



Green Finance Framework

March 2025

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1. Strategic Considerations

1. Strategic Considerations

Aqualia has developed this framework in line with the Green Bond Principles (GBP)/Voluntary Process Guidelines for the issuance of green bonds published by the International Capital Markets Association (ICMA) in June 2021, as well as the Green Loan Principles (GLP) published by the Loan Market Association (LMA) in February 2023

Under this Green Finance Framework Aqualia may issue green finance instruments, including bonds, loans, private placements and commercial papers.

As a manager of the comprehensive urban water cycle for more than thirty years, Aqualia has demonstrated a staunch commitment to environmental sustainability, sparing no efforts in harnessing a resource as scarce as water. Aqualia has been mitigating environmental pollution through the proper treatment of wastewater generated by human activity, aligning its activities with the sustainable development goals of the United Nations and collaborating in the fight against climate change. Reducing losses in water distribution networks, reducing the carbon footprint or ensuring the quality of water supplied and the service provided to our users, are just a number of the main pillars on which our company's activities rest. This document provides information about our business model and the strategic vision that drives the daily performance of our activities. This performance is reflected directly in our sustainability reports published annually since 2006, available on our website (www.aqualia.com).

Pursuant to the recommendations set out in the ICMA Green Bond Principles, this framework defines the way in which Aqualia commits its financial resources to undertake environmentally sustainable projects, clearly defining the categories of projects in which to focus investment, governance and mechanisms to select the specific projects within the aforementioned categories, the economic management of financial resources from the issuance of the bond or take out loans and the frequency and scope of information to be reported on in relation to the use of these financial resources.

Transparency is one of the basic commitments of our relationship with the millions of end users in the communities where we manage the comprehensive urban water cycle, whether in full or in part. Needless to say, this transparency also extends to all our stakeholders. This document sets out the commitments to publishing information on the use of the proceeds of any green finance instruments eligible under the framework, as well as their review by specialist independent institutions.

Aqualia may update the framework from time to time to keep it in line with the best market practices for the management of the urban water cycle. Likewise, the progress made by the European Union in terms of the classification of environmentally sustainable economic activities (the European Union Green Taxonomy) will be monitored, for its possible inclusion in future modifications of this framework. For the avoidance of doubt this framework may not have any impact on outstanding green finance instruments issued under previous frameworks implemented by Aqualia, nor may updates to this framework impact green finance instruments issued under this framework.

Aqualia subsidiaries may develop, if they consider so necessary, their own Sustainable Finance Frameworks, adopting specific adapted eligibility criteria that ensure that the investments made have clear environmental benefits considering the local conditions of the state of the art of science and technology.

2. About Aqualia

2. About Aqualia

Our identity: business model and strategic outlook

In the current climate, Aqualia provides technical solutions and quality services in all phases of the end-to-end water cycle with the aim of improving the well-being of people and the communities in which it operates. Aqualia's way of working is based on the preservation of water resources and the environment through: innovation to improve management efficiency, the United Nations Sustainable Development Goals (SDGs) as a guide, path and goal, and in accordance with legal frameworks and regulations in each geography. Aqualia is one of the main international operators and focuses its management on business models based on public-private partnerships. Its activity is targeted at specific geographical areas, in which it always acts with the aim of achieving sustainable and sustained, long-term growth. We apply criteria to ensure reasonable profitability in all areas of the value chain that includes the water cycle, from the design of facilities to the management of large investment projects in water systems. Throughout its more than 30 years of experience, Aqualia has shown its strong commitment to environmental sustainability, while always striving for compliance and contribution to the Sustainable Development Goals, as reflected in its updated 2024-2026 Strategic Sustainability Plan* and in the pillars that underpin its business:



Sustainability. Aqualia's activity includes essential objectives aimed at achieving the goals established in the 2030 Agenda; specifically, all aspects relating to the use of water as a scarce resource, as well as the fight against environmental pollution, environment, climate change and its environmental and social impact. To this end, innovating in relation to sustainability and playing an important role in the circular economy are a priority for the company.



