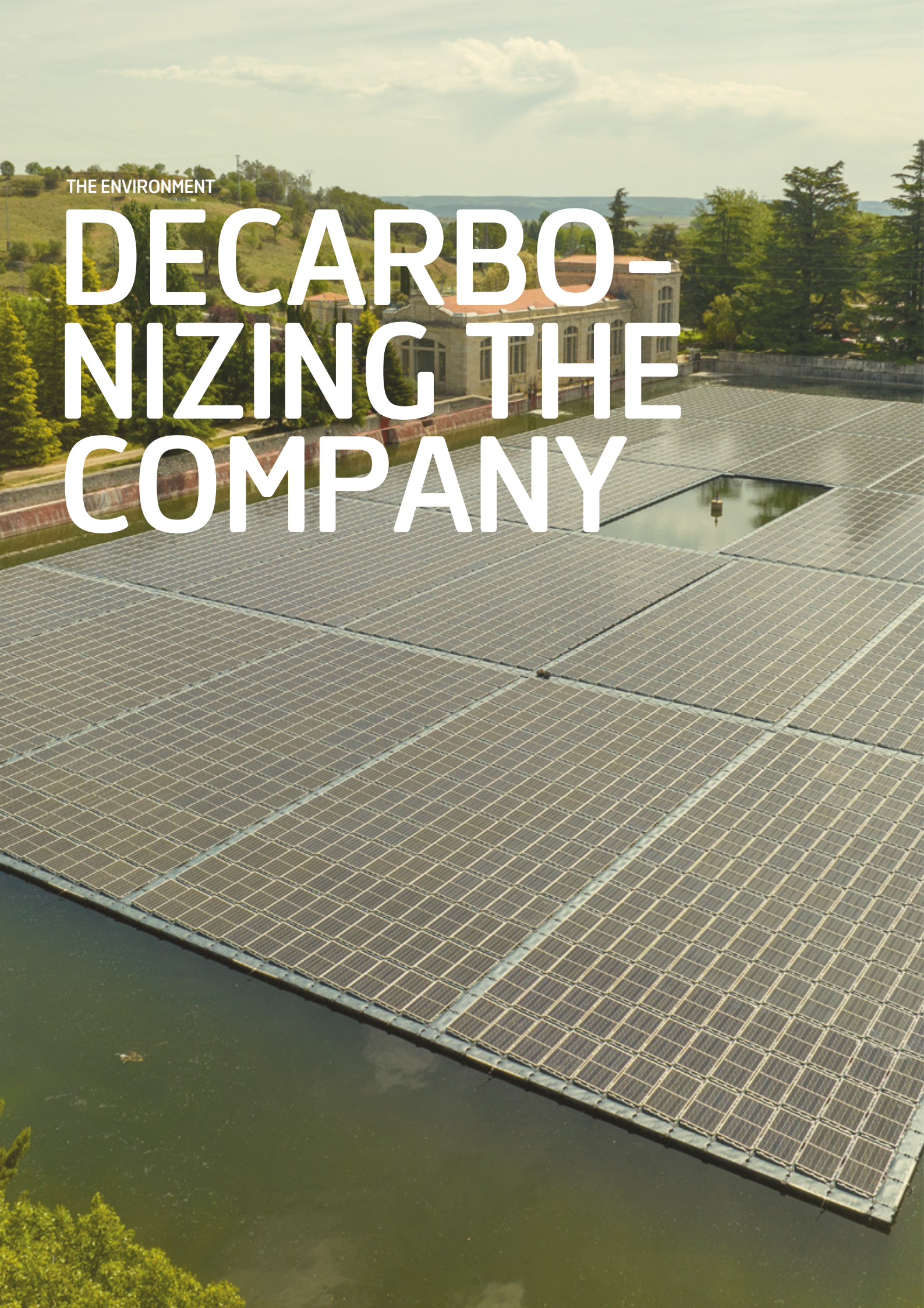
DECARBO-NIZING THE COMPANY



Ferrovial's Climate Strategy is integrated into the corporate strategy Horizon 24 and is aligned with the Sustainable Development Goals of the United Nations. The objective is to decarbonize the company's activities.

Ferrovial's Climate Strategy is part of the company's corporate strategy and, therefore, it is regularly reviewed and decisions are taken at meetings of the Management Committee and the Board of Directors. In addition, it is submitted annually to a consultative vote at the General Shareholders' Meeting. The strategy is implemented through the Sustainability Committee and, more technically, through the Quality and Environment (Q&E) Steering Committee.

The Sustainability Committee, chaired by the Sustainability Director, is composed of representatives from all business units and corporate areas. The committee chairman reports regularly to the Board of Directors, the Management Committee and the CEO, and is the link between the business units and senior management.

