2015.

The New Good Governance Code for Listed Companies includes specific recommendations for corporate social responsibility. One such recommendation is that the supervision of compliance with corporate governance rules, internal codes of conduct and of the corporate social responsibility policy will be attributed to one or will be divided between several committees of the board of committees which may be the audit committee, the appointments committee, the corporate social responsibility committee, if there is one, or a specialised committee which the Board of Directors, exercising its right of self-determination, may decide to create for that purpose, to which minimum functions will specifically be attributed (Recommendation 53).

Subject to the Code of Conduct of the ACS Group, amended by resolution of the Board of Directors on 30 August 2011, a Monitoring Committee was created with the purpose of safeguarding the compliance of the Code of Conduct and resolving any problems or doubts about its interpretation, taking any measures which might be deemed pertinent for that purpose.

In its meeting on 22 March 2012, the Board of Directors of the parent company appointed the first Monitoring Committee, which was tasked with submitting an Annual Report on the level of compliance with the Group's Code of Conduct to the Board of Directors through the Audit Committee.

Following the latest reform of the Rules of the Boards of Directors of the parent company, Article 25, which regulates the tasks of the Audit Committee with regard to corporate governance and social responsibility, provides that the Audit Committee will supervise the compliance with corporate governance rules, of internal codes of conduct and with the corporate social responsibility, and will have the following functions, inter alia:

- It will oversee compliance with the Company's internal codes of conduct and corporate governance rules.
- It will monitor corporate social responsibility strategy and practices and evaluate its degree of compliance.
- It will assess all matters concerning the company's non-financial risks - including operating, technological, legal, social, environmental, political and reputational risks.
- It will coordinate the process of reporting non-financial information and diversity, subject to applicable laws and international standards of reference.

Against this background of adaptation of the Group's corporate documents to Act 31/2014 of 3 December, amending the Corporate Enterprises Act in order to improve corporate governance, and the New Good Governance Code of Listed Companies, the new version of the Code of Conduct provides that in order to safeguard the compliance and knowledge of the Code, to resolve any problems or doubts concerning its interpretation and to ensure that it is applied fairly in complaints, a Monitoring Committee has been created, and the Board of Directors of the Group's parent company has decided on its members.

This Monitoring Committee reports to the Audit Committee, in its functions as the supervisory body of compliance with corporate governance rules, of the internal codes of conduct and of the corporate social responsibility policy.

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5.1.2.4. ETHICAL CHANNEL

The main tool serving the Monitoring Committee is the Ethical Channel. It is used to report on any irregular conduct in any of the companies which form part of the ACS Group or any breach of the standards set out in the Code of Conduct, using the following:

- email address:
canaletico@grupoacs.com
- Or also by writing by post to:
**Canal Ético, Grupo ACS,
Avda. Pío XII 102, 28036 Madrid, Spain.**

The Ethical Channel is both a means for reporting breaches of the rules in the ACS Group's Code of Conduct and a means for resolving doubts which may be raised on applying the Code of Conduct.

Although the HOCHTIEF Group is fully consolidated in the ACS Group, both the HOCHTIEF Group's parent company, HOCHTIEF AG, and the parent company of its subgroup, Cimic Group Limited, are companies listed on the German and Sydney stock exchanges, respectively, hence they are subject to their own regulatory bodies' rules and have both their own Codes of Conduct and their own internal channels for complaints and control, under similar terms to those of the ACS Group. Hence, the Code of Conduct of the ACS Group is not directly applicable to the investees which belong to the HOCHTIEF Group and to the Cimic Group. In HOCHTIEF's case, the Group has its own Code of Conduct, setting out the ethical principles on which the company's business is based, and which is compulsory for all its employees and directors. In the case of Cimic Group Limited, the Group Code of Conduct covers the Group's commitment to compliance with standards in terms of good corporate governance, high ethical standards and excellence in service.

If the ACS Group's parent company receives formal complaints relating to the actions of members of the HOCHTIEF Group or its subgroup, Cimic, it would inform the complaining party of the internal complaints mechanisms, in each case, and would consider the complaint to have been transferred to the body or management area responsible in each of these subgroups.