Digitalisation and technology. Aqualia's digital transformation and the employment of technological solutions in its processes represent a key pillar to present-day Aqualia and its future. The development of these areas will optimise the management of the integral water cycle and, as a consequence, reduce or avoid losses in the water distribution networks supplied, as well as improve all processes related to the company's internal organisation and customer service.



Internationalisation. The company's actions are closely related to sustainable growth and international expansion that responds to the global needs of clean water and sanitation, in particular in Europe, America and MENA.

Also, Aqualia is aware of the importance of its key role wherever it operates, which is why it seeks to transcend, go beyond, and strengthen the connection with the environment and society through initiatives of social value, dialogue and transfer of knowledge. Therefore, we are working to create an exemplary organisational culture, promoting skills, confidence and pride among employees to achieve the company's strategic objectives.

* Find the 2024-2026 Strategic Sustainability Plan https://www.aqualia.com/documents/14152772/47190789/PESA+2024_2026_EN.pdf

2. About Aqualia

Our identity: business model and strategic outlook

Global providers of essential services to citizens

The business models that Aqualia deploys in the different geographical areas are as follows:



MWC (Municipal Water Concessions). Aqualia's most important activity is the management of end-to-end public water services, through long-term concessional models or the ownership of assets, in countries with proven regulatory systems. The company currently operates municipal water concessions in Spain, Portugal, Italy, France and Colombia, as well as owned assets in Spain, Czech Republic, Georgia and Colombia.



BOT (Build, Operate and Transfer). Infrastructure concessions in which Aqualia designs, constructs, finances and operates infrastructures, treatment plants (purification, treatment and desalination) or re-use facilities in the long term, via BOT agreements and take or pay mechanisms, as part of which the recovery of the investment associated with the infrastructure is guaranteed, without assuming the demand risk. Aqualia concentrates its activity on this business model in Spain, America (Mexico and the US) and MENA (Algeria and Egypt).



O&M (Operation and Maintenance). Operation, maintenance and running services for water infrastructure. This service allows for continuous availability of quality water, which requires the dedication, technology, professionalism and experience necessary to achieve maximum excellence in the processes. Aqualia has implemented these business models in Spain, UAE, Egypt Saudi Arabia, Oman, Mexico, USA and Chile.