The Q&E Steering Committee, also chaired by the Sustainability Director and composed of the most senior representatives of the business in this area, is the body that articulates the corporate strategy on climate change and other environmental issues (water, biodiversity, circular economy, etc.) in the company. It discusses and adopts decisions, sets initiatives and revises the results of projects, along with the implementation of the Quality and Environment Policy, approved by the Board of Directors. In addition, a comprehensive analysis of new regulatory challenges, market trends and recommendations from government agencies and other relevant organizations is carried out. It holds meetings at least quarterly.

REDUCTION OF GHG EMISSIONS (SCOPE 1&2)

-45.58%

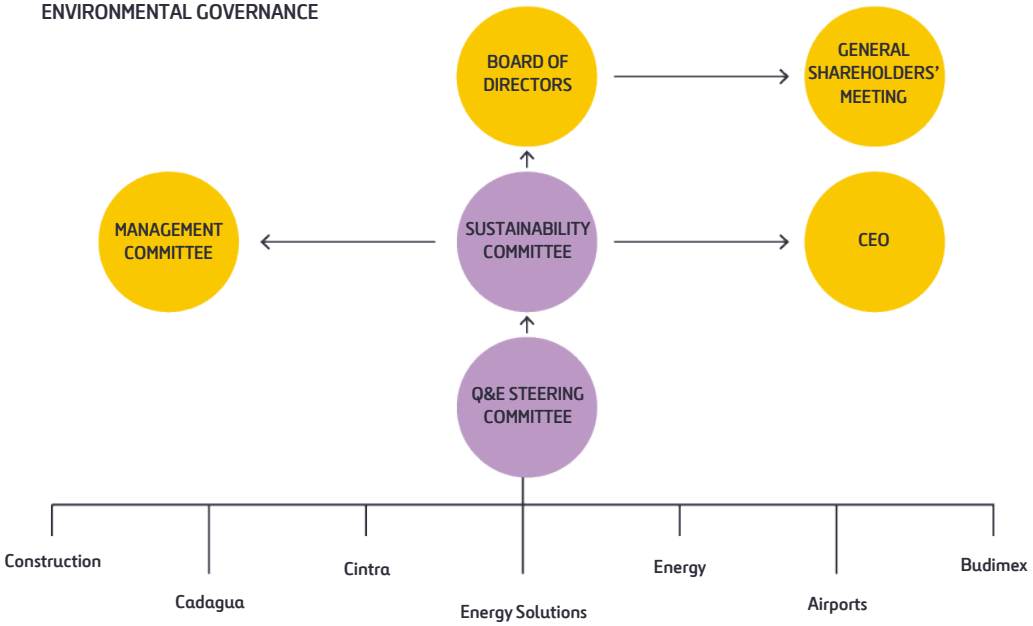
in absolute terms compared to 2009

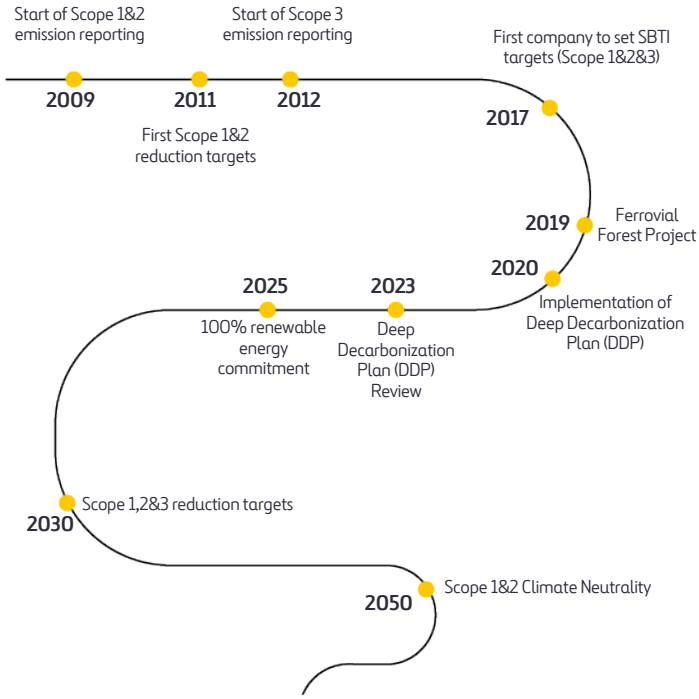
ELECTRICITY CONSUMED FROM RENEWABLE SOURCES

68.53%

target of 100% by 2025

ENVIRONMENTAL GOVERNANCE





CLIMATE STRATEGY

Ferrovial's Climate Strategy has ambitious emissions reduction targets approved by the Science Based Target Initiative (SBTi), aligned to the 2° trajectory, aimed at contributing to with the Paris Agreement and the 2030 Agenda. It also establishes the roadmap for decarbonizing corporate activities by using renewable energies to the detriment of fossil fuels, while developing new lines of business aimed at achieving the decarbonization of the economy and counter the effects of climate change. The established are as follows:

