



Cabinet Office

CARBON REDUCTION PLAN GUIDANCE

Notes for Completion

Where an In-Scope Organisation has determined that the measure applies to the procurement, suppliers wishing to bid for that contract are required at the selection stage to submit a Carbon Reduction Plan which details their organisational carbon footprint and confirms their commitment to achieving Net Zero by 2050.

Carbon Reduction Plans are to be completed by the bidding supplier¹ and must meet the reporting requirements set out in supporting guidance, and include the supplier's current carbon footprint and its commitment to reducing emissions to achieve Net Zero emissions by 2050.

The CRP should be specific to the bidding entity, or, provided certain criteria are met, may cover the bidding entity and its parent organisation. In order to ensure the CRP remains relevant, a Carbon Reduction Plan covering the bidding entity and its parent organisation is only permissible where the detailed requirements of the CRP are met in full, as set out in the Technical Standard² and Guidance³, and all of the following criteria are met:

- The bidding entity is wholly owned by the parent;
- The commitment to achieving net zero by 2050 for UK operations is set out in the CRP for the parent and is supported and adopted by the bidding entity, demonstrated by the inclusion in the CRP of a statement that this will apply to the bidding entity;
- The environmental measures set out are stated to be able to be applied by the bidding entity when performing the relevant contract; and
- The CRP is published on the bidding entity's website.

Bidding entities must take steps to ensure they have their own CRP as soon as reasonably practicable and should note that the ability to rely on a parent organisation's Carbon Reduction Plan may only be a temporary measure under this selection criterion.

The Carbon Reduction Plan should be updated regularly (at least annually) and published and clearly signposted on the supplier's UK website. It should be approved by a director (or equivalent senior leadership) within the supplier's organisation to demonstrate a clear commitment to emissions reduction at the highest level. Suppliers may wish to adopt the key objectives of the Carbon Reduction Plan within their strategic plans.

A template for the Carbon Reduction Plan is set out below. Please complete and publish your Carbon Reduction Plan in accordance with the reporting standard published alongside this PPN.

¹Bidding supplier or 'bidding entity' means the organisation with whom the contracting authority will enter into a contract if it is successful.

²Technical Standard can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991625/PPN_0621_Technical_standard_for_the_Completion_of_Carbon_Reduction_Plans__2_.pdf

³Guidance can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991623/Guidance_on_adopting_and_applying_PPN_06_21__Selection_Criteria__3_.pdf

Carbon Reduction Plan

Supplier name: Ferrovial Construction (UK) Ltd.

Publication date: 27 April 2023

Introduction

This Carbon Reduction Plan supports the requirements of the PPN 06/21 “Procurement Policy Note – Taking Account of Carbon Reduction Plans in the procurement of major government contracts”. This CRP is applicable to Ferrovial Construction UK & Ireland and its subsidiaries, Ferrovial Construction (UK) Ltd., Ferrovial Construction (Ireland) Ltd, FC Civils Solutions Ltd. Ferrovial Construction (UK) Ltd is part of Ferrovial Corporación, S.A. (Ferrovial).

Ferrovial undertakes carbon reporting as aligned to the calendar reporting cycle, 1st January – 31st December, since calendar year 2009/2010. The current reporting period covered by this plan is 1st January 2022 – 31st December 2022.

Methodology and Reporting

Ferrovial has used greenhouse gas (GHG) protocol operational control as an organisational boundary to determine its baseline for Scope 1, 2, and 3 emissions. For Scope 2 emissions, the GHG Protocol “market-based” methodology has been used. The Scope 3 category data is calculated following the guidelines set out in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard published by the GHG Protocol Initiative, the WRI and the WBCSD.

