

ENVIRONMENT

# DEVELOPING A SUSTAINABLE ECONOMY

Ferrovial reinforces its commitment to sustainability and reaffirms the importance of the SDGs in its strategic plans and all its activities. To this end, the company has set out several lines of action in its Climate Strategy, aimed at contributing to decarbonizing the economy and combating the effects of climate change.

## REDUCTION OF GHG EMISSIONS

**56%**

in relative terms compared to 2009

## ELECTRICITY CONSUMED FROM RENEWABLE SOURCES

**68%**

target of 100% by 2025



Sustainable infrastructures that improve our mobility

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he company works actively to minimize its environmental impact and offer products and services that promote the development of a sustainable economy. To this end, Ferrovial

has a climate strategy with ambitious emission reduction targets, it promotes the circular economy, offsets its impact on biodiversity and minimizes its water footprint.

## CLIMATE STRATEGY

Climate change is a key element in the company's governance, which incorporates both the recommendations of the Task Force on Climate Disclosures (TCFD), as climate risks within the Ferrovial Risk Management (FRM) corporate risk identification and assessment system. The strategy in this area takes into account the risks and opportunities identified in each activity, and therefore two critical objectives have been defined:

- Responsible management of the environmental impacts arising from the company's activities from a preventive perspective, including undertaking actions to reduce GHG emissions.
- Harnessing skills and knowledge in developing infrastructure for a low-emission economy.

## ON THE ROAD TO DECARBONIZATION

During 2019 and 2020, work has been carried out on the Deep Decarbonization Path plan, included in Ferrovial's Horizon 24 strategy to achieve emission reductions in the construction and infrastructure area by 2030, where the main lines of work are: 100% electricity consumption from renewable sources by 2025; renewing the fleet to 33% zero-emission vehicles by 2030; improving energy efficiency in asphalt plants by 20%; and increasing energy efficiency in construction machinery by 10%. As part of this plan, the company is committed to achieving emissions neutrality by mid-century.

## CARBON FOOTPRINT

The calculation and reporting of the carbon footprint is applicable to the entire company and covers all business areas and its subsidiaries. The calculation method is based chiefly on the GHG Protocol (WRI&WBCSD), which is the most internationally accepted approach, while also adhering to ISO 14064-1 standards. The market-based method was used to calculate scope 2.

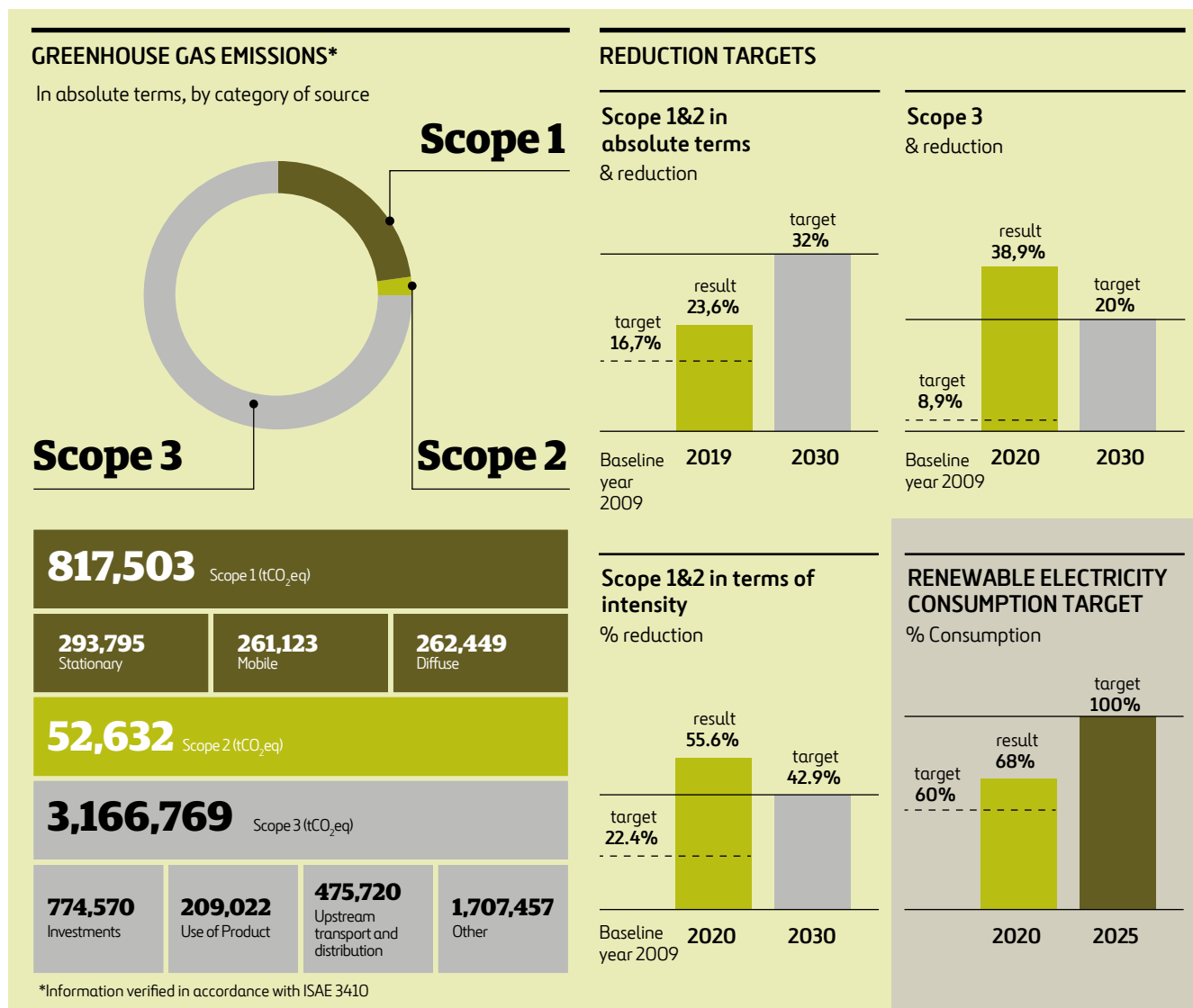
Ferrovial has set ambitious emission reduction targets, which have all been Science Based Target Initiative (SBTi) certified, for the 2030 horizon, and for the three scopes.

## RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

During 2020 all the risks associated with climate change that Ferrovial may be exposed to have been included in the risk identification and assessment process, FRM, so that they are assessed in the matrix reviews that are carried out. The analysis of the company's matrix of risks and opportunities related to climate change following the recommendations of the TCFD considers three different scenarios, depending on the degree of implementation of climate change policies, the so-called current policies scenario (CPS)\*; new policies scenario (NPS)\* and sustainable development scenario (SDS)\*. As a result of this study, it can be concluded that in the short, medium and long term, Ferrovial's main environmental risks are physical and transitional.

Transition risks are related to the increase in operational costs due to rising prices of raw materials, increased prices of fossil fuels, payment for emissions produced or incorporating activities included in the emissions market, policies restricting the allocation of emission quotas, carbon rates, water shortages, restrictions or incentives for land use, changes in the supply and demand of services or interruption of operational processes.





Physical risks refer mainly to possible physical damages in infrastructure and temporarily stopping activity, decrease of productivity in extreme climatic conditions, increase of the risk premium or delay in delivery of products and services.

The probability of occurrence of physical risks and the financial impact is higher in the CPS scenario and decreases when moving toward the SDS scenario. The progress of transition risks is the reverse. The company has the appropriate measures to mitigate, reduce and manage the risks related to climate change that have been identified.

### SHADOW CARBON PRICING

Ferrovial has developed a tool for quantifying the climate risk of its most important investments in the form of Shadow Carbon Pricing with the aim of accelerating to decarbonized business models. This tool considers variable prices for a ton of carbon over different time horizons and across different regions and project types, quantifying the potential economic risk facing the projects for which the company decides to use the tool.

### BIODIVERSITY

Ferrovial has been working for decades on incorporating the criteria of the mitigation hierarchy into its environmental management. The organizational and operational procedures governing its contracts, as well as its environmental monitoring processes, are based on avoiding and minimizing the impact on the environment.

In 2020, the natural capital debt associated with the two infrastructures that meet the criteria established for adding natural capital debt in Ferrovial was calculated. The construction and operation phases of the I77 toll roads in North Carolina and the NTE 3A in Texas are considered. The debt has been calculated based on 13 ecosystem services. It is concluded that mainly regulating services related to erosion rate control, soil quality and pollination have been affected. A positive effect of toll roads on fire protection has been observed, since the construction of infrastructure affects the combustibility of the territories by acting as firebreaks. The mitigation measures applied to these infrastructures will offset about 35% of the debt generated.

## CIRCULAR ECONOMY

Ferrovial has consolidated incorporating the principles of the circular economy in its processes, products and services. To avoid and minimize waste generation, the use of renewable natural resources is enhanced and, as far as possible, they are recovered for reuse as raw materials. For this reason, the waste treatment division works on continuously improving triage and recovery of materials.

Meanwhile, the Construction activity has set an annual target of 80% for the reuse of earth, as well as a 70% target for CDW. In all projects, priority is given to on-site reuse, as this not only eliminates the consumption of new raw materials, but also reduces the emissions associated with transport.

Ferrovial also applies sustainability criteria in its building construction activity, including eco-design criteria and ensuring efficient management throughout the building's life cycle. The percentage of buildings constructed, managed or owned by Ferrovial that incorporate environmental improvements in the design, construction and operation phases has been increasing in recent years. These buildings have considerably lower energy consumption than conventional buildings.

### GLOBAL ROAD ACHIEVEMENT AWARD FOR THE TOOWOOMBA BYPASS :

The Toowoomba Bypass was awarded the Global Road Achievement award in the environmental mitigation category by the International Road Federation (IRF). This award, which recognizes the achievements of industry professionals around the world, honored innovative design engineering solutions and best practices in environmental mitigation used in the construction of this infrastructure.

## WATER FOOTPRINT

The methodology for calculating the water footprint makes it possible to calculate and report the company's global water footprint, considering the value of water in the processes and the environment, assessing its availability and quality, as well as the balance of the ecosystems in which it is located. Furthermore, it is possible to measure offsetting global water consumption (Water Business Index, WBI\*) with the contribution of treated water (Water Treatment Index, WTI\*), returning it to the environment in better conditions to those in which it entered, as well as the actions that allow local communities in developing countries to access drinking water (Water Access Index, WAI\*) through the Social Infrastructures social action program. This methodology was recognized in 2020 by the European Environmental Awards for the development of its Water Footprint calculation application.

Ferrovial has set a target to reduce BWI by 20% by 2030, considering 2017 as the base year, as well as an annual target to offset the water footprint (WTI + WAI  $\geq$  30 BWI).