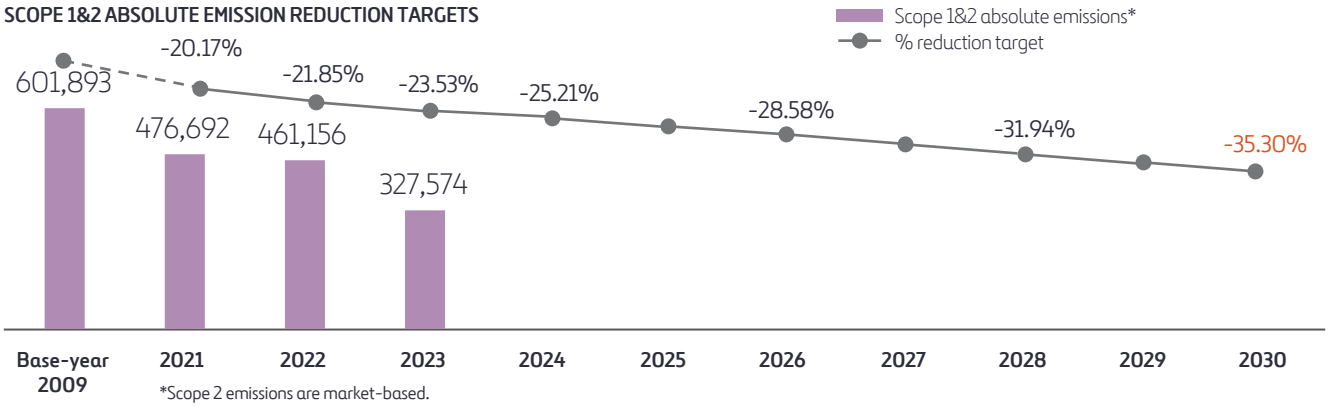
- Reduce Scope 1&2 emissions in absolute terms by 35.3%* in 2030 (base year 2009).
- Reduce Scope 1&2 emissions in relative terms (tCO2 eq/M€) by 42.9% in 2030 (base year 2009).
- Reduce Scope 3 emissions in absolute terms by 20% in 2030 (base year 2012)**.

One of the pillars of the strategy is the decarbonization plan titled, Deep Decarbonization Path (DDP), which establishes the guidelines for mitigation on which to work to achieve the 2030 emission reduction targets:

- Achieve 100% consumption of electricity from renewable sources by 2025.
- Achieve a 33% reduction in vehicle fleet emissions by 2030.
- Reduce asphalt plant emissions by 20% through energy efficiency by 2030.
- Reduce emissions associated with construction machinery by 10% through the implementation of energy efficiency measures by 2030.

*The Deep Decarbonization Path, Ferrovial's strategic plan sets a target of 35.3% Scope 1&2 emissions reduction in absolute terms, more ambitious than the 32% that the SBTi initiative had approved.
**Scope3 emission categories excluded from SBTi target: capital goods and purchased goods & services.

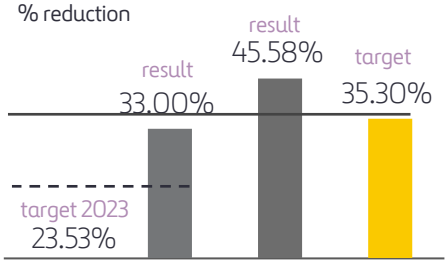
SCOPE 1&2 ABSOLUTE EMISSION REDUCTION TARGETS



*Scope 2 emissions are market-based.

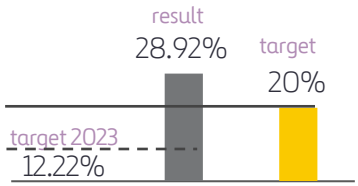
REDUCTION TARGETS

Scope 1&2 (absolute)
% reduction



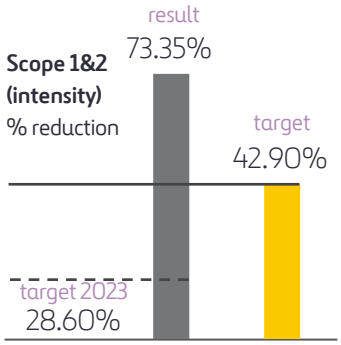
*Includes emissions reduction without considering change in ownership of one carton intensive asset in the UK (Allerton; please see detailed information in paragraph "carbon footprint").

Scope 3 (absolute)*
% reduction



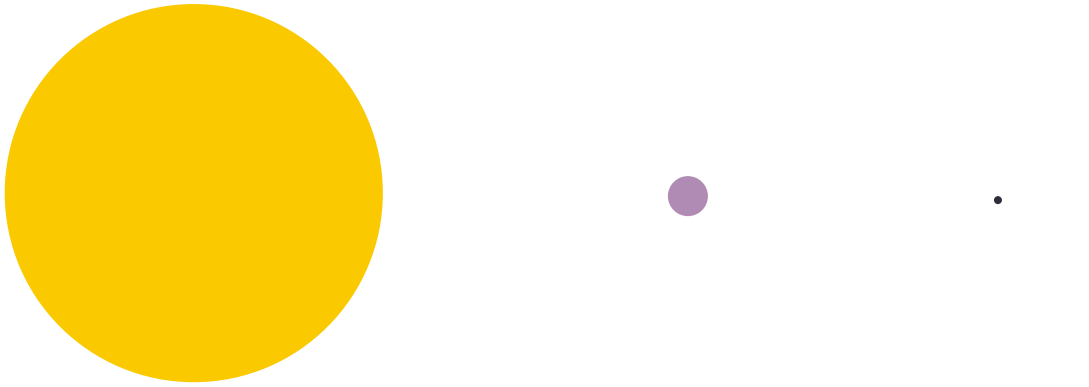
*Capital goods and Purchased goods and services Scope 3 categories are not included.