Based on Opinion 1/2006 issued by the Working Party created by Article 29 of Directive 95/46/EC – on the application of EU data protection rules to internal whistle blowing schemes in the fields of accounting, internal accounting controls, auditing matters, fight against bribery, banking and financial crime – the Spanish Data Protection Agency (Agencia Española de Protección de Datos - AEPD) laid down, by means of Legal Report 0128/2007, the characteristics with which all internal whistle blowing systems must comply in accordance with that set forth in Spanish Organic Law 15/1999, of 13 December, on Personal Data Protection (Ley Orgánica 15/1999, de 13 de diciembre, de Protección de Datos de Carácter Personal) and the regulations which implement it.

Following the AEPD guidelines, the Monitoring Committee laid down the regulation for the internal system for reporting breaches, implemented by the ACS Group through the Ethical Channel:

- Accusations will only be accepted in which the whistle blower is identified, so preventing the existence of anonymous accusations.
- The whistle blowers and accused parties who use the internal whistle blowing system shall be people with a link to the company under employment, civil or commercial law, thus the internal whistle blowing system cannot be made available to third parties, even if they have a legitimate interest.

- Users – potential whistle blowers and accused parties – shall be expressly informed of the existence and operation of an internal whistle blowing system and its existence shall be incorporated in the contractual relationship.
- The accusations shall refer to internal or external matters or standards which involve non-compliance with the employment or contractual duties of the accused party or events which could result in criminal liability for the accused party or the company, based on regulations on money laundering and the reform to the criminal code which establishes criminal liability for legal entities.
- The accusation system will guarantee that the identity of the whistle blower remains confidential throughout all the stages of processing, making it impossible for it to be revealed to the accused party, and the whistle blower must be informed of the following circumstances:
 - His or her identity will be kept confidential throughout all the stages of the process.
 - His or her identity will not be disclosed to third parties, nor the accused person, nor the employee's managers, except if its disclosure to the relevant people involved is necessary in any subsequent investigation or legal proceedings initiated as a result of the investigation carried out by the internal whistle blowing system.
- The internal whistle blowing system must set a maximum period for holding the data related to the accusations, this being limited to that needed for the processing of the necessary internal auditing measures and, as a maximum, to the processing of the legal procedures resulting from the investigation carried out. As indicated in the latest Biennial

Internal Audit of files with data of a personal nature, of April 2015, the Security Document sets a period of one year for holding data related to the accusations, to be extended if necessary either for processing internal auditing measures or for the arbitration or legal proceeding deriving from the investigation carried out.

- The accused party shall be notified, as soon as possible, of the following circumstances:
 - The body responsible for the whistle blowing system.
 - Of what he or she is accused.
 - The departments and offices which may receive the report within the company.
 - How the accused party can exercise his or her rights of access and correction.
- Only in cases where the company's capacity may be put at risk may the duty of informing the accused party be delayed. This delay may not, under any circumstances, exceed three months to be counted from the time that the accusation was made.
- The high level file shall be registered in the General Data Protection Register.
- The high level security/safety measures provided for in Royal Decree 1720/2007, of 21 December, approving the Regulation implementing the Data Protection Act, have to be applied. Accordingly, the application was filed at the Spanish Data Protection Agency (Agencia Española de Protección de Datos), which registered the file in the General Data Protection Registry on 16 February 2012.

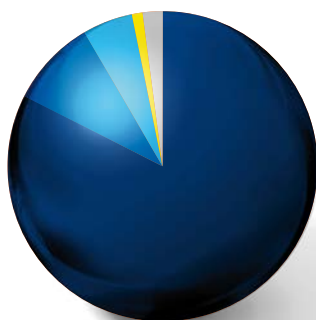
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A total of 97 communications were received in 2015, and 14 information or investigation files were opened (out of 95 of them). One of these files, which accounts for 69 of the communications, has led to the issue of a Conclusions and Recommendations report which the Committee has escalated to the Industrial Area Division. No proceedings have been opened for two

of the notifications received as they were simply requests for information about the Ethical Channel or the Code of Conduct. The digital channel was used in 94 of the cases. Two communications have been received by bureau fax and one by fax.

