



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: 17 June 2024

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). The baseline and targets included within this CRP apply to both Ferrovial Construction UK & Ireland and its parent company, Ferrovial, as validated under its corporate Science Based Targets Initiative (SBTi) verification. This CRP will be adopted jointly, with environmental management measures applied to Ferrovial Construction UK & Ireland when performing the Contracts.

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 2023 – 31st December 2023.

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 2023](#) and [Ferrovial 2023 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 and rated ‘A-’ in the CDP Water List in 2023.

We continue to be recognised in the main sustainability indices in 2023: Ranked on the Dow Jones Sustainability Index (DJSI) for the last 22 years; Included in FTSE4Good index in its last 20 editions; MSCI “A” rating; recognised by Sustainalytics as an ESG Industry Top-Rated Company in its sector; Awarded the EcoVadis Gold Medal.



Ferrovial was the first Spanish company and first infrastructure company globally to have its emission reduction targets verified by the Science-Based Targets Initiative (SBTi). In 2021, we collaborated with the SBTi initiative in defining the Net-Zero Standard and developing the tool for calculating emission reduction targets. We submitted our commitment to the net zero standard and new baseline and emission reduction to the SBTi on the 29th May.

Our commitments for decarbonisation are outlined in our [Climate Strategy 2023](#) and [Sustainability Strategy 2030](#).

1. Baseline Emissions Footprint

Baseline Year: 2009 Calendar Year (1st January – 31st December 2009)		
Additional Details relating to the Baseline Emissions calculations.		
<p>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.</p> <p>Ferrovial is currently validating its new baseline and reduction targets in line with the 1.5°C pathway and Net Zero standard with SBTi to be published in 2024.</p>		
Emissions (tCO₂e)	Ferrovial	Ferrovial Construction UK & Ireland
Scope 1 (2009 baseline)	463,957	1,982
Scope 2	137,937	388

(2009 baseline)		
Scope 3 (Included Sources) * (2012 baseline)	6,121,922	169,774
Total Emissions	601,893	172,144

2. Current Emissions Reporting

Reporting Year: 2023 Calendar Year (1st January 2023 – 31st December 2023)		
EMISSIONS (tCO₂e)	Ferrovial	Ferrovial Construction UK & Ireland
Scope 1	300,648 (-35% vs. 2009)	1,486 (-25% vs. 2009)
Scope 2	26,926 (-80% vs. 2009)	214 (-45% vs. 2009)
Scope 3 (Included Sources) *	3,878,812 (-37% vs. 2012)	40,305 (-76% vs. 2012)
Total Emissions	4,206,386	42,005

*Indirect emissions (Scope 3). Ferrovial calculates Scope 3 emissions 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. The following scope 3 emission categories, as per the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, included within the baseline footprint for the UK are: Purchased goods and services (category 1, excluded from PPNO6/21); Upstream transportation and distribution (category 4); waste generated in operations (category 5); business travel (category 6). Employee commuting (category 9) was excluded from the UK 2012 baseline but is included in the current emissions reporting for 2023. As per the PPNO6/21 requirements, the Scope 3 category ‘Downstream transportation and distribution’ does not apply as Ferrovial does not sell products that are transported or stored.

3. Emissions reduction targets

Ferrovial was the first company in its sector worldwide to establish and have its emissions reduction targets endorsed by the SBTi. 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 & the capital goods categories. At the time of validation, the categories of purchased goods and services & capital goods represented less than 33% of our scope 3 emissions; falling outside of the criteria requirements set by the SBTi:

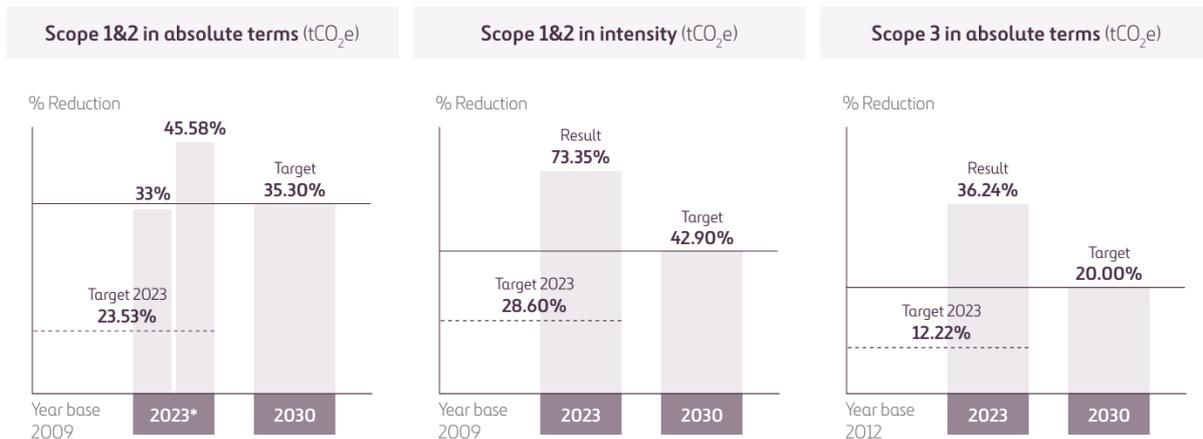
If scope 3 represented more than 40% of the corporate carbon footprint, a target covering at least 67% of scope 3 emissions should be submitted.

