

“Water sustainability lies at the essence of Aqualia”

FÉLIX PARRA | AQUALIA CEO



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Concurrent global crises in 2022 have strained the world's commitment to the goals of the 2030 Agenda. The macroeconomic climate, conditioned by rising inflation, the difficult geopolitical situation with the ongoing armed conflict in Ukraine, the energy crisis and the trade war between China and the United States all heighten protectionism and generate mistrust in a society that in recent months has become very familiar with the terms de-globalisation and polycrisis. A growing distrust of the use and abuse of the word *sustainability* as an attribute of every product they consume is also beginning to grow among the general public.

In spite of all this, concerns about the need to curb the rise in global temperatures have prompted the EU to push for a regulatory framework. This would entail legislation nudging companies towards positive impact, technological progress and decarbonisation of the economy, which will allow us to mitigate climate change and progress towards a fairer society.

Directly affected by the climate crisis is water and, by extension, water resources management, an increasingly urgent global challenge. Aqualia, as a company specialising in end-to-end water cycle management, is well aware of this

challenge. This year, the company consolidated its position in the international area, a milestone made possible thanks to the adaptability of its professionals and the generation of innovative solutions that the company implements wherever it operates.

Our interview with Aqualia CEO Félix Parra focused on this global context, one that calls for companies to make firm commitments to build public confidence. We also talked about the need to continue to commit to sustainability as the way to generate a model of prosperity and well-being that will help to build a fairer, more humane and sustainable planet.

GOVERNANCE

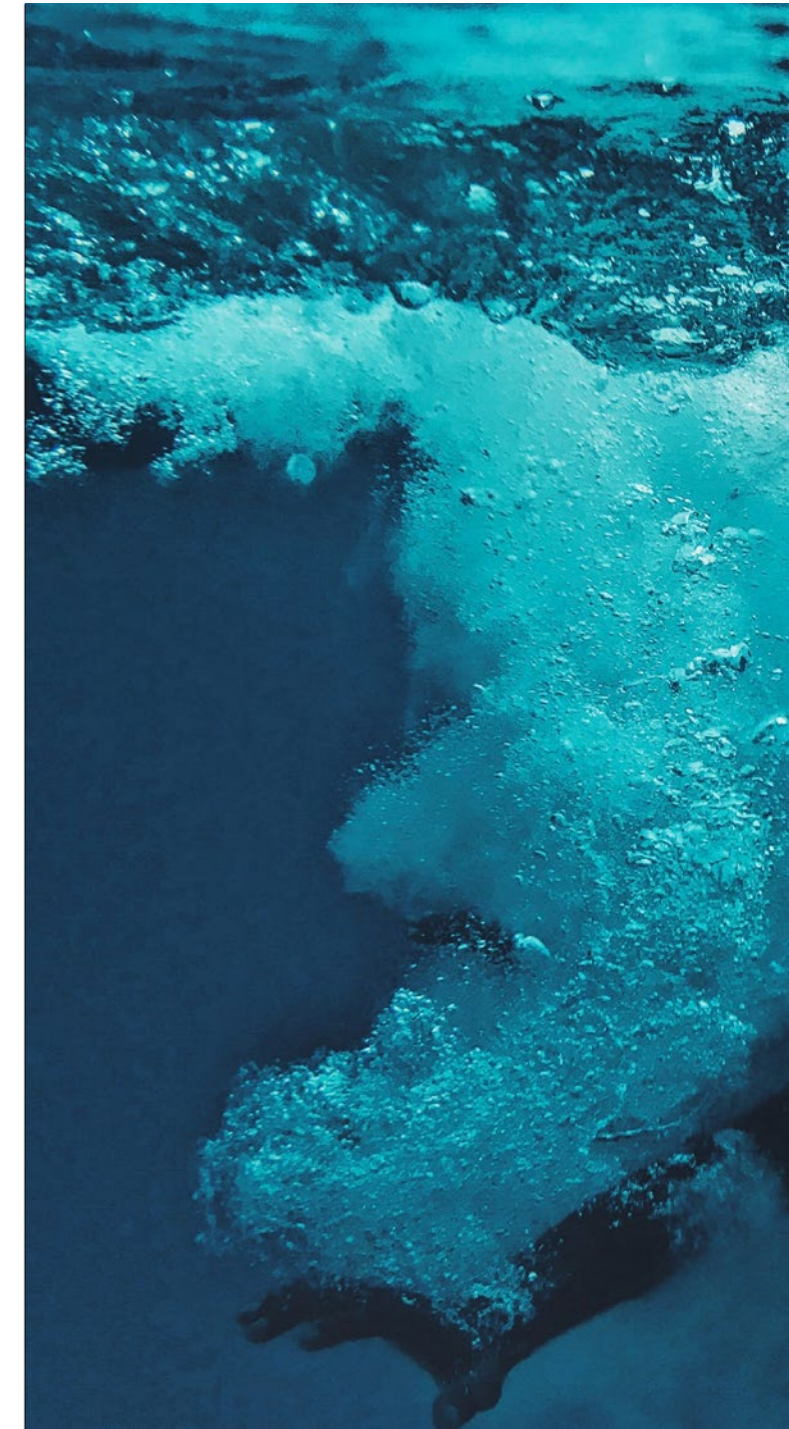
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Efficient end-to-end water cycle management is crucial to overcoming global challenges. However, in addition to the poor state of water networks, the lack of digitalisation in the sector and the need to invest in innovative technology to make water a circular resource, there are also the consequences of climate change. Transformational leadership-based governance support is essential.

