



Sustainability | Leadership | Innovation



## 2017 WINNER COMMUNICATING INTEGRATED THINKING

# LESSONS IN DRIVING BUSINESS SUSTAINABILITY

## FERROVIAL

Ferrovial is one of the world's leading infrastructure operators and urban services providers. Its toll roads business owns and manages 27 concessions in 10 countries. Its services business provides the maintenance and operation of public and private infrastructures for transport, environment, industry, natural resources and utilities. It also constructs major transport infrastructure as well as civil engineering, industrial, building and water projects. And its airports division operates London's Heathrow Airport and three other UK airports.

Ferrovial recognises that innovation and sustainable solutions differentiate it from competitors. 'It is about improving people's lives by operating and developing sustainable infrastructure,' said Ernesto Lopez Mozo, Ferrovial Chief Financial Officer. 'We create value by helping people solve complex problems on mobility, like congestion and engineering services. We need to communicate all the environmental and social aspects as well as the financial information otherwise the true value of the company would be missed.'

**We create value by helping people solve complex problems on mobility.**

There was a belief that shareholders and stakeholders were often unaware of wider aspects of the factors that were bringing about value creation. 'Financial investors didn't have an understanding of how we create value,' said Laura Lopez Sotomayor, Head of Control and FP&A at Ferrovial. 'The social and environmental impacts are embedded in our activities and that information was not conveyed to the financial investors,' said Lopez Sotomayor.

Considering the financial return and the contribution to economic and social development, in other words, the total impact, is a competitive advantage. 'I think our integrated thinking is key,' said Ferrovial Head of Corporate Responsibility, Cristina Moral. 'We are always looking for new investment. Now in the investment committees they take account of all the aspects, social, environmental and reputational. We think of all the impacts Ferrovial could have on our users. We can also see important investors such as Blackrock that are confirming that they are going to use environmental and social criteria in their investments.'

Ferrovial's first integrated report, which was one of the first in Spain, was developed through the International Integrated Reporting Council's framework and both its financial and non-financial information is audited. The aim was to provide a complete view of the businesses, to connect the strategy, governance structures, business model and the social, economic and environmental performance in which the organisation operates. The aim was also to cut back on the tendency to work in silos, to increase collaboration and become more connected. 'Before we had six different reports at different times throughout the year,' said Lopez Sotomayor, 'And we wanted to generate just the one document, a legal document approved by the Board and we wanted it audited. So it was a huge challenge for all of us to manage it and to maintain collaboration. We wanted to communicate clearly and honestly how we create value because our competitive advantage was not being perceived very clearly.' The aim was to show what made Ferrovial different so that investors would seek them out instead of their competitors. 'We had to explain what makes us different,' said Lopez Sotomayor.

Ferrovial now communicates with investors and other stakeholders through a suite of communications which, in addition to the Integrated Annual Report, includes presentations, meetings, roadshows, seminars and a short document explaining the strategy of the company, connecting it with its business model and explaining the company's social and environmental management. It also has its own corporate magazine *Inforvial* which has been published biannually for more than a decade. It focuses on the impact their activities have beyond the cash return.



Heathrow Airport is one of the four UK airports Ferrovial operates in

Moral explained how the company's Managed Lanes division took on the engineering challenge of creating new roads in Dallas, Texas, in the midst of one of the busiest and fastest growing areas in the country, while all the time keeping the traffic flowing. With its dynamic traffic techniques, the company not only improved conditions for users of these highways, but the corridor congestion times per day have fallen by over 60%. Average speed increased by between 10% and 15%, and CO<sub>2</sub> emissions have reduced significantly, and driver safety has improved.

Moral also added, 'Equally a toll road built a few years earlier in Colombia depended on community involvement to make it a success. Initial suspicions became approval through an open dialogue established by Ferrovial with the community. Thanks to this, this project has improved the quality of life of the residents of La Iguana. In the first place, the construction of the new road has facilitated improved access to the neighbourhoods located on the banksides. Paths have been paved, pavements have been improved, and pedestrian footbridges have been built. During the periods of most intense activity, it generated more than 750 direct jobs and 500 indirect ones, which contributed to driving the economy of the area.' Moral concluded, 'The Carrera 80 project was a complete success in terms of technical, social and environmental management'.

**Ferrovial is going to gain in honesty and credibility as well as in sustainability.**

Ferrovial sees long-term benefits coming through. 'I think Ferrovial is going to gain in honesty and credibility as well as in sustainability,' said Moral. 'I think that the private sector must make an effort to transmit these sustainability concepts to all of our society. I hope this will help the companies to report their real way to create value.' They also reference the EU directive on non-financial reporting. Integrated thinking had meant that the information required by the directive was already in the Ferrovial report. 'Non-financial and financial reporting will benefit all of our society,' said Moral. 'They demand that companies report about social and environmental behaviours.' It is all part of the thinking that has brought about Ferrovial's inter-connection.



The Managed Lanes division created new roads in Dallas, Texas

### What the judges said

Ferrovial uses innovative engineering to solve problems such as increasing populations in cities, climate change and limited public finances. The Investment Committee evaluates projects and takes them on only where there is a total positive contribution. Responding to investor demand to understand the total impact of their projects, the finance team enthused the whole organisation with the idea to communicate this integrated thinking to capital investors in a better way.