Scope 1&2 (intensity)
% reduction



Carbon footprint

Since 2009, the carbon footprint (scope1&2) has been calculated and reported for 100% of the activities under the operational control approach as organizational limit. The calculation methodology is based on the GHG Protocol (WRI&WBCSD), while maintaining compliance with ISO 14064-1. Scope 1, Scope 2 (market-based) and Scope 3 emissions[1] are calculated. Emissions recorded in 2023 (tCO_2eq) were as follows:



Scope 3	Scope 1	Scope 2
3,878,812	300,648	26,926

Note: The emissions shown in the graph correspond to the company's carbon footprint, not including offsets but including renewable energy. Scope 2 location-based emissions amounted to 74,579 tCO2eq. The Scope3 emissions shown correspond to the total perimeter. If the SBTi perimeter is considered, they would amount to 2,698,026 tCO2eq.

In 2023, Scope 1&2 emissions were reduced by 45.58% in absolute terms and by 28.97% compared to the previous year. This significant decrease is largely due to Ferrovial transferring ownership of one of its most emissions-intensive assets (the Allerton industrial facility in the UK) during the last fiscal year. Excluding this divestment, the reduction compared to the previous year is 33%, and compared to the base year, it is 13%, both of which are reductions exceeding those anticipated in the roadmap. In terms of intensity, Scope 1&2 emissions were reduced by 73.35% compared to the base year. The reductions achieved were significantly higher than the targets set for the year, reflecting the company's compliance with the roadmap established. During the year, 68.53% of electricity was consumed from renewable sources. Related to Scope 3 emissions, 28.92% were reduced by 2023 compared to 2012 (SBTi scope) and 36.64% in all categories[2].

Ferrovial is not part of the emission rights market (EU ETS).

[1] More information can be found in the Glossary of Terms, page 296
[2] More information about emissions by category can be found in the GRI tables annexes, page 323

Offsetting

Ferrovial has set the goal of achieving climate neutrality in 2050 for direct emissions by reducing them and voluntarily offsetting any that cannot be reduced. Offsetting is done through neutralization and mitigation beyond the value chain, relying on nature-based solutions.

The company has a pilot project called Compensa Project, which involves the reforestation of burned or agricultural areas in Madrid. This project generates a double environmental and social positive impact, since it consists of the restoration of degraded land by employing local people. It has been developed in Torremocha del Jarama, where 7.7 hectares have been reforested with a total of 4,000 trees, which will absorb around 2,000 tons of CO2 .

It should be noted that the Spanish Ministry for Ecological Transition and the Demographic Challenge has given Ferrovial the highest recognition achieved for its work in "Calculate", "Reduce" and "Compensate" through the Compensa reforestation project.

There are also two renewable wind energy projects and a nature-based project that enhances and strengthens sustainable forest management.

Shadow Carbon Pricing

The company applies a methodology to economically quantify the potential climate risk of its most relevant investments in the Shadow Carbon Pricing modality to consider this impact in future investments. The tool includes the direct and indirect emissions of the project as a whole and applies variable prices per ton of carbon for different time horizons, geographies and types of infrastructure.

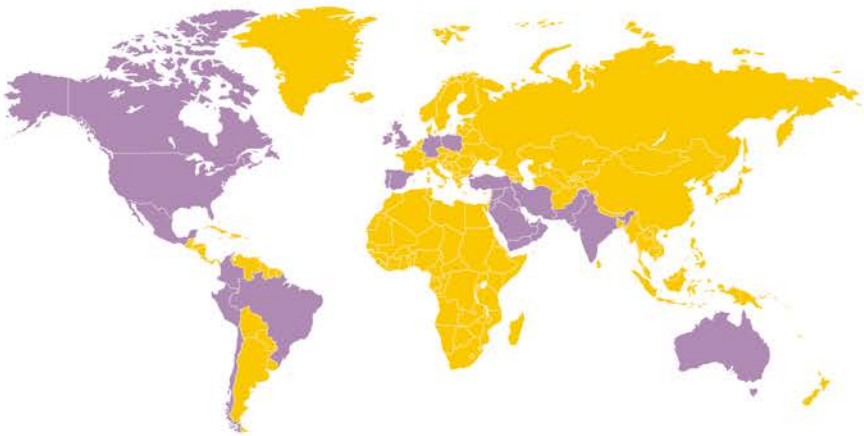
TIME HORIZONS

2030 - 2040 - 2050

TYPE OF PROJECT

Airports
Toll Roads
Waste management
Water management
Energy assets (natural gas)