Ferrovial’s GHG emissions reporting methodology complies with the UK Government’s legal reporting requirements as per the Streamlined Energy and Carbon Reporting (SECR) and Energy Savings and Opportunities Scheme (ESOS). PwC is engaged by Ferrovial to provide limited assurance, in accordance with ISAE 3410, over selected greenhouse gas performance data for Scope 1, 2, and 3 annual reporting purposes. Further detail on Ferrovial’s emissions calculation methodology and verification is available in the [Ferrovial Climate Strategy 2022](#) and [Ferrovial 2022 Integrated Annual Report](#).

Commitment to achieving Net Zero

Ferrovial’s commitment towards carbon neutrality by 2050 is framed within our Climate Strategy under the company’s Horizon 24 Strategic Plan and aligned to our 2030 Sustainability Strategy. Since 2009, we have been auditing 100% of our greenhouse gas emissions from our activities (Scope 1 and 2) and those that come from the value chain (Scope 3).

Ferrovial is recognised as a leader for our commitment to the fight against climate change and has been recognised by the Carbon Disclosure Project (CDP) in the Leadership Climate “A list” category since 2010 for our Climate Strategy.

We continue to be recognised in the main sustainability indices in 2022: Ranked on the Dow Jones Sustainability Index (DJSI) for the last 21 years; Included in FTSE4Good index in its last 19 editions; received the silver distinction in the Sustainability Yearbook 2022; MSCI “A” rating; recognised by Sustainalytics as an ESG Industry Top-Rated Company in its sector.



We were the first infrastructure company worldwide to set emission reduction targets and have these verified by the Science-Based Targets Initiative (SBTi) and the first to have our Sustainability Strategy verified to the Sustainable Development Goals (SDGs). In 2021, we collaborated with the SBTi initiative in defining the Net-Zero Standard and developing the tool for calculating emission reduction targets.

Baseline Emissions Footprint

Baseline Year: 2009 Calendar Year (*1st January – 31st December 2009*)

Additional Details relating to the Baseline Emissions calculations.

Ferrovial Scope 1 and 2 emissions are aligned to a 2009 baseline, and Scope 3 emissions are aligned to a 2012 baseline, as verified by the SBTi in 2017. The baseline set for Ferrovial covers all applicable subsidiaries within the Ferrovial operational group globally. Ferrovial Construction (UK) Ltd is using the current 2009 and 2012 baseline years as aligned with our parent company, Ferrovial, and our global SBTi verification. Our baseline year is currently being updated to better reflect the activities of our business areas.

Emissions (tCO ₂ e)	Ferrovial	Ferrovial Construction (UK) Ltd.
Scope 1 (2009 baseline)	424,536	1,982
Scope 2 (2009 baseline)	130,588	388
Scope 3 (Included Sources) * (2012 baseline)	6,067,420	169,774
Total Emissions	6,622,544	172,144

Current Emissions Reporting

Reporting Year: 2022 Calendar Year (*1st January 2022 – 31st December 2022*)

EMISSIONS (tCO ₂ e)	Ferrovial	Ferrovial Construction (UK) Ltd.

Scope 1	381,341 (-10.17% vs. 2009)	1,780 (-10.19% vs. 2009)
Scope 2	33,045 (-74.70% vs. 2009)	12 (-96.90% vs. 2009)
Scope 3 (Included Sources) *	3,995,293 (-34.14% vs. 2012)	97,544 (-42.54% vs. 2012)
Total Emissions	4,409,679	99,336

*The GHG emission scopes generated by Ferrovial's activities are classified as follows:

Indirect emissions (Scope 3). Ferrovial calculates 11 of the 15 categories included in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, exceeding the requirements of the PPN06/21. The categories include upstream transportation and distribution (category 4); waste generated in operations (category 5); business travel (category 6); and employee commuting (category 9). The Scope 3 category 'Downstream transportation and distribution' does not apply as Ferrovial does not sell products that are transported or stored. Further details on categories that do not apply can be found in the Annex: Methodology of [Ferrovial Climate Strategy 2022](#), along with the methodology for the calculation of our direct emissions (Scope 1) and indirect emissions (Scope 2).