Ferrovial is currently in the process of updating our corporate carbon emission reduction targets to align with the most ambitious scenario of SBTi, 1.5°C pathway and Net Zero Standard, before 2025. At the same, we are developing emission reduction targets specific to our UK and Ireland construction business. This will include an updated baseline year to ensure a more representative baseline of our business activities to measure our continued progress towards decarbonisation.

4.1 Progress against emission reduction targets

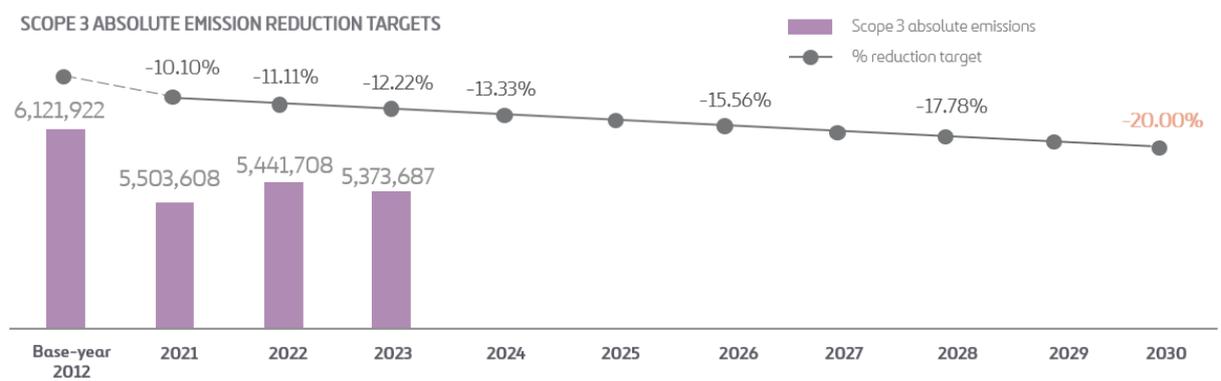
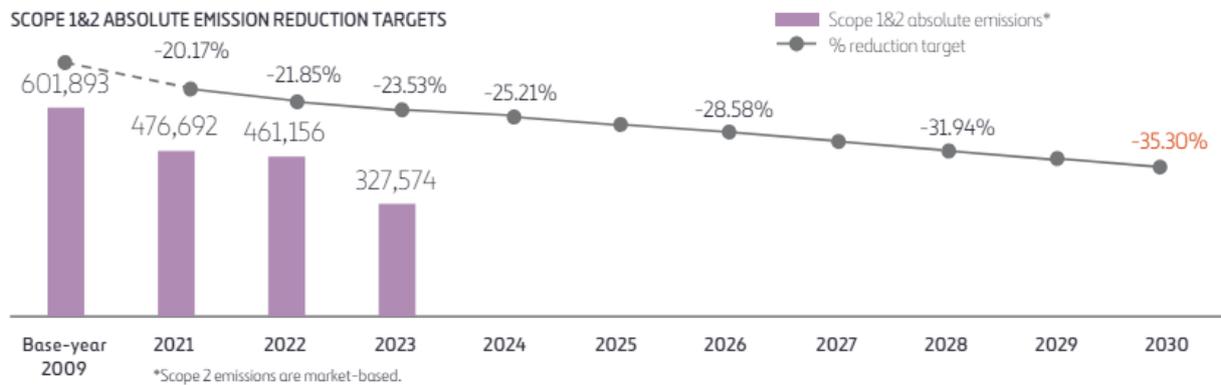
In 2023, Ferrovial achieved a 45.58% reduction in scope 1 and 2 emissions from our 2009 baseline, exceeding the 35.30% target by 2030. This equates to a 73.35% reduction in carbon emissions intensity, exceeding the relative target of 42.90% carbon reduction for the company. The significant decrease in absolute emissions is largely due to Ferrovial transferring ownership of one of its emission intensive business assets. When this divestment is excluded, the carbon reduction is 33% against the baseline.

The SBTi-supported target of the company aims to reduce its Scope 3 emissions by 20% in absolute terms (tCO₂e) by 2030. In 2023, reductions of 36.24% have been achieved compared to the base year.



*2023: Left bar represents emissions reduction without considering change in ownership of one carbon intensive asset in the UK (Allerton; please see detailed info in paragraph "Evolution analysis")

We project that scope 1 and 2 emissions will decrease over the next five years to 409,656, representing a 31.94% reduction. Our scope 3 emissions are projected to decrease to 5,033,580 tCO₂e by 2028, representing a 17.78% reduction. Progress against these targets can be seen in the graph below for the most recent years.