GEOGRAPHIES*



**Australia, Brazil, Canada, Chile, Germany, Ireland, Mexico, Middle East, Peru, Poland, Portugal, Spain, United Kingdom, USA, India, Colombia*

FERROVIAL'S AVERAGE PRICE OF EMISSIONS:

2030	2040	2050
60€	114€	173€

Risks and opportunities associated with climate change

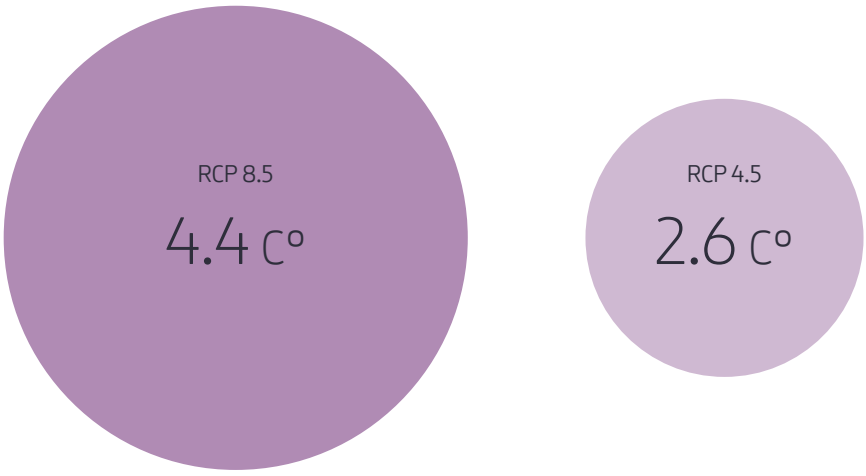
Ferrovial applies the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in the process of identifying, analyzing and managing risks and opportunities related to climate change. Ferrovial periodically carries out an assessment and quantification of risks and opportunities in all its business units and geographies in different time horizons: short (2025), medium (2030) and long term (2050) and several climate scenarios.

The methodology for climate risks is based on Ferrovial's Risk Management methodology (as described in page 230). This approach evaluates the likelihood of occurrence of the risk, the impact on the business and its frequency.

This methodology considers transition scenarios, based on the degree of implementation of climate change policies, presented annually by the International Energy Agency in the World Energy Outlook, together with physical scenarios that include various cases of greenhouse gas emission concentrations and their physical impacts on the climate, analyzed by experts from the Intergovernmental Panel on Climate Change (IPCC).

TRANSITION RISK SCENARIOS[2]

PHYSICAL RISK SCENARIOS[6]



An internal tool called ADAPTARE has been developed to assess physical climate risks, which allows a preliminary assessment of climate risks associated with different scenarios, time horizons and a variety of infrastructures. ADAPTARE follows the methodology of the framework proposed by the IPCC, taking into account three variables: climate hazards, vulnerability (sensitivity and adaptive capacity of the asset) and exposure (characterization and valuation of assets) of human and natural systems.

In the risk analysis performed, the magnitude and impact of the risks differ according to the duration of the contract (due to the climatic time horizons) and the role of the company (promoter and/or operator). The climate risks identified are shown below:

[2] *The definition of climate scenarios can be found in the Glossary of Terms, page 296.*

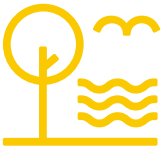
Transition risks: The transition to a low-carbon economy may give rise to potential policy, legal, technological and market changes to address climate change-related mitigation and adaptation requirements. Depending on the nature, speed and focus of these changes, transition risks may involve financial and/or reputational risks of different levels.

Climate transition scenarios	Main climate risks	Mitigation and/or adaptation measures
Stated Policies Scenario (STEPS). *Announced Pledges Scenario (APS).* *NetZero by 2050 Scenario (NZE).*	• Increase in the cost of energy, both fossil fuels and electricity, and other raw materials specific to the activities. • Change in the behavior of customers and/or users in the utilization of transportation. • New regulations limiting or modifying the use of certain modes of transportation. • Increased reporting of emissions and other environmental aspects. • Lack of availability of new technologies. • Penalty or additional cost due to non-compliance with objectives associated with the Sustainable-Linked Bond (SLB). • Potential donations in the Euro Commercial Paper (ECP) program for non-compliance with each sustainability objective. • Premium payment on the debt margin of credit line debt due to non-compliance with the ESG score in DJSI. • Impact on Ferrovial's share price derived from the failure to meet SBTi targets and its potential financial effect on the share value due to the negative market reaction.	• Review and controls with the governance systems implemented in the company (risk management, compensation, etc.). • Monitoring and tracking of energy consumption to ensure compliance with emission reduction targets. • Verification of greenhouse gas emissions in accordance with the international standard ISAE 3410 of the Assurance Engagements on Greenhouse Gas Statements, which guarantees the reliability of the data. • Development and implementation of the Deep Decarbonization Path, a plan to reduce internal emissions through the use of renewable energies, self-generation of electricity, energy efficiency or replacement of machinery and vehicles. • Design and application of Shadow Carbon Price mechanisms for new investments. • Forecast of increased operational costs associated with climate change in bid tenders. • Search for innovative technological solutions to reduce energy consumption and emissions. • Study and collaboration with key stakeholders for the development of projects that favor the transition to a low-carbon economy.