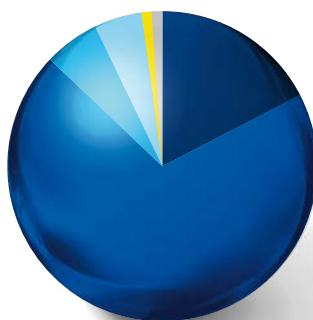
The details of the communications received are as follows:

SOURCE OF COMMUNICATIONS

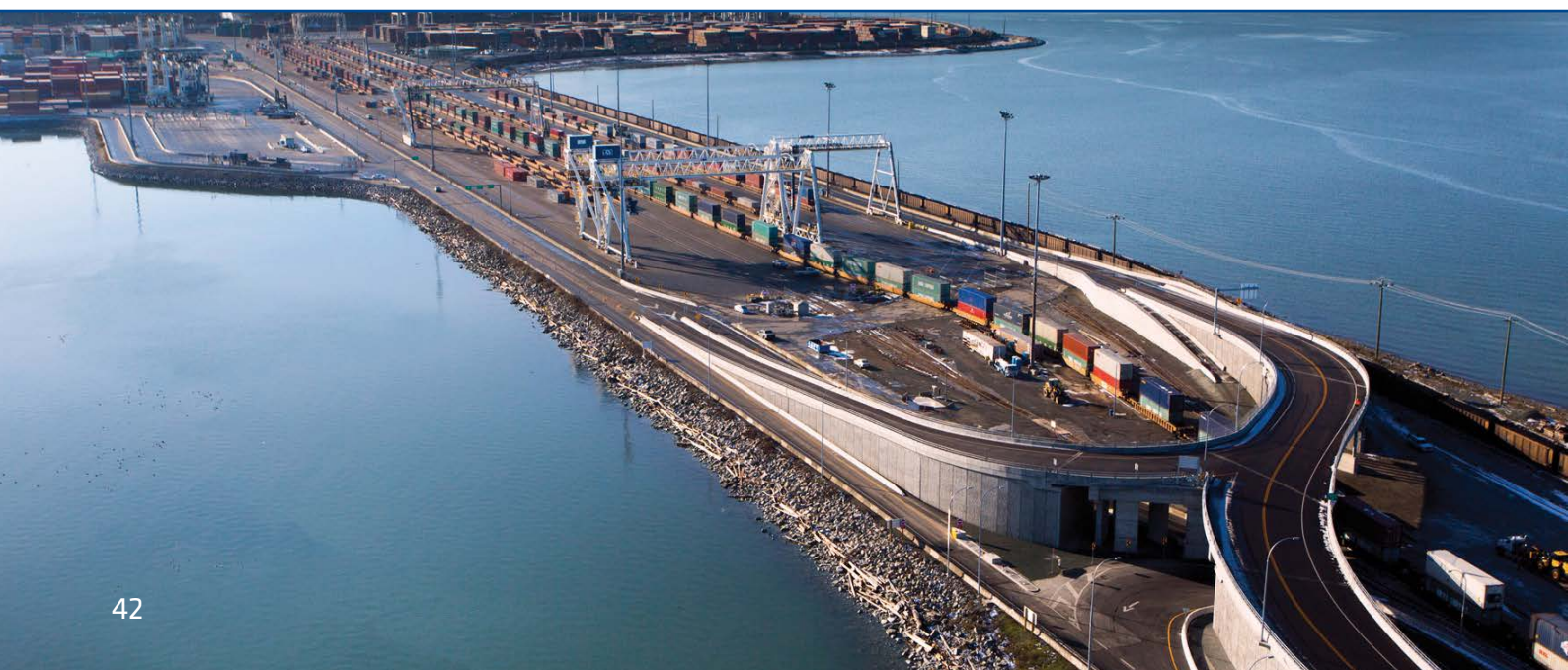


- **EMPLOYEES: 80**
- **THIRD PARTY: 9**
- **EX EMPLOYEE AND SHAREHOLDERS: 5**
- **EX EMPLOYEE: 1**
- **ANONYMOUS: 2**

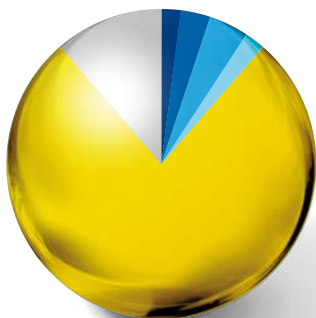
COUNTRY OF ORIGIN



- **SPAIN: 16**
- **IRELAND: 69**
- **EL SALVADOR: 5**
- **SAUDI ARABIA: 5**
- **COLOMBIA: 1**
- **MEXICO: 1**

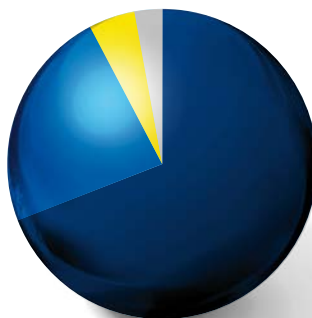


REASON FOR COMMUNICATION



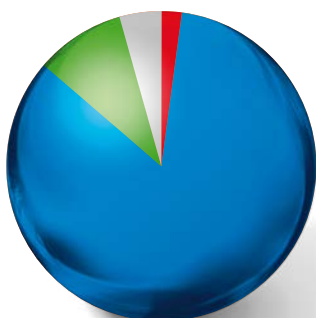
- LABOUR DISPUTE: 2
- DISCRIMINATION/EQUALITY: 3
- BULLYING: 4
- INFORMATION REQUEST: 2
- REPORT OF IRREGULARITIES: 75
- OTHERS: 11

METHOD OF RESOLUTION



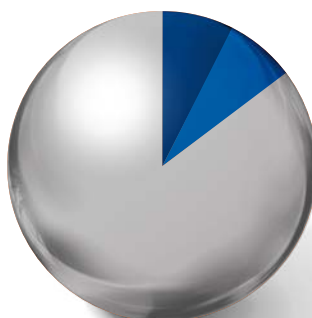
- CONCLUSIONS AND RECOMMENDATIONS REPORT: 69
- INADMISSIBLE: 21
- NOT DECLARED ADMISSIBLE: 4
- OTHERS: 3

COMMUNICATIONS PER AREA OF ACTIVITY



- CONSTRUCTION: 2
- INDUSTRIAL SERVICES: 82
- ENVIRONMENT: 10
- INDIVIDUALS: 3

PROCESSING PERIOD



- LESS THAN 15 DAYS: 6
- 15-30 DAYS: 8
- MORE THAN 30 DAYS: 83

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5.1.3. MANAGEMENT INDICATORS

In terms of Ethics, the ACS Group has established that the following management indicators are material, measurable, relevant and representative of the function analysed and form a part of the process for making the good practices developed by Project one more universal.

MAIN MANAGEMENT INDICATORS - ETHICS

	2013	2014	2015	Objective for 2016
Percentage of total ACS Group employees who have received at least one course in Human Rights, Ethics, Integrity or Conduct during their career with the company (% of total ACS employees)	38%	36%	34%	> 2015
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct (% of total ACS employees)	33%	17%	19%	N/A
Level of implementation in the ACS Group of contractual clauses on the compliance with the Code of Conduct in contracting with suppliers and subcontractors (% of sales)	90%	84%	82%	> 2015
Level of implementation in the ACS Group of regular external audits to confirm the degree of compliance with the Code of Conduct by suppliers or contractors (% of sales)	17%	27%	27%	N/A
