

**Background**

Metro Ligerero Oeste, S.A. (hereinafter MLO) is a public transportation company constituted to build, finance, operate and maintain light metro lines ML2 and ML3 in accordance with the contract "Concesión de obra pública para la construcción y explotación de las líneas de Metro Ligerero de la Comunidad de Madrid T2 entre Colonia Jardín y Pozuelo de Alarcón y T3 entre Colonia Jardín y Boadilla del Monte" signed with Madrid Region's Department of Transports and Infrastructures (the 'Authority').

**Purpose and scope**

MLO aims to offer a transport service that is timely, accessible, sustainable and safe for users and those involved in providing MLO services, under the highest standards of quality, professionalism, integrity, transparency, innovation, and safety, with respect and pride of belonging to the organisation. We are also committed to promoting the achievement of the United Nations Sustainable Development Goals (SDGs), and to establishing our own goals to contribute to the targets defined.

**Frame of reference**

MLO General Management determines the policies and their commitment in accordance with current legal requirements, national/international benchmark standards and voluntary initiatives such as ISO standards, through the certification of an Integrated Management System related to the management of: the environment (ISO 14001), quality (ISO 9001), occupational health and safety (ISO 45001), AENOR's benchmark for operational railway safety management, the EFR 1000\_2 standard for family-responsible companies and the National Safety Scheme in the field of cybersecurity.

Environmental, social and governance policies must be interpreted in conjunction with existing MLO internal management policies at the global level, as well as the provisions of existing regulations in related areas.

**Basic principles**

ESG criteria constitute a new concept that goes beyond sustainability plans for organisations committed to the environment, society and good corporate governance practices. The benefits materialize in the form of greater investor trust, improved corporate image and profitability, amongst others.

**Courses of action and commitments**

For all of the above, MLO assumes a proactive role in defining core pillars of action to materialize the ESG strategic plan. This plan constitutes the framework of reference and the tool for systematizing the strategic lines of the actions linked to goal achievement.

**Pillar 1 Environment**

- Efficient use of raw materials
- Impacts on the environment

**Pillar 2 Social: People and their development**

- Promotion and development of internal human capital
- Family - work balance
- Occupational health and safety
- Internal dialogue and labour practices



Pillar 3 Social: Relationships with users, suppliers and the local community

- User and provision of the service offered
- Responsible and sustainable transport in cities
- Social activities with the local community (sport, culture, social exclusion, disability and bringing students closer to the world of work)
- Responsible supplier relationship management

Pillar 4 Good governance, responsibility and integrity: Board of Directors, shareholders and management

- Good governance practices
- Ethics and integrity in business activities
- Project strength and soundness and making the most of opportunities
- Management of operational and business risks
- Promoting dialogue and communication with stakeholders

#### **Communication with stakeholders**

MLO will be proactive in interacting with its stakeholders, making corporate policies available to them, and will report regularly and transparently on its performance, as applicable.

#### **Approval, monitoring and control**

The monitoring of the ESG Strategic Plan implementation, together with the updating of the material aspects on a regular basis and with the participation of stakeholders, will affect the evolution of the priority contents of each of the strategic pillars.

In the exercise of its functions, the Metro LigerO Oeste, S.A. Board of Directors approves and supervises the development and maintenance of this policy:

Signed for and on behalf of:

**PABLO ESCODA VILLACORTA**

General Manager

In Pozuelo de Alarcón, December 13th 2023.



**Background**

The ESG framework policy of Metro Liger Oeste (hereinafter MLO) sets the benchmark standards for the development of specific policies for relevant aspects. Therefore, this policy should be interpreted jointly with the rest of the internal management policies, as well as the provisions of the regulations in force in related fields.

General Management undertakes to review the Environmental Management Policy periodically, adapting it to new organisational requirements and any changes in the environment or market that may arise.

All employees must know and comply with all corporate policies, whether the current versions or any future revisions that may evolve from them.

**Purpose and scope**

Promote an environmental management model that is cross-cutting for decision making and ensure strict compliance with environmental regulations and international best practices established in this area.

**Courses of action and commitments**

MLO takes on a leadership position in the development of goals, programs and action plans for environmental protection throughout the whole life cycle.

Therefore, MLO assumes a proactive role and to this end defines the following policies, which will be developed in the corresponding procedures:

**1. Management of Environmental Aspects and Risks**

- Assessment of the environmental risks and impacts of our activities, applying tools for prevention, mitigation and/or elimination.
- Setting up monitoring, control and audit guidelines as part of the continuous improvement process.
- Promotion of awareness of best environmental practices and the development of new technologies.

