

REPORTING PRINCIPLES

SCOPE OF THE INFORMATION

Ferrovial comprises the parent company Ferrovial, S.A. and its subsidiaries and associated companies. For detailed information on the companies included, see the scope in the Consolidated Annual Financial Statements.

2017 saw operations that involved changes to the scope, due to the acquisition of companies and the awarding of new contracts. Company restructuring also took place. For further details see pages 39-51 at the chapter Business Performance.

CONSOLIDATION PROCESS

Non-financial information reporting includes all companies in which Ferrovial has economic control, construed as a stake of greater than 50% in them. In these cases, 100% of the information is reported.

Likewise, following the indications of the GRI G4 Guidelines, Ferrovial provides information on the indicators and material aspects "outside the organization" so long as the data are of sufficient quality and always separately. Ferrovial considers that the most significant impacts are those relating to the 407 ETR toll road in Canada and the airports in the United Kingdom.

TRACEABILITY

Ferrovial guarantees the traceability of information related to the field of Corporate Responsibility thanks to a reporting system, which it has had since 2007, to obtain detailed information to company level, facilitating partial consolidation by geographical location or business. Each year, before the launch of the information collection campaign, the system is fully revised to adapt it to the needs of the company and its stakeholders.

In 2017, the reporting system made it possible to gather 391 quantitative and qualitative indicators, in 116 companies, through 202 users.

REFORMULATION OF THE INFORMATION

In 2017 there were a number of company perimeter changes that could affect the comparability of data contained in the Report, although they are not particularly relevant. To guarantee the maximum transparency and comparability of the data, the body of the report indicates when an indicator from previous years has been modified or presents significant changes that affect the comparability of information.

STAKEHOLDERS

Ferrovial is committed to transparency in the information reported to the market and thus implements continuous improvements to its communication channels with all stakeholders on the basis of innovative corporate information that not only includes financial aspects but also considers environmental and social variables.

The company considers stakeholders to be any individuals or social groups with a legitimate interest and who are affected by the company's current or future activities. This definition includes both stakeholders that form part of the company's value chain (shareholders, employees, investors, clients and suppliers) who are considered partners in the development of businesses, and external stakeholders (governments and public authorities, the media, analysts, the business sector, labor unions, the third sector and society in general), starting with the local communities in which the company operates.

This relationship is dynamic, because the climate in which the company operates is changing more rapidly than ever. Ferrovial's business is highly dependent on relationships with the public authorities of the countries in which it operates. Ferrovial holds decision-making positions in organizations that boost corporate responsibility in Spain and abroad, such as Fundación SERES, Forética, the Spanish Global Compact Network, and the Spanish Quality Association (AEC). In 2017, Ferrovial formed part of the United Nations SDG Fund Advisory Group to promote the new UN Sustainable Development Goals, as well as holding the chair of the Spanish Green Growth Group. Its relations with each stakeholder group are detailed in www.ferrovial.com

Ferrovial's consideration of the principles related to the content of the report is developed in the specific section on materiality. For more information on the AA1000 and GRI standards, see page 122 of GRI indicators.

MATERIAL ISSUES

Ferrovial considers relevant any issue that could have a substantial influence on the evaluations and decisions of stakeholders, affecting its ability to address existing needs without compromising future generations.

The company has established a biennial process to carry out its materiality study. In 2017, the issues that were most relevant for the company and its stakeholders during the year were analyzed, using the base of the previous year. As a result, the report offers a balanced and objective view of the issues that, by their nature, have significantly affected the company.

ALIGNMENT WITH THE RECOMMENDATIONS FROM THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) AND THE CLIMATE DISCLOSURE STANDARDS BOARD (CDSB)

ROver the course of the Integrated Annual Report, explanation are provided as to how the customer addresses aspects such as Governance, Strategy, Risk Management and Indicators and Objectives. All these aspects are influenced by Climate Change. However, emphasizing and providing more details about the Risks and Opportunities with regards to Climate Change and the evolution of emissions has been considered appropriate.

Strategy

Company's climate strategy is integrated into the company's strategy. In fact, the emerging policy related to Climate Change and the mobilization of the economy toward a low emission economy is directing investment and financing towards businesses that help meet the mitigation and adaptation objectives of the Paris Agreement.

These factors are the pillars of business and new business opportunities. New lines of business that provide low carbon solutions that help our clients and users to reduce energy consumption and emissions of the products and services offered by the company have assumed greater relevance in recent years.

In this sense, aspects such as energy efficiency in buildings and processes, the integral management of cities, efficient mobility of people, water management and the conservation of biodiversity make Ferrovial an excellent strategic partner to achieve global environmental objectives.

The current commitment with the SBTi initiative to establish reduction targets by 2030 will require a revision of our 2020 - 2030 strategy next year.

Climate Change-related Risks and Opportunities

To analyze the impact that Climate Change has on the business targets, Ferrovial carried out an internal project called "Ferrovial 2020" to identify and evaluate risks and business opportunities related to climate change and the new associated regulatory framework. The risk assessment is carried out based on its potential impact on business targets, financial, reputational and sustainability, and their probability of occurrence. From this review and analysis project, the company set the global reduction targets for 2020, as well as the strategic path to achieve them.

Under the principle of continuous improvement, the risks identified through the corporate risk identification and assessment system (Ferrovial Risk Management) are reevaluated annually, and the status of achievement of the established reduction targets and deviations that may exist are reviewed to establish the appropriate corrective measures.

The identified risks are classified into groups according to their nature in order to facilitate their control, monitoring and assurance. Thus, the main groups are:

- Regulatory: risk of non-compliance with the regulatory framework applicable to the company's activities.
- Financial: Economic impact of the new regulation on climate change, due to the increase in operating costs as a result of the increase in rates on fossil fuels and the appearance of new markets for emission rights. Implementation of energy efficiency measures and the electrification of demand reduce exposure to this risk. In terms of the potential financial impact on the different climate scenarios, it is considered that the diversification of our activities toward "low carbon" activities will make it easier to attract new sources of financing.
- Operational: Catastrophic events derived from weather changes that may cause damage to the company's infrastructure and operation, causing temporary loss of income.
- Reputational: Loss of credibility due to the non-compliance of the objectives established and communicated to the stakeholders.

Management and reduction measures are associated with all risks.

Furthermore, a methodology has been developed to assess the price of carbon shadow pricing, used in the process to analyze and authorize new acquisitions and investments, making it possible to identify and evaluate the risks and opportunities associated with new investment projects.

Ferrovial's new business opportunities place a focus on a low-emission economy and adapting infrastructures to the impact of climate change, as mentioned in the Strategy section. Opportunities arise to respond to:

- The needs of cities. Cities represent a big management challenge that will require innovative and efficient solutions. Ferrovial is implementing service business models that help to reduce energy consumption, emissions and offer large-scale management savings. In 2017, a car sharing service was launched in Madrid with an initial fleet of 500 electric vehicles, fully charged with renewable energy. Energy efficiency agreements in buildings or lighting, optimization of waste collection routes, valuing or increasing the collection of biogas from landfills are all examples.
- Water. Problems relating to the quality and quantity (surplus and shortage) of water and the investment required to respond to these problems will gain more weight. In this regard, we can provide innovative solutions as water treatment plant managers and as a construction company to adapt infrastructures and make them more resistant.
- Infrastructures. There is a growing demand to reduce transport emissions. In the US, Ferrovial operates the first "carbon neutral" highway (NTE) given its dynamic management of traffic and Heathrow Airport is committed to being a "Zero Carbon Airport" by 2050.

Emissions inventory by business

Company	Baseline Year (2009)		2016		2017	
	tCO ₂ eq	tCO ₂ eq/M€	tCO ₂ eq	tCO ₂ eq/M€	tCO ₂ eq	tCO ₂ eq/M€
Construction (Ferrovial Agroman, Budimex, Webber, Cadagua and PWL)	251,375	53.32	245,981	56.19	264,355	55.47
Infrastructure (Cintra)	15,684	52.81	13,739	29.74	10,091	22.94
Services (F. Services, Amey and Broadspectrum)	682,551	150.36	542,264	77.20	578,411	82.11

Toll roads

In 2017, the absolute emissions from toll roads decreased by 35.66% since the baseline year, despite 48.1% increase in activity. These results are reflected in the evolution of intensity emissions

(tCO₂eq / M €), which dropped to 56.56% in 2017 compared to the base year, reflecting the decoupling between growth and emissions. These data are the result of energy efficiency measures in lighting highways, the main source of consumption.

Services (Ferrovia Services, Amey and Broadpectrum)

In 2017, Services dropped by 15.29% in absolute terms and 45.39% in intensity, also showing the decoupling between emissions and growth. This evolution is the result of the imple-

mentation of energy efficiency measures, the increase in the fleet of electric or alternative vehicles, the purchase of electricity from renewable sources and the increase in the collection of diffuse land-fill emissions. The main cause of the increase in emissions compared to 2016 is the increase in waste received in landfills, as a consequence of the greater economic activity and repair works to some cells, which made it impossible to capture all the expected biogas.

Construction (Ferrovia-Agromán, Budimex, Webber, Cadagua and PWL)

In Construction, the emissions increase annually in line with the turnover. In 2017, emissions increased by 5.16% compared to 2016. However, a decoupling between emissions and turnover has been detected.

SCORECARD

SHAREHOLDERS	2015	2016	2017
Revenues (million euro)	9,701	10,759	12,208
Operating flow excluding concessionaries (million euro) ⁽¹⁾	889	995	999
Dividends received (millions of euro) ⁽¹⁾	532	544	520

EMPLOYEES	2015	2016	2017
Workforce at year-end	74,032	96,001	95,978
Total average turnover rate (%) *	3.20%	5.11%	12.67%
Frequency index	20.0	15.0	13.6
Severity index	0.43	0.33	0.31

(1) For the calculation of the total average rotation rate, both voluntary and forced removals were taken in to account in 2017.

CLIENTS	2015	2016	2017
Order book by line of business (million euro)	31,531	33,519	32,063
- Services	22,800	24,431	20,918
- Construction	8,731	9,088	11,145
Investment in R&D (million euro)	44	48	47
407 ETR user satisfaction %	-	97%	82%
Managed Lanes (NTE and LBJ) user satisfaction %	-	80%/91%	75%
HAH Passenger experience (Scale 1-5)	-	4.2	4.2
ISO9001 certified activity	91%	91%	89%

SOCIETY	2015	2016	2017
Renewal of presence in Sustainability indexes: DJSI, FTSE4Good, MSCI	✓	✓	✓
Carbon intensity: Direct and indirect emissions of greenhouse gases in relative terms (t CO ₂ eq/M€) ⁽²⁾	-43.70%	-31.90%	-28.4%
Beneficiaries in potable water and sanitation projects ⁽³⁾	-	191,759	212,605
Tax (million euro) ⁽⁴⁾	-	-	2,075

(1) In flexible dividend and share buyback.

(2) Scope 1 & 2 since 2009.

(3) Data accumulated since 2008 (18 projects executed in Colombia, Peru, Mexico, Tanzania, Ethiopia, Uganda and Ghana).

(4) Supported, paid and collected in 2017 (Cash Criteria).