What are Aqualia's main governance needs for designing the end-to-end water cycle management of the future?

Water governance must focus on something very basic: its impact on people. A conscientious governance based on public-private partnerships is therefore essential. Take Spain, for instance. In this context, government approvals on Strategic Projects for Economic Recovery and Transformation (Proyectos Estratégicos para la Recuperación y Transformación Económica - PERTE) and the Third Cycle Hydrological Plans contemplate over 6,500 measures with an investment of €22,844 million. This approach has been very positive for our sector.

The water sector has been highly collaborative. Administrations and companies are involved, but also user and neighbourhood associations, universities, research centres and other public and private institutions. We all need to partner together, because we are all affected by the same water management challenges. The responsibility is therefore a shared one. Where



Aqualia is concerned, I believe we bring a lot of value through research, innovation and investment, which are the keys to a sustainable future. We have invested nearly €17 million in technology last year, launched six new R&D projects, and engaged in a dozen multi-country research projects.

The company has managed to consolidate its position in the international area this year. How has Aqualia managed to propagate its principles, values and way of doing things in the 18 countries where it operates?

Being able to extend leadership that is coherent with our values yet efficient and helpful for business is a major strategic challenge. Aqualia regards governance as a set of policies or procedures that, together with our values and principles, define the way we do things. This requires a long-term vision and, of course, the aim of generating social well-being.

Governance is paramount on the financial side and, in our case, it is based on solid growth, far from financial adventures: We have not taken unnecessary risks and are not looking for media headlines. I see our recent arrival in Colombia and Georgia, and the performance we are carrying out there, as a clear example of what I am saying.

In the social sphere, we aspire to integrate into the communities in which we operate, always with the utmost respect. We carry the values we believe in with honesty and transparency. We conduct our activities with a sense of deep responsibility, because it is clear to us that our role is essential.

THE CLIMATE EMERGENCY AND ENVIRONMENTAL CARE

#Anticipation #Adaptation #WaterStress #Desertification #Regeneration #Circularity #NatureBasedSolutions

Aqualia is firmly committed to achieving water circularity, which is directly related to the environmental dimension of sustainability. What challenges does the company face in this area?

The environmental dimension is directly related to the essence of our work: water care and preservation through public service. We can say that water sustainability is the essence of Aqualia and its future lies in the energy transition and digitalisation of the sector.

One of the challenges in this dimension is the increase in sustainability regulation. Aqualia believes in the positive side that companies that do not generate shared value in their environment are increasingly losing notoriety and social relevance. I am convinced that the arrival of this regulatory and taxonomy tsunami is the beginning of the end of greenwashing. In this way we will move together towards a balanced model for people and planet.

Moreover, we must above all be honest and take responsibility for the environmental crisis, which is rather obvious. We must come up with solutions to curb global warming. In this regard, in accordance with the 2021–2023 Strategic Sustainability Plan, Aqualia tackles the fight against climate change through four main lines of work, developed through specific action plans of international scope and with short-term objectives.

“Sector digitalisation holds the key: you cannot manage what you cannot measure”



The European strategy, which is Spain's by extension, is moving towards digitalisation, which will partly determine progress on environmental issues. What role does digitalisation play for Aqualia in terms of decarbonisation and water circularity?

Digitalisation plays a key role because you can't manage something that you can't measure. Surprisingly, in the midst of a knowledge-based society, we still do not have all the information necessary to know exactly how many losses occur in water distribution networks due to filtrations, breakages or leaks. However, we are working on a wide range of initiatives. Digitalisation means that we can make the invisible visible in real-time.

In addition, a digitalised network gives us all the information we need to optimally manage water resources through artificial intelligence criteria and probability of occurrence or frequency scales. It is a major breakthrough to be able to predict and estimate, for example, the real-time water and energy requirements of a population. In addition, we measure the volume of non-revenue water and, of course, we work on improving the infrastructure to increase its efficiency.

During 2022, Aqualia also saw a shift towards nature-based solutions. How do these solutions work in practice?

The concept of nature-based solutions, which emerged about five years ago, refers to integrated and flexible solutions that safeguard the economy and improve the ecology. They have a direct influence on the ecosystems where we operate and, in our sector, are closely related to the circularity of the end-to-end water cycle.

An estimated that 47% of the world's population will live in water-stressed areas by 2030. This type of solution would help us to strike a balance between consumption and availability. The circular economy is thus a lever for business, makes us more competitive and represents a breakthrough in terms of profitability and impact.

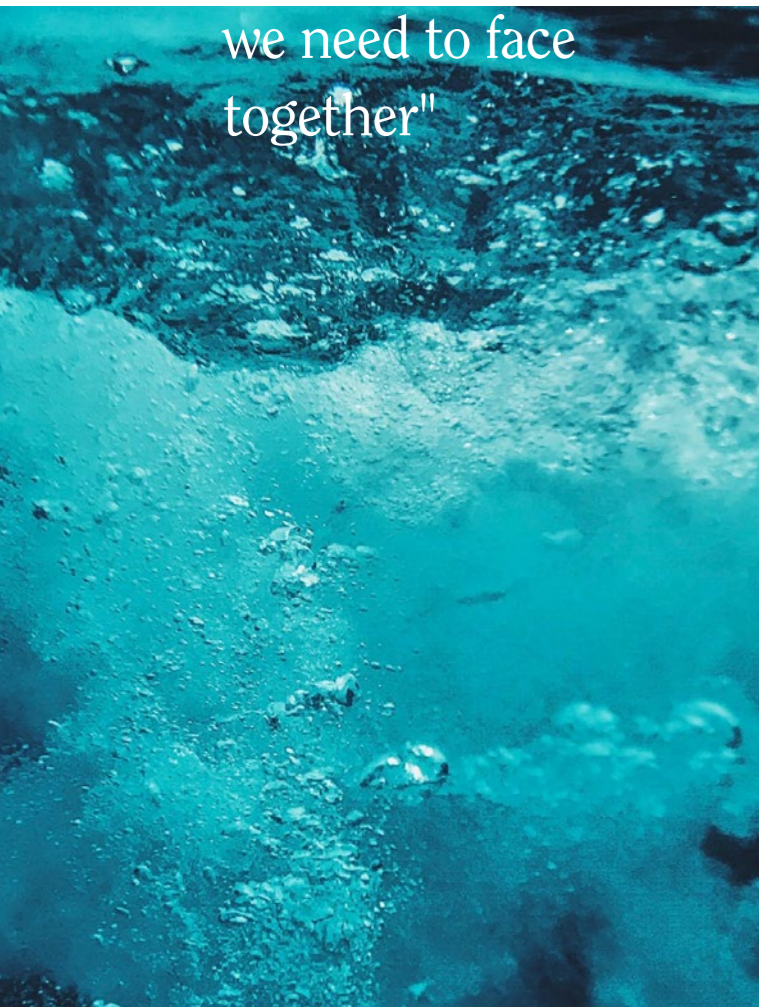
We have many success stories in this area. Guijuelo (in Salamanca) in 2022, is one example. Waste management in the meat industry was a major challenge. Aqualia's innovative solution meant that waste is now a resource rather than simply waste. The technology implemented in the municipality's

“We know our responsibilities in this regard, which is why we're fighting against climate change”



wastewater treatment plant will allow the achievement of more ambitious objectives than the current ones (wastewater treatment to return the treated water to the environment in optimal conditions), adding the integral valorisation of SANDACH by-products (Animal By-products Not Intended for Human Consumption) and the production of biofuel and bioplastics.

“Water is a global challenge that we need to face together”



However, we are working on more than 20 Research, Development and Innovation (R&D&I) projects related to the recovery and transformation of waste for water circularity and carbon neutrality. I would like to highlight MIDES H2020, a unique desalination system in the world with no energy costs. We can also mention projects such as LIFE Methamorphosis, which is in line with what is already happening in many European countries where waste is used to generate energy efficiently.

Precisely, the energy transition is today the other major key to the transformation of the water sector. What is Aqualia working on to tackle this issue?