In 2023, the UK & Ireland achieved a 25% reduction in scope 1 and 2 emissions against our 2009 baseline and a 76% 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 and transparently. We are working with supply chain partners to develop tools to enable better engagement with our suppliers to capture embodied carbon data for materials and products. Our re-baselining exercise will capture the improvements made in our sector for the reporting of scope 3 categories.

4. Carbon Reduction Projects

The following environmental management measures and projects have been completed or implemented since the 2009 scope 1 and 2 and 2012 scope 3 baselines up to 2023 for the UK and Ireland. The carbon emission reduction achieved by these schemes equate to 130,140 tCO₂e for scope 1,2, and 3 emissions, a 76% reduction against the respective baselines 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 our Ferrovial Construction UK & Ireland operations which will be implemented on all contracts:

- **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) achieved verification to PAS2080:2023 standard in September 2023, replacing its previous verification to PAS 2080:2016 in 2019.
- **Industry Commitments**
 - First infrastructure company with emission reduction targets verified to the SBTi in 2017.
 - Signatory to UK Contractors Declare Climate & Biodiversity Emergency.
 - Appointed a CO2nstruct Zero Business Champion in 2021.
 - Gold signatory to the Supply Chain Sustainability School Plant Charter.
 - Partner of the Supply Chain Sustainability School (SCSS) with company representatives on the school's climate action and social value groups.
- **Delivering training and awareness to upskill our workforce:**
 - Creation and delivery of PAS 2080:2023 Carbon Management training and PAS 2080:2023 Carbon Awareness training both aligned with the new PAS 2080 standard. Continued rollout of SCSS e-learning resources.
 - Environmental professionals achieved Carbon Literacy Certificate through accredited carbon literacy training course.
 - Delivered carbon literacy training to the UK and Ireland Board of Directors.
 - Sustainability and carbon awareness is delivered to employees via onboarding and induction sessions, toolbox talks, and site briefings.
- **Promotion of the purchase and generation of renewable sourced energy:**
 - Continued achievement of 100% REGO backed renewable energy for main offices and compounds since 2021, achieving our corporate target four years early.

- Increased on site renewable generation including hybrid solar generator units and solar tower lighting.
- Ferrovia 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. In the UK & Ireland, 80% of the company car fleet at our Head Office is hybrid or electric.
 - Implemented a vehicle management system to capture fleet efficiency and emissions improvements to track against our corporate target of 33% emissions reduction through electrification.
- **Incorporation of energy efficiency measures in corporate headquarters:**
 - Cabins and compounds on construction sites adhere to energy efficiency requirements, as per ISO 50001, e.g., eco welfare cabins.
 - Trialling of intelligent AI based energy optimisation within site compounds.
 - UK Head Office measures includes: 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.
 - Starting use of Hydrogen generators on UK construction projects. Engaging with supply chain to trial low emission flameless generators.
 - 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.
 - Implemented first diesel free site initiative at Heathrow projects, encouraging subcontractors to comply with the strategy.
- **Procuring locally sourced and 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.
 - Structures constructed using pre-cast low carbon mixes, reducing waste material vs in-situ.
 - Set up the Ferrovia 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.

- Members of the CCC (Concrete Commitment Cohort) set up through Innovate UK. As members, we are partners in the Advanced Market Commitment initiative to develop a commercial framework to commit for novel concretes at the bidding phase of a project.
- **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.
 - Stockpiling excavated material for reuse. Crushing concrete to create new use cases. Reuse of waste aggregates as construction materials.
 - 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.
- Adding carbon criteria to supply chain contracts.
- Further develop supply chain engagement including carbon training, upskilling and support measures.
- Mandating hybrid or electric vehicles and continue to increase electric vehicle charging provisions after successful installation projects.
- After successful use of hydrogen generators, continuing to procure and use hydrogen and renewable energy technology.
- Rolling out energy management systems for compounds and offices.
- Reviewing annual progress against the UK & Ireland climate roadmap.
- Trialling low carbon concretes with our supply chain partners under the Catapult Advanced Accelerator programme.
- Working with start-ups through the Catapult Advanced Accelerator programme to develop carbon projects.
- Continuing the research and development of industry leading carbon reduction technologies with our Innovation Working Group.

5. Compensation

Ferrovial has set the goal of achieving climate neutrality by 2050 for direct emissions by reducing emissions and voluntarily offsetting those that cannot be reduced. 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. Compensation is made through neutralization and mitigation beyond the value chain tackle hard to mitigate sectors by the mid-century, relying on nature-based solutions. The Ministry for Ecological Transition and the Demographic Challenge has awarded Ferrovial the highest recognition for its work in 'Calculate', 'Reduce' and 'Compensate' through the reforestation project Compensa. We also have voluntary compensation in renewable energy generation projects and nature-based solutions.



6. 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 the Supplier:

Date: 17/06/24

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>