**2. Waste and Contaminated Soil Management**

- Apply the waste hierarchy, aiming for minimized generation, especially for those elements that can generate a negative impact on the environment due to their dangerous characteristics.
- Maintain a culture of soil pollution prevention through strict monitoring of waste storage and dumping.

**3. Resource management**

- Use resources responsibly, especially water and energy, limiting their use and encouraging innovative initiatives for their reuse and/or recovery.

**4. Protection of Biodiversity**

- Protect ecosystems, historical, cultural and archaeological heritage and the socio-economic environment.
- Monitor potentially adverse impacts on natural flora and fauna during the project life cycle, as well as protecting or improving the local natural habitat.



## 5. Net Zero Policy

Aware of the threat of global warming that we face, MLO is joining the greater challenge required by the Paris Agreement, necessary to reduce emissions by around 45% by 2030 and achieve **net zero** by about 2050 so that the overall temperature increase does not exceed 1.5 °C above pre-industrial levels. To this end, we identify and evaluate the main points of generation by developing, as appropriate, specific reduction, neutralization and compensation actions.

In this context, MLO has made a commitment to:

- Set decarbonisation targets for both MLO and our suppliers and contractors, and review them periodically.
- Identify, calculate and minimize Scope 1 (direct project GHG) and Scope 2 emissions (GHG associated with the electricity, steam, heat and cooling acquired).
- Where materially applicable, best efforts will be made to manage emissions that are part of Scope 3 (in our value/supply chain) in the same way.
- Monitor and verify the conformity of possible harmful emissions into the air from our operations and direct activities (among others, NOx, SOx, etc.) that may adversely affect living organisms.

### Communication with stakeholders

MLO will be proactive in interacting with its stakeholders, making corporate policies available to them, and will report regularly and transparently on its performance, as applicable.

### Approval, monitoring and control

In the exercise of its functions, the Metro Ligero Oeste, S.A. Board of Directors approves and supervises the development and maintenance of the following policy:

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General Management undertakes to review the Social Management Policy periodically, adapting it to new organisational requirements and any changes in the environment or market that may arise.

All employees must know and comply with all corporate policies, whether the current versions or any future revisions that may evolve from them.

**Purpose and scope**

Establish the basic guidelines and lines of action to promote the well-being and health of all MLO personnel and users, and integrate maximum protection of life and physical integrity in all systems and operational processes.

Strictly respect the Human Rights and Public Freedoms contained in the United Nations Universal Declaration.

**Courses of action and commitments**

Therefore, MLO assumes a proactive role and to this end defines the following policies, which will be developed in the corresponding procedures:

**1. Health and Safety at Work**

- Ensure safe, healthy working conditions to prevent injuries and any deterioration in our workers' health.
- Promote professional development and worker training, as well as awareness about occupational health and safety.

**2. Complaints and Claims**

- Encourage the communication, consultation and participation of workers, their representatives and any other stakeholder, establishing a culture of integrity and safety in MLO.
- Ensure that no-one feels disadvantaged or fearful of possible reprisals because of raising legitimate concerns or communicating irregularities, such as financial negligence, breach of legal obligations, safety and health, human rights, criminal activities or unethical behaviour, provided there is no malicious intent or humiliation involved in so doing.
- Ensure the confidentiality of complaints and claims, including the identity of the individual.
- Make available to the complainant and/or the person making the claim the tools and procedures necessary for making and tracking these complaints in accordance with the previous points.
- Accountability and transparency in the management of complaints/claims and detailed analysis of suggestions that may arise as part of the continuous improvement process.



**3. Equality**

- Promote inclusion and diversity, and non-discrimination based on race, age, sex, marital status, ideology, political opinions, nationality, religion, sexual orientation or any other personal condition, preventing harassment for any of these causes.
- Promote fair treatment and equal opportunity in MLO with the aim of guiding behaviour and internal and external relations.
- Promote a positive relationship between workers and management.
- Support the right to join organisations of their own choice without prior authorisation and without interference.

**4. Family - work balance**

- Protect and improve the welfare of workers through measures to balance personal life and work.
- Raise awareness of the available reconciliation measures, to improve their use and make them more accessible, promoting co-responsibility.

**5. Relationship with Stakeholders**

- Eliminate hazards and reduce risks that may affect MLO and our users, driving opportunities to achieve on-going improvement in our performance.
- Consider the satisfaction of our stakeholders as the fundamental reason for our activities, meeting their needs and expectations and promoting the development of improvement projects.

**Communication with stakeholders**

MLO will be proactive in interacting with its stakeholders, making corporate policies available to them, and will report regularly and transparently on their performance, as applicable.