Our work is aligned with the Industrial Green Deal, the European Union's plan to improve competitiveness by expanding manufacturing capacity in zero-emission technologies and products. In this respect, our commitment obliges us to focus our efforts on renewable energies. The long-term renewable power purchase agreement (PPA) signed by Aqualia is a pioneer in the water industry. The use of renewable energy has grown to 34.35% of total energy consumed, improving by 2.35% on 2021 values, which continues to bring us closer to the target set in the 2021–2023 Strategic Sustainability Plan, namely reaching 50% by 2030.

There was also much talk during 2022 about the need for action on biodiversity regeneration. What sort of measures are Aqualia taking to move in this direction?

The impact of biodiversity degradation is slowly but surely coming to the fore. This year's Kunming-Montreal Global Biodiversity Framework at COP15 was a crucial deal that aims to protect 30% of the planet and 30% of degraded ecosystems by 2030.

At Aqualia, caring for ecosystems and biodiversity has always been one of our objectives because it is directly related to our activity. For this reason, we are always working to integrate our facilities into their surroundings and to find solutions that help us to generate a positive impact.

We dedicate a specific line of action in our 2021–2023 Strategic Sustainability Plan. This is reflected in various projects, such as the one we are carrying out in the Medina del Campo lagoons in Valladolid. There, thanks to our actions, we have been able to regenerate a wetland, contributing to the recovery of bird and reptile species that had ceased to live there. Another example is our El Jizan plant in Saudi Arabia, where we have a specific reforestation plan.

GOVERNANCE

#Equity #Inclusion #OneHealth #SocialImpact

The Global Risks Report highlights the erosion of social cohesion as one of the most worrying risks over the next five years. What is Aqualia's role in curbing this risk and promoting a fairer society?

We play an active engagement role in the area of social impact because, due to the very nature of our activity, we know better than anyone else how water quality influences people's health. Therefore, the UN's One Health approach, which states that caring for the planet is caring for people, seems to us to be an unequivocal truth.

Aqualia is a company made up of people who work for people, which is why, faced with the risks associated with the social sphere, the gap, the erosion of cohesion or the cost of living, we implement tariff mechanisms and social vouchers in collaboration with local councils.

We carry out extensive and intense educational work through a wide range of awareness-raising and sensitisation activities. We try to pass on knowledge about proper water use to future generations. For this we have digital educational channels such as aqualiaeduca.com. I consider it an achievement of Aqualia to adapt educational tools in all the countries where we work, wherever in the world. Proof of this is the great participation of Colombian infants in the Children's Drawing Contest, an initiative we have been celebrating for two decades.

In terms of talent, how does Aqualia manage a workforce of more than 10,000 professionals in 18 countries?

We want to live up to the demands placed on us as employers, offering challenges that motivate our staff. In order to achieve this, we set ourselves a number of objectives, one of which is to create a comfortable environment for everyone. In this regard, in 2022 we joined the LGBTI Business Network for Diversity and Inclusion Association (Asociación Red Empresarial por la Diversidad e Inclusión LGBTI - REDI), an ecosystem of companies and professionals in Spain that works to promote safe and respectful work environments for all people, regardless of their identity, gender expression or sexual orientation. Of course, we also have a framework of policies and procedures to ensure equity.

Moreover, since training is linked to our strategic objectives, we run courses that can inspire or promote knowledge among our professionals. Of the 1,860 trainings organised in 2022, I would like to highlight the *Cultural Transformation towards Sustainability* training programme, which had over 100 managers to facilitate the enrichment of Aqualia's strategic knowledge on sustainability. Training those who lead our teams on a day-to-day basis is essential. After all, without them and their talent, we would not be where we are today, nor would we be able to continue working on the design of the water cycle of the future.

PROJECTING INTO THE FUTURE

The 2021–2023 Strategic Sustainability Plan is a roadmap towards 2030. What is Aqualia's vision for the future? How does the company see itself on the eve of that year?

It was precisely the design of our 2021–2023 Strategic Sustainability Plan that allowed us to carry out an important exercise of reflection on the company we are, the company we want to be in the future and the path we must follow to achieve it. As a result, we have laid the foundations to become a global renewable energy-driven company with a balanced impact on the environment. In a company able to measure and improve the water cycle through technology and digitalisation. Only in this way will we have a complete vision of water management, saving and optimising water resources.

In short, we want to be an organisation that not only provides a service, but one that is able to regenerate and promote the natural wealth of the communities in which it operates. This entails a cultural transformation towards sustainability that requires putting people at the centre. We look forward to a future in which we will continue to care for citizens in the way we do best: sustainable water management. That is, and always will be, the heart of our business.