The 2012 UK baseline includes purchased goods and services (category 1); upstream transportation and distribution (category 4); waste generated in operations (category 5); and business travel (category 6). The Scope 3 category 'Downstream transportation and distribution' does not apply as Ferrovial does not sell products that are transported or stored. Employee commuting (category 9) was not included in the UK baseline as data was not aggregated in 2012 however the emissions associated with commuting (978 tCO₂e) are included in our 2022 current emissions. We are in the process of rebaselining our carbon emissions to capture improvements in the data collection of scope 3 categories.

Emissions reduction targets

Ferrovial established and verified its emission reduction targets in 2017. We were the first company in our sector worldwide to have them validated by the SBTi. Under this verification, the company has set the following targets:

- 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 e/M€) by 42.9% in 2030 (base year 2009).
- Reduce Scope 3 emissions in absolute terms (excluding capital goods and purchased goods & services categories) by 20% in 2030 (base year 2012).*

*Our scope 3 emission reduction target validated by SBTi excludes the purchased goods and services and the capital goods categories. At the time of validation, the categories of purchased goods and services and capital goods represented less than 33% of our scope 3 emissions; falling outside of the criteria requirements set by the SBTi.

- *If scope 3 represented more than 40% of the corporate carbon footprint, a target covering at least 67% of scope 3 emissions should be submitted.*

Since 2018, Ferrovial has worked on the definition of its roadmap for decarbonisation, the Deep Decarbonisation Path (DDP), which outlines the roadmap to achieving the emission reduction targets by 2030 and our strategy to zero emissions by 2050. The DDP focuses on four priority areas for achieving the 2030 emissions reduction target:

Low carbon initiatives	Emission reduction targets			Offsetting emissions	
	Year	Reduction	Remanent emissions (tCO ₂ e)	Reduction	Remanent emissions (tCO ₂ e)
100% Renewable energy procurement (2025)	2025	28.1%	399,134	10%	39,913
33% Fleet emissions reduction	2030	35.3%	359,165	20%	71,833
20% Energy efficiency in asphalt plants	2035	44%	310,870	35%	108,804
10% Energy efficiency in heavy machinery	2040	52%	266,460	50%	133,230
	2045	66%	188,742	75%	141,557
	2050	80%	111,025	100%	111,025

Ferrovial Construction (UK) Ltd has adopted the verified emission reduction targets of our parent company as outlined within the Climate Strategy and Deep Decarbonisation Pathway. Our performance in the UK & Ireland plays a key role in supporting Ferrovial's decarbonisation commitment and shaping the business strategy.

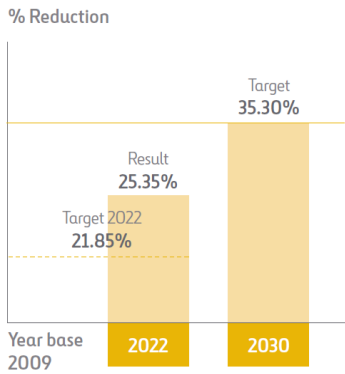
Ferrovial actively participates in the public projects developed by SBTi, contributing technical knowledge in our sector. In 2021, we participated in the consultation of the SBTi Net-Zero Standard Draft, the development of the emission reduction targets calculator tool, and in the SBTi Net-Zero Road Test project.

We are currently in the process of updating our company emission reduction targets to align with the most ambitious scenario of SBTi, as per the recommendations of the SBTi. At the same time, we are developing emission reduction targets specific to our UK and Ireland construction business including updating our baseline year to align with the growth of the UK business.

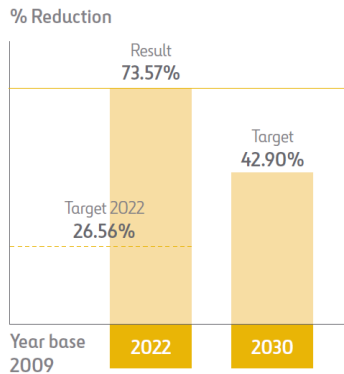
Progress against emission reduction targets

Ferrovial has achieved a 25.35% reduction in total tCO₂e from our 2009 baseline, on track to achieve a 35.30% reduction by 2030. This equates to a 73.57% reduction in carbon emissions intensity, exceeding our 42.90% reduction target for the company by 2030. We are exceeding our scope 3 emissions reduction target for 2030, achieving a 34.15% reduction in 2022.

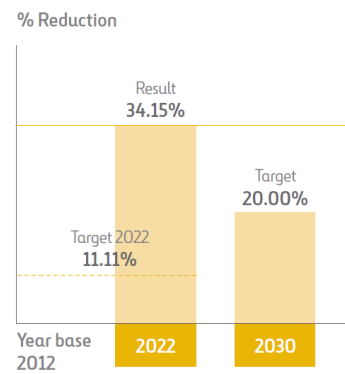
Scope 1&2 in absolute terms
(tCO₂e)



Scope 1&2 in intensity terms
(tCO₂e)

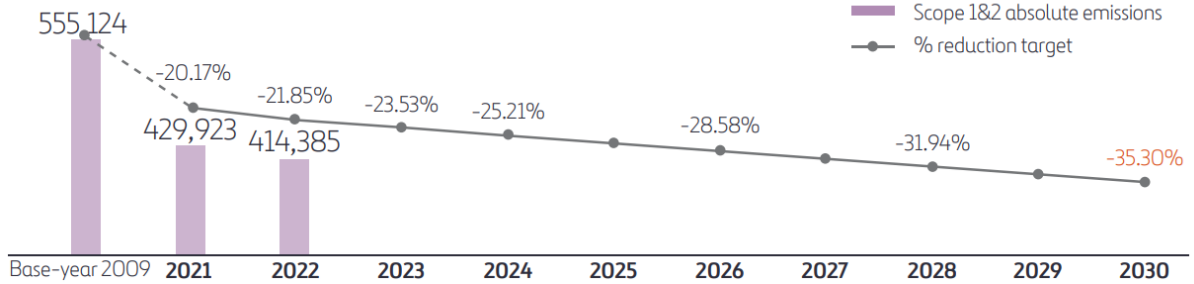


Scope 3 in absolute terms
(tCO₂e)

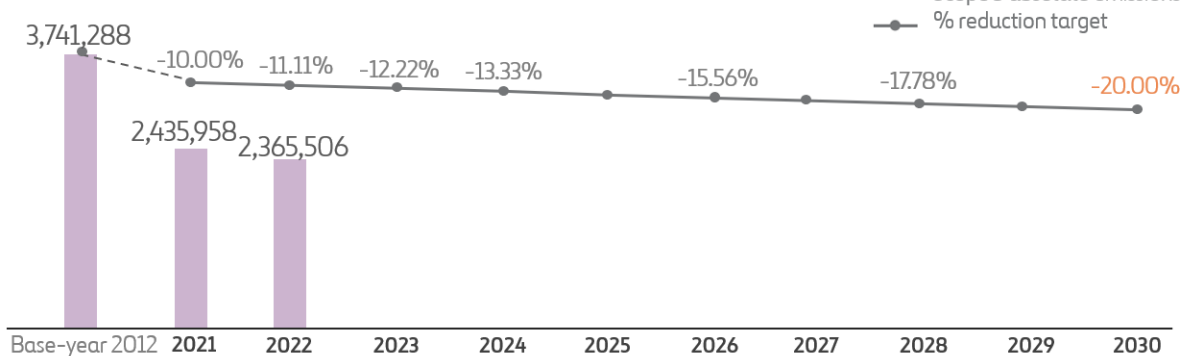


We project that scope 1 and 2 emissions will decrease over the next five years to 387,828 tCO₂e, representing a 30.26% reduction. Our scope 3 emissions are projected to decrease to 3,117,740 tCO₂e by 2027, representing a 16.67% reduction. Progress against these targets can be seen in the graphs below for the most recent years.

SCOPE 1&2 ABSOLUTE EMISSION REDUCTION TARGETS



SCOPE 3 ABSOLUTE EMISSION REDUCTION TARGETS



In the UK & Ireland we have achieved a 24.88% reduction in scope 1 and 2 emissions against our 2009 UK baseline and a 42.54% reduction in scope 3 emissions against our 2012 baseline.

We are continually improving our carbon measurement processes and assisting the industry in ensuring scope 3 data is collected and reported accurately. We are working with supply chain partners to develop tools to enable better capture embodied carbon data for the

materials and products we procure. Our rebaselining exercise in 2023 will capture the improvements made in our sector for the reporting of scope 3 categories.

Carbon Reduction Projects

The following environmental management measures and projects have been completed or implemented since the 2009 baseline up to 2022. The carbon emission reduction achieved by these schemes equate to a 33.41% reduction for our parent company and a 42.29% reduction in the UK and the measures will be in effect when performing the contract.

We have developed and implemented Carbon Reduction Initiatives to reduce emissions of our parent company Ferrovial and specific to the Ferrovial Construction (UK) Ltd:

- **Enhanced Sustainability Governance:** The Ferrovial Sustainability Committee is made up of representatives from each business area and corporate area. The chair of the committee reports to the CEO to set and approve the targets outlined in Ferrovial's Climate Strategy. Ferrovial was one of the first companies to put the climate strategy and emissions reduction plan to a consultative vote at the annual General Shareholders' Meeting.
- **Certified Management Systems** for environmental, energy, and carbon to continually improve our performance year on year:
 - Ferrovial Construction has been certified to ISO 14001:2015 Environmental Management Systems since 2013.
 - Ferrovial Construction (UK) Ltd has been certified to ISO 50001:2018 Energy Management Systems since 2015 for all sites and head office.
 - Ferrovial Construction (UK) has been verified to PAS 2080:2016 since 2019, one of the first contractors to do so.
- **Industry Commitments**
 - First infrastructure company with emission reduction targets verified to the SBTi
 - Signatory to UK Contractors Declare Climate & Biodiversity Emergency
 - Appointed a CO₂nstruct Zero Business Champion in 2021
 - Partner of the Supply Chain Sustainability School (SCSS) and the school's climate action group
- **Delivering training and awareness to upskill our workforce:**
 - Sustainability and carbon awareness is delivered to employees via onboarding and induction sessions, toolbox talks, and site briefings.
 - Roll out of carbon awareness e-learning via the SCSS resources and internal training, including PAS 2080 awareness and carbon in design briefings.
- **Promotion of the purchase and generation of renewable sourced energy:**
 - Began transitioning to renewable electricity in the UK in 2017 and achieved 100% for our project offices in 2021, four years ahead of the Ferrovial target.

- In 2022, Ferrovial consumed 70% of electricity from renewable sources; 87% being purchased and 13% came from self-consumption.
- Roll out of on-site renewable energy generation including hybrid solar generator units and solar lighting.
- Ferrovial developed IKONGREEN portable power supply solutions with 72m³ of photovoltaic panels, that can reduce carbon emissions by 60 – 90%.
- **Improved energy efficiency in both industrial and passenger vehicle fleets:**
 - Continual renewal of more efficient vehicles in our fleet and increasing electric vehicle provision on projects. In the UK, 80% of the company car fleet at our Head Office is hybrid or electric.
 - Roll out of vehicle management system to capture vehicle fleet improvements.
- **Incorporation of energy efficiency measures in offices:**
 - Cabins and compounds on construction sites adhere to energy efficiency requirements, as per ISO 50001, e.g., eco welfare cabins.
 - UK Head Office measures include: 100% renewable energy supply, fixed external shading, LED lighting, digital gas boilers, efficient air handling units, high efficiency hand dryers, electric vehicle charging stations.
- **Incorporation of energy efficiency and low carbon criteria in procurement and the use of less polluting fuels:**
 - Increasing the procurement of hybrid, electric, renewable, or hydrogen plant.
 - Encouraging the use of biofuels, such as hydrotreated vegetable oil (HVO), as an interim solution to transition away from fossil fuel-based fuels. After successful trials of HVO in 2019 our projects are increasing the use of the fuel in plant and machinery, including on our Thames Tideway Tunnel Central project and fully HVO plant on our Heathrow project.
- **Procuring locally sourced, lower carbon materials to reduce scope 3 emissions:**
 - Prioritising the use of cement replacements in concrete mixes, using high percentages of ground granulated blast furnace slag (GGBS) and fly ash.
 - Set up of the Ferrovial Low Carbon Concrete Community of Practice (COP) to research and trial low carbon concrete solutions and carbon sequestration technologies and share opportunities across the business.
- **Incorporating the principles of the circular economy:**
 - Ferrovial Circular Economy Plan incorporates reducing natural resources, reusing waste as raw materials, recycling, and the incorporation of ecodesign criteria.
 - Target of 95% or more non-hazardous waste diverted from landfill in the UK through the reuse of materials and waste, e.g., excavated waste is reused on projects as nature-based solutions or sent for beneficial reuse.
- **Promoting sustainable transport:**

- Transporting materials via lower carbon modes of transport, e.g., utilising the River Thames to transport via barges; using railheads to avoid HGVs on roads.
- Implementing project sustainable travel plans, the UK Cycle to Work scheme, bicycle parking and storage, electric vehicle charging at offices.

In the future we hope to implement further measures such as:

- Trialling Ferrovial's Ikongreen modules to deliver renewable energy to sites in the UK.
- Rolling out new carbon training to employees and senior leadership aligned to the updated PAS2080:2023 Standard.
- Developing training for our supply chain using the SCSS resources and internal training sessions.
- Mandating hybrid or electric vehicles and increase electric vehicle charging provisions.
- Scaling up the use of hydrogen generators and renewable energy technology.
- Rolling out energy management systems for compounds and offices.
- Reviewing annual progress against the UK & Ireland climate roadmap.
- Updating our UK & Ireland emission reduction targets to align with the most ambitious scenarios of the SBTi 2021 recommendations.
- Trialling low carbon concretes with our supply chain partners under the Catapult Advanced Accelerator programme.
- Continuing the research and development of industry leading carbon reduction technologies with our Innovation Working Group.

Compensation

At Ferrovial, we are taking significant actions to mitigate the emissions related to our operations and value chain through our Deep Decarbonisation Pathway and our expansion in renewable energy businesses. Our business areas and construction projects should identify solutions to avoid and reduce emissions as a priority with carbon offsetting always as a last resort. Compensation projects are included in our deep decarbonisation pathway to tackle hard to mitigate sectors by the mid-century. All offsetting activities for emissions removal are transparently managed through Ferrovial Group via credible schemes. Ferrovial was awarded the "Compenso" seal by the Ministry for the Ecological Transition and the Demographic Challenge in the Spanish Climate Change Office in Spain in 2020. This recognition joins two other significant recognitions from the OECC, the Calculo ("I Calculate") and Reduzco ("I Reduce") recognitions. This triple recognition – Compenso, Calculo, and Reduzco – demonstrates the company's commitment to fighting climate change.



Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard⁴ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting⁵.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard⁶.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of Ferrovial Construction (UK) Ltd:



Karl Goose
Managing Director UK & Ireland

Date: 27 April 2023

⁴<https://ghgprotocol.org/corporate-standard>

⁵<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

⁶<https://ghgprotocol.org/standards/scope-3-standard>