**Approval, monitoring and control**

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The ESG framework policy of Metro Liger Oeste (hereinafter MLO) sets the benchmark standards for the development of specific policies for relevant aspects. Therefore, this policy should be interpreted jointly with the rest of the internal management policies, as well as the provisions of the regulations in force in related fields.

General Management undertakes to review the Governance Policy periodically, adapting it to new organisational requirements and any changes in the environment or market that may arise.

All employees must know and comply with all corporate policies, whether the current versions or any future revisions that may evolve from them.

## Purpose and scope

Establish guidelines for action and provide the necessary resources to guide MLO strategies and policies with ethics, transparency and safety.

## Courses of action and commitments

Therefore, MLO assumes a proactive role and to this end defines the following policies, which will be developed in the corresponding procedures:

### 1. Relationship with Stakeholders

- Maintain an active, effective and transparent relationship with our shareholders, clients and other stakeholders.
- Support and develop projects that serve local stakeholders, promoting their development and quality.

### 2. Anti-Bribery and Corruption Policy

- Ensure compliance with the law and promote a Code of Ethics under the principle of “zero tolerance” regarding irregular activity or that which is against the law that may damage MLO’s reputation.
- Adequately supervise, monitor and watch to prevent any crimes being committed within MLO.
- Forbid actions such as offering, giving or receiving bribes, gifts, invitations, perks or improper payments, or engaging in any kind of corrupt activity, either directly or through a third party.
- Prohibit making political or charitable contributions for inappropriate purposes.
- Ensure that MLO purchases and hiring are executed ensuring appropriate anti-bribery measures.

### 3. Anti-Fraud Policy

- Maintain an honest, open and well-intentioned atmosphere within MLO, eliminating any fraudulent activity and rigorously investigating every case detected.
- Have the documented procedures and risk assessments necessary to reduce the likelihood of fraud occurring, and raise awareness among MLO employees.
- Ensure fair, objective and honest relationships with suppliers and contractors.
- Ensure compliance with current legislation and MLO standards for quality service provision, eliminating any fraudulent activity.

### 4. Protection of Human Rights



- Comply with OECD guidelines, UN Guiding Principles and Human Rights.
  - Ensure full respect for and fair treatment of persons employed directly or indirectly, as regards their human rights.
  - Verify that our supply chain has appropriate practices to protect employees and respect their human rights, including freedom of association, inclusion and diversity, labour standards and working conditions.
- 5. Culture of Innovation**
- Support innovation as a strategic instrument for all the activities carried out by the Organisation.
- 6. Operational Railway Safety**
- Foster the culture of operational railway safety across the organisation.
  - Identify threats and manage risks (including human factors) throughout the lifecycle to ensure operational railway safety.
  - Carry out reviews and audits to ensure processes' adequacy and effectiveness.
  - Ensure that the service is provided according to the safety standards established by MLO, ensure the availability of necessary resources and promote continuous improvement, complying with legal or voluntary requirements that the organisation subscribes.
  - Train operational personnel for the appropriate execution of their activity.
- 7. Cybersecurity Policy**
- Ensure the security of the information systems necessary for managing MLO operations.
  - Promote a security culture within MLO, in the relationship with our suppliers and other stakeholders.
  - Make risk analyses and properly manage detected threats to protect systems, networks and information.
  - Provide a business continuity plan for operations that addresses detected risks and threats and ensures an early return to normal.
- 8. Personal Data Protection Policy**
- Ensure that all processing of personal data and confidential information is carried out securely and only by authorised personnel in accordance with current legislation on the topic, as well as the UNE-ISO standards implemented at MLO.
  - Raise awareness among employees and any other stakeholders about compliance with this legislation and the procedures described by MLO.
- 9. Policy for Management Team Delegation Limits**
- The Board of Directors and/or the Shareholders' General Meeting shall authorise, through regulatory means, the way the management team functions with regard to the limits on delegation of the project's financial provisions, including budget management, making payments, requests for loans or realization of any other expenses.

#### **Communication with stakeholders**

MLO will be proactive in interacting with its stakeholders, making corporate policies available to them, and will report regularly and transparently on its performance, as applicable.

#### **Approval, monitoring and control**





In the exercise of its functions, the Metro LigerO Oeste, S.A. Board of Directors approves and supervises the development and maintenance of the following policy:

Signed:

**PABLO ESCODA VILLACORTA**

General Manager

In Pozuelo de Alarcón, December 13th 2023.