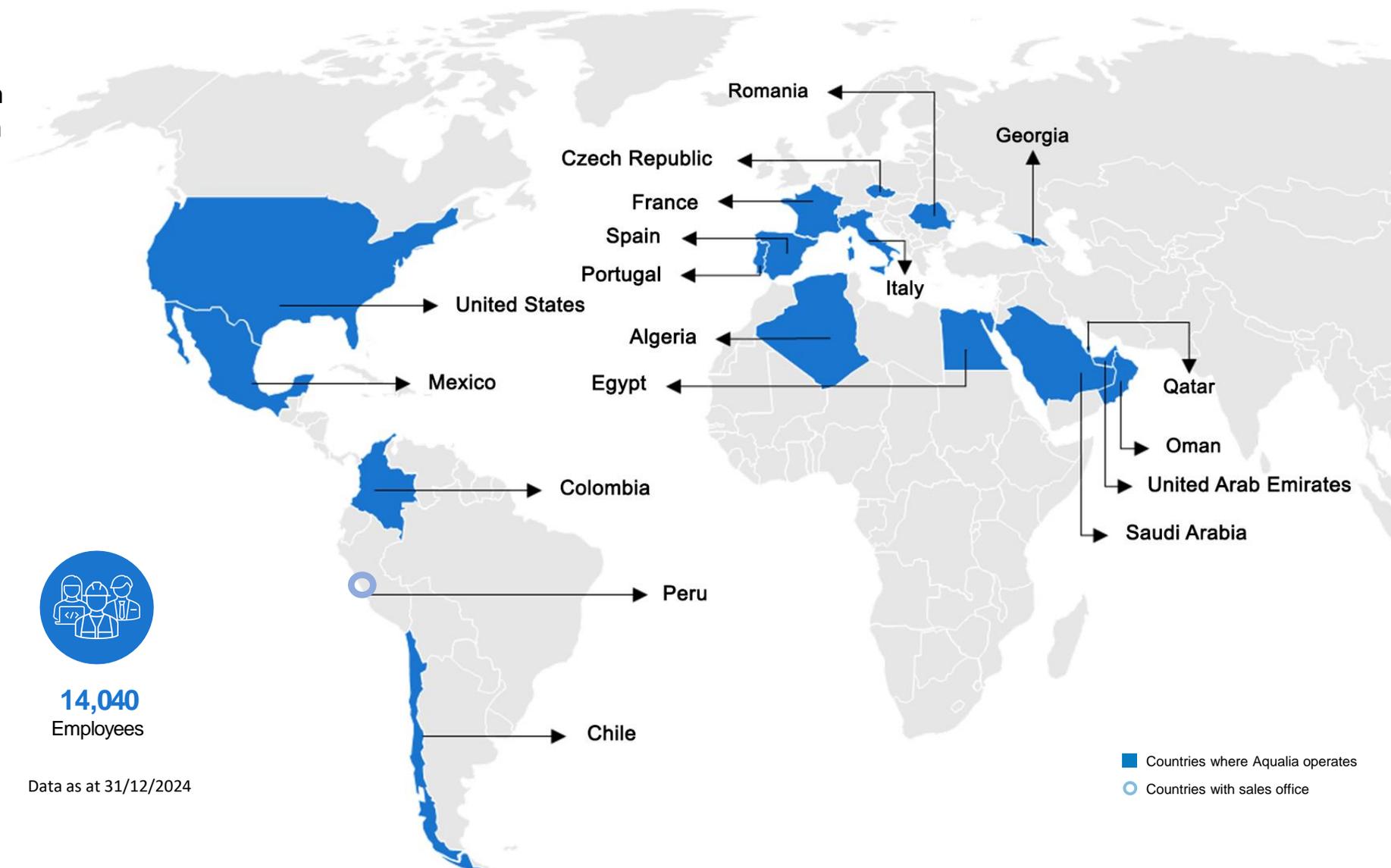


EPC (Engineering, Procurement and Construction). This refers to engineering, procurement and construction, i.e. those models in which Aqualia carries out design and construction projects, without operating them. The experience of working with leading construction companies allows us to create partnerships to reduce and minimise construction risks. Aqualia has EPC contracts in all geographies, mainly in those where we manage the end-to-end water cycle.

2. About Aqualia

Aqualia's presence in Spain and in the world

Aqualia is present in 18 countries in Europe, Latin America, North Africa and the Middle East.



44.8

Population served (millions)



18

Countries present



14,040

Employees

Data as at 31/12/2024

2. About Aqualia

Water sustainability lies at the essence of Aqualia

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, steers our course and a large part of the strategic lines on which we are working. While the various crises to have occurred in recent years have tested the commitment of nations to the objectives of the 2030 Agenda, Aqualia remains firmly aligned with the SDGs, the fight against climate change, the efficient management of the integral water cycle and the attention and care for people, both within and beyond the walls of our company.

These commitments are often affected by the macroeconomic context (particularly affected by the rise of inflation), the difficult geopolitical situation, as well as the energy crisis and trade wars that favour protectionism. These circumstances may have generated distrust amongst society that, in recent months, has become familiar with the terms *deglobalisation and polycrisis*. Distrust is also starting to grow among citizens regarding the use and abuse of the word sustainability.

Water is directly affected by the climate crisis and so is water resource management, by extension. At Aqualia, as a company specialising in end-to-end water cycle management, we are already well aware of this challenge.

In 2021, Aqualia published its first three-year Strategic Sustainability Plan, enabling us to pursue projects that will drive the sustainable management of water from all angles: environmental, social and governance.