Physical risks: Physical risks from climate change can lead to potential (acute) events or long-term (chronic) changes in weather patterns. There may be financial implications for organizations, e.g. direct damage to assets or indirect impacts caused by interruptions in the production chain.

Physical climate scenarios	Main climate risks	Mitigation and/or adaptation measures
Representative Concentration Pathways (RCP) 4.5 Representative Concentration Pathways (RCP) 8.5	• Initial exercise that identified the first significant risks and a range of magnitude in financial terms on certain toll road assets, increasing maintenance and extraordinary maintenance and repair work, with heat waves and drought being the main climatic hazards detected.	• ADAPTARE: implementation of a methodology and tool for the identification and analysis of physical climate risks that considers IPCC climate projections in the short, medium and long term in the projects. • Numerous measures are in place to ensure the resilience of infrastructures to climate change, defined over decades of experience in designing them, considering variations in climatic conditions, developing business continuity plans, winter maintenance plans and transferring risks through a high level of insurance policy coverage.

Opportunities related to climate change			
Mobility	Water	Energy	Infrastructure
Innovative solutions to mitigate emissions associated with mobility that include connectivity between infrastructures, vehicles and users, vehicle sharing and the electrification of transportation, reducing congestion and pollution in cities. • ***Managed Lanes:*** mobility service offered in congested urban corridors. The dynamic fare structure alleviates traffic and driving at moderate and constant speeds, resulting in relative emission reductions. • **AIVIA:** consortium led by Ferrovial whose objective is to develop, test and implement technological solutions for safer, more comfortable and interconnected sustainable digital corridors through technologies such as 5G or Artificial Intelligence, improving traffic congestion and reducing relative emissions. • **Vertiports:** design, construction and operation of the infrastructures required by eVTOL vehicles. • **Vehicle charging points:** service offered to local governments and public institutions, companies, homeowners, etc., promoting the use of low-emission vehicles.	Cadagua helps to solve the effects of climate change on water resources, orienting its business to the design, construction, operation and maintenance of water treatment facilities, favoring the availability of the resource in the natural environment and for human consumption. • **Wastewater treatment plants (WWTP):** treatment in both industrial and urban facilities to ensure the supply of drinking water, protect the environment and prevent pollution. • **Drinking water treatment plants (DWTP):** water purification through various processes that treat surface water or groundwater to obtain water. • **Seawater desalination plants:** desalination is a solution to supply challenges, especially in water-stressed areas.	Integral solutions for the development, construction, management and operation of energy infrastructures, as well as energy management services. • **Energy efficiency services:** for constant savings and continuous improvement of facilities, reducing energy consumption and emissions. • **Construction and maintenance of renewable energy infrastructures:** high-tech engineering, construction, installation and technical electrical maintenance services for the renewable energy sectors. • **Renewable energy generation:** development of solar photovoltaic power plants, wind farms and cogeneration in waste treatment plants, as well as PPA (Power Purchase Agreement) projects. The company is committed to the generation of clean energy to speed up the energy transition. • **Power transmission lines:** integrated solutions for the development and management of power transmission networks. • **Building renovation:** transformation of buildings incorporating constructive solutions to reduce energy demand and facilitate the use of renewable energies.	New opportunities for the development of sustainable and resilient infrastructures that offer solutions for adaptation to climate change, which can provide competitive advantages by providing differential solutions. **ADAPTARE** The company, in collaboration with an expert from the IPCC (Intergovernmental Panel on Climate Change), has developed a unique methodology to identify, analyze and assess the physical risks related to climate change and propose adaptation measures to mitigate the impacts they may cause on infrastructures. This methodology is applied to the different types of projects that the company develops and operates around the world. The analysis is carried out in the short, medium and long term under different climate scenarios. It takes into account the risk framework defined by the IPCC, as well as the adaptation criteria set out in the EU Taxonomy Regulation. ADAPTARE automates this methodology and facilitates the analysis and interpretation for project managers and developers.



BIODIVERSITY AND NATURAL CAPITAL

Policy

Ferrovial recognizes the key role performed by natural capital and biodiversity in the supply of services that support the economy and social wellbeing. Therefore, the company has a Biodiversity Policy, approved by the Q&E Steering Committee and integrated into the management system, which governs the organizational and operational processes for all contracts and articulates the organization's principles on:

- Conservation and protection of species and natural ecosystems.
- Application of mitigation hierarchy criteria for negative impacts.
- Responsible use of natural resources.
- Fight against deforestation.
- Application of nature-based solutions.
- Integration of natural capital in risk management.

The policy applies to all the company's activities and transfers its principles to its supply chain through the Supplier Code of Ethics. Based on its guidelines, natural capital and biodiversity are integrated into decision making, with a focus on identifying and analyzing dependencies, impacts, risks and opportunities.

The company is aligning itself with the Taskforce on Nature-related Financial Disclosures (TNFD), a global initiative that seeks to address the crisis of biodiversity loss and ecosystem deterioration. Ferrovial has committed as an adopter of TNFD by registering the intention to publish the first disclosures aligned with this standard.

For the application of these recommendations, the methodology developed is guided by the LEAP approach (Locate, Evaluate, Assess, Prepare) approach, in addition to different international standards and guidelines of recognized organizations such as the UN Environment Programme (UNEP), WWF or the European Environmental Agency, among others. This methodology is characterized by:

- A broad scope, considering direct and value chain operations.
- Focus on business line activities and specific assets.
- Consider infrastructure locations, as well as priority areas for biodiversity and ecosystem conservation.

Risk management and impact prevention

The company incorporates the criteria of the mitigation hierarchy in environmental management under the principle of "no net loss" of biodiversity as a guideline to minimize and compensate for the negative impacts of its activities.

From this perspective, and with the aim of minimizing the impact, the methodology INCA (Integrated Natural Capital Assessment) has been developed to measure the impact of projects and assess the different alternatives to achieve a lower impact on biodiversity and ecosystems, anticipating possible risks of impact on biodiversity.

The environmental risk assessment follows Ferrovial's risk identification and assessment process, Ferrovial Risk Management (FRM), which has led to identify biodiversity as an emerging risk. More information in the risk section of this report.

CIRCULAR ECONOMY

The principle of the circular economy aims to optimize the consumption of materials and minimize waste generation. It is a solution to problems that have a direct impact on the deterioration of the environment and makes it possible to identify new business opportunities.

The Sustainability Strategy includes among its lines of action a Circular Economy Plan that aims to establish the principles of the circular economy in the company's operating processes by promoting the reuse and recycling of waste, the efficient use of resources by applying circularity criteria, either through the reuse or recycling of materials in activities or by managing the supply chain to acquire materials with recycled content, and the reduction of environmental impact.

Therefore, in line with the requirements of the European taxonomy, the target of recovering 70% of the non-hazardous construction and demolition waste generated in construction activities has been established, with 95% of this waste having been recovered in 2023 (76% in 2022), meeting the established target.

In addition, the Circular Economy Plan determines for the Construction division an annual target of 80% reuse of soils, while for water treatment plants it is committed to the valorization of 80% of sewage sludge generated for agricultural use, composting or thermal drying. In 2023, 88% of soil was reused (90% in 2022) and 80% of sludge generated was recovered (77% in 2022).

More information in the GRI Indicators Appendix.

The circular economy guidelines are also included in the Quality and Environment Policy, which establishes the efficient use of natural resources and raw materials, using recycled materials whenever possible, as well as the reduction of waste generation in the activities carried out.

The company has carried out various actions related to waste management and the circular economy to help achieve the targets set out in the Circular Economy Plan, which contribute to reducing waste generation and, consequently, to reducing greenhouse gas emissions by avoiding the transport of materials:

- Prioritization of the reuse of materials onsite, such as construction and demolition waste (CDW) or excavated soils, either for the replacement of materials or for use as backfill.
- Utilization of reused concrete in construction sites by crushing in situ and manufacturing new concrete with the materials generated.
- Usage of reused precast concrete blocks.
- Reuse of steel structures.
- Discarding all recovery or reuse options, the segregation of waste on site is promoted to recycle as much as possible, being the last option to send it to a landfill.

WATER FOOTPRINT

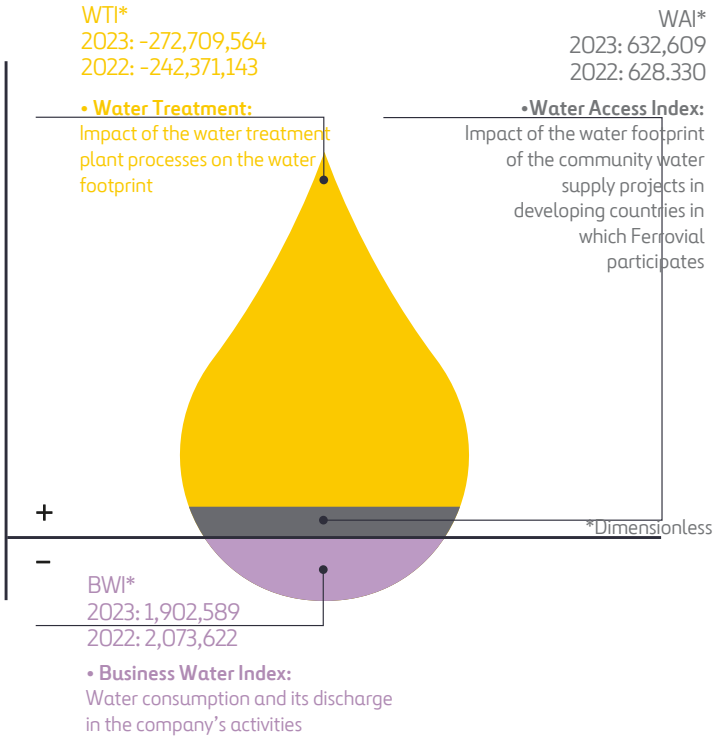
Water is one of the environmental resources that is suffering the most impacts in recent years, with conditions derived from climate change such as water stress, deterioration of water quality due to pollution, as well as a growing demand for drinking water.