## 1.- Management principles and ESG framework

Metro Ligero Oeste, S.A. is the holding company for MLO Light Rail project at Madrid (SPAIN) (the 'Company'), a special purpose company set up to building, financing, operating and maintaining the ML2 and ML3 Light Rail lines in accordance with the contract "Concesión de obra pública para la construcción y explotación de las líneas de Metro Ligero de la Comunidad de Madrid T2 entre Colonia Jardín y Pozuelo de Alarcón y T3 entre Colonia Jardín y Boadilla del Monte" signed with Madrid Region's Department of Transports and Infrastructures (the 'Authority').

### The company's shareholders are:

- 26.70%: Aberdeen Infraestructure III, B.V.
- 16.00%: Aberdeen Infraestructure II-A, B.V.
- 14.00%: Aberdeen Infraestructure II-D, B.V.
- 23.30%: ALEÁTICA, S.A.U.
- 20.00%: Queenspoint, S.L.

The Company is of the view that having an ESG Risk Management Policy is in the interests of the Company and its stakeholders and represents good industry practice.

This policy sets out the strategic and a structured approach to ESG Risk Management to identifying environmental, social and governance risks, including climate-related physical and transition risks, managing them and ensuring that ESG Risk Management is an integral part in the governance at both a strategic and operational levels.

ESG risks, including climate-related risk, uncertainty, and change create potential risks for the Company which need to be managed. Effective ESG Risk Management is an essential element of governance to meet the Company's strategic objectives.

With this purpose, we will seek to:

- Embed ESG Risk Management in our operational activities.
- Raise awareness of the need for ESG Risk Management
- Manage ESG risks, including climate-related risks, to reduce impact and where possible likelihood of risk occurring.
- Maintain a robust process for identifying ESG risks and their likely impact to inform decision making.

## 2.- Stages in ESG risk management

ESG Risk Management includes the following stages:

### 2.1. Identify

Identifying risk is a systematic effort which in turn results in the creation of the risk register.

Identification can take place through, but is not limited to:

- Internal and external ESG audits



- Management and/or operational team meetings
- Feedback from stakeholders and other external organisations
- Advice from ESG advisors
- Board oversight.

## 2.2. Asses

Risk analysis looks at the potential impact of a risk as well as the likelihood of occurrence. By multiplying impact by likelihood, a risk score is produced which can be used to determine an appropriate response.

This risk score tool is in-built into the risk register.

A risk can be closed on completion of mitigating actions, achievements of targets and/or when the Board is satisfied that there is no longer a risk to the Company.

## 2.3. Manage

Risk controls are those actions taken to reduce the likelihood of a risk event occurring, its frequency and the severity of the consequences should it occur.

Methods of risk management and control may include:

- Terminate - if the risk cannot be reduced to an acceptable level an option may be to stop the activity or course of action or find a different way of doing it
- Reduce - putting mitigating controls in place to reduce the likelihood of the risk occurring or the impact if it does arise.
- Tolerate - deciding to carry the risk as part of normal operations where the risk is unavoidable or more tolerable than alternatives.
- Change - move or let another party take on the risk such as an insurance company.

## 2.4. Monitor and report.

Once identified and added to the risk register, the latter becomes the primary control document for subsequent analysis, control and monitoring of those risks.

Risk impact ranks from Low to Very High and is assigned score 1 to 5. Risk likelihood also ranks from Low to Very High and is assigned score 1 to 5. Overall risk score is calculated as indicated above by multiplying impact by likelihood, a traffic light approach is applied to group risk score between 1-9 as Green, low risks that the Company can Tolerate; between 9-16 as AMBER medium risks that the Company should aim to Reduce and/or Change where possible; above 16 as RED that can be classified as High and that the Company should consider whether there is an option to reduce the risk or if it would be appropriate/possible to Terminate and/or Change and activity generating the risk.

Risks are also monitored as NEW that appear from time to time as identified in section 1.3 above, ACTIVE that are ongoing and being tolerated and CLOSED that were subject to reduction, change and/or termination.



Risk assessment and monitoring is a continual process, the risk register is reviewed annually by the Board and reported accordingly to allow opportunity for consideration and discussion.

All ESG related risks, including climate-related risks, are documented within Once identified, risks are documented within existing Company's Risk Register and are continuously monitored and updated.

### **3.- Risk Appetite and Responsibility**

Any such risk with a score over 9 that are identified will need to have a risk reduction plan implemented to return the risk to a tolerable level within an acceptable timescale.

Responsibility and accountability for managing the risks within the Company. Managing Director shall decide which risks may need escalating to the Board of Directors.

### **4.- Review**

The Board of Directors will review this statement and the associated management systems annually.

Signed for and on behalf of:

**PABLO ESCODA VILLACORTA**

General Manager

In Pozuelo de Alarcón, December 13th 2023.