Communications received by the Ethical Channel	27	9	97	N/A



5.1.4. RISKS

Several main risk areas have been identified as material for the ACS Group in terms of Ethics. The ACS Group has developed specific means for measuring, counteracting, controlling or eliminating these risks.

- Risk in terms of bribery and corruption. Companies representing 18.8% of the ACS Group perform regular audits on the level of implementation of the ACS Group Code of Conduct, which is the main tool for opposing this risk. Furthermore, 74.9% of Group employees specifically deal with matters of compliance with subjects related to the Code of Conduct in their performance assessments. In 2015, companies which represent 73.8% of the Group's total employees have assessed risks of corruption in their workplace.
 - Risk in terms of forced labour or child labour. Companies representing 90.8% of Group employees have identified this risk as material and have thus developed protocols or policies to keep it to a minimum.
 - Risks in terms of respect for rights of association or union representation.
- Companies representing 82.3% of Group employees have identified this risk as material and have thus developed protocols or policies to keep it to a minimum.
- Risk in terms of discrimination/equality. Companies representing 95.4% of ACS Group employees are provided with formal programmes to ensure they have equal opportunities. In 2015, 2 cases of discrimination were reported.
 - Risks deriving from the activity of contractors and suppliers. As detailed in the previous point on actions to promote good ethical practices, the Group implements several initiatives to reduce the risks resulting from contracting suppliers and subcontractors. In 2015, the Group evaluated a total of 67,100 suppliers' labour practices, and concluded that 1.3% of these suppliers had significant risks in such practices. The Group also evaluated 21,088 suppliers in terms of their human rights record. A total of 18,343 suppliers were also assessed regarding their possible impacts on society. The Group also assessed its new suppliers: 17.9% in relation to their labour practices and 0.7% about criteria concerning their impact on society.