The Water Policy, approved by the Q&E Steering Committee, recognizes water as a limited and irreplaceable natural resource and access to it as a fundamental human right. The water management strategy takes into consideration its availability, quality and the balance of the ecosystems on which it impacts.

In its role as a consumer of water and supplier of services associated with water resources, the company manages the resource responsibly and efficiently, addressing the entire water cycle, from groundwater and surface water to wastewater, favoring social development and the conservation of ecosystems.

Thanks to its subsidiary Cadagua, it plays a key role in water management, contributing to solving the main challenges of supply, quality, sanitation and pollution, especially in areas with water shortages. For this reason, it is working, among other lines, on the implementation of more appropriate treatments that allow the elimination of contaminants of emerging concern, as well as bacteria resistant to antibiotics.

WATER FOOTPRINT PERFORMANCE



POSITIVE CONTRIBUTION

The water treatment activity together with the social action projects help to offset the impact of water consumption and discharges needed and generated by the business units.

To measure the impact of its activities on water resources, the company has developed its own methodology based on the principles of The Water Footprint Assessment Manual (WFM) and the Global Water Tool (GWT), two internationally recognized references for calculating the water footprint, and takes into account the source of water collection, assigning different weights depending on its origin, the country's water stress, and the destination of discharges and their quality depending on the treatment they have received.

With the methodology established for the calculation of the water footprint, we have the possibility of carrying out water management by each geography, since the water stress of each country is taken into consideration. Locally, the source of water collection and the destination of the discharge are evaluated to minimize the impact on the environment. In addition, the projects manage locally measures to reduce water consumption throughout the life cycle of the infrastructures and to increase their reuse. This includes implementing measures to prevent water contamination during the construction or use phase of a building/infrastructure. For example, all the necessary devices and measures are installed and fixed to guarantee the quality of the water that may be affected by the actions (by means of pollutant retention ponds, sediment retention barriers, etc.).

The methodology is composed of three indexes:

- Business Water Index (BWI): measures the negative impact that activities produce as a result of water consumption and discharges generated.
- Water Treatment Index (WTI): measures the positive impact of the water treatment processes carried out at Cadagua's treatment plants.
- Water Access Index (WAI): determines the positive impact of social action projects aimed at improving access to water and sanitation in vulnerable communities.

The company has established the following targets in relation to its water footprint:

- Reduce BWI by 20% in 2030 (base year 2017). In 2023, a reduction of 31% has been achieved compared to 2017 (-8% compared to 2022).
- Annually offset 70 times the BWI (WTI + WAI > 70 BWI). In 2023, 144 times the BWI has been offset (117 in 2022).

Sustainability Linked Bond

Ferrovial, recognizing the crucial role of sustainable finance in supporting the transition to a low-carbon and more resource-efficient economy, has decided to implement a sustainability-linked financing framework to connect its future financings with its sustainability targets, to achieve sustainable performance and contribute to the future of the planet and generations to come.

The transaction was closed by issuing seven-year sustainability-linked bonds with a total value of 500 million euros. With this bond issue, the company commits to investors to achieve the sustainability-related targets it has linked to this bond, having determined the following KPIs:

- Reduction of GHG Scope 1&2 emissions (in absolute terms).
- Reduction of GHG Scope 3 partial emissions (in absolute terms).

More information can be found in https://www.ferrovial.com/en/ir-shareholders/share-information/debt-issuances-rating/documents/sustainability-linked-financing-framework/

Progress in decarbonization of the company's activities

In 2023, in line with the company's commitment to the decarbonization of its activities, a collaborative project has been launched for the use of alternative fuels (HVO), which will result in a reduction of emissions from Ferrovial's activities. The advanced biofuel has the advantage of allowing it to be used in various types of machinery, both mobile and stationary, and can replace fossil fuels as it is produced from renewable raw materials.

Ferrovial has also set a target of 100% renewable electricity consumption by 2025 as part of its decarbonization plan. In this regard, Budimex has invested in the construction of renewable electricity generation projects for self-consumption. Among its most relevant projects is the generation of 120 MW of photovoltaic energy and 110 MW of wind energy.