Aqualia's 2024–2026 Strategic Sustainability Plan embodies the firm commitments that Aqualia has embraced in the daily running of the business. A pledge to sustainability as the way to generate a model of prosperity and wellbeing that will help to build a fairer, more humane and sustainable planet.

Aqualia has integrated sustainability into its business model since its foundation. Our deep commitment to sustainability and the growing demand for transparency has led us to adopt international standards for the Sustainability Reports such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), or the United Nations Global Compact principles. These standards provide a framework to ensure that the information disclosed is complete, accurate and comparable.

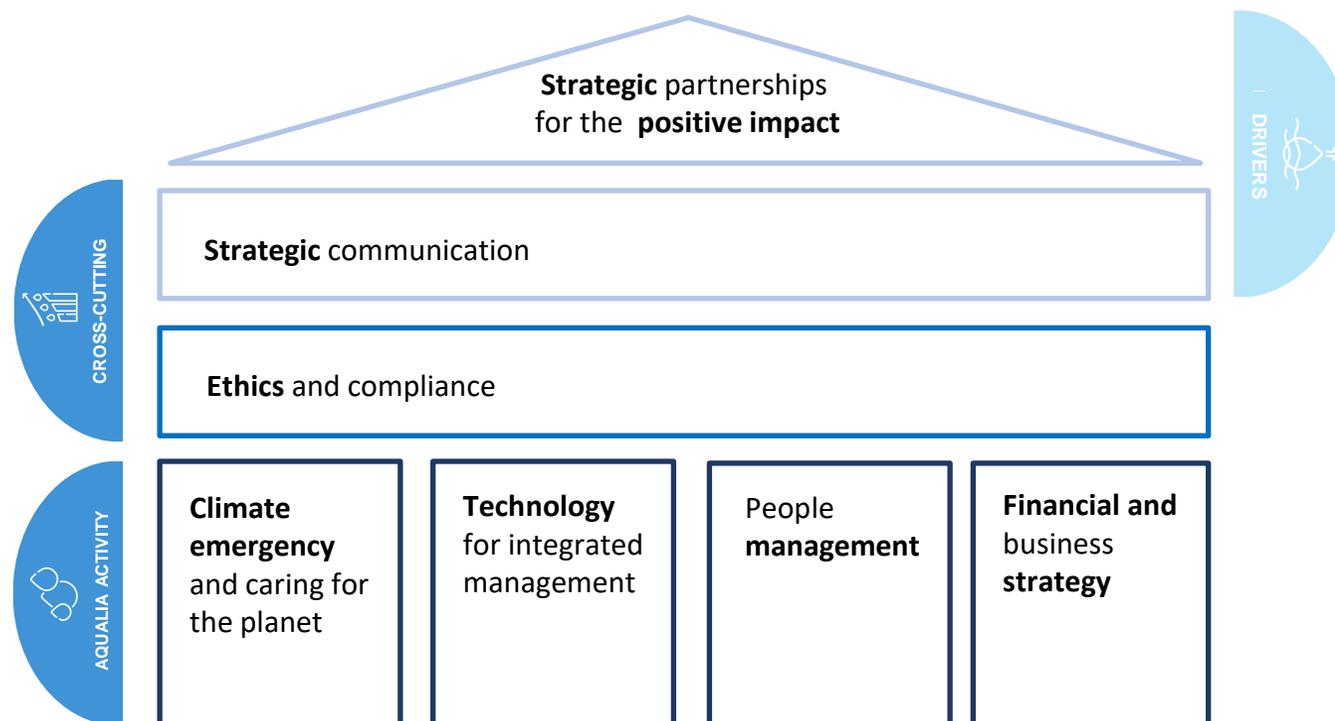
In addition, Aqualia, a company of the FCC Group, regularly participates in the annual ranking of the prestigious Carbon Disclosure Project (CDP).

2. About Aqualia

The 2024-2026 Strategic Sustainability Plan, a robust, transversal roadmap with a positive impact

We provide the details of actions, targets and metrics proposed through the strategic lines that make up our plan and in line with the SDG.

- LE1 Climate emergency and planet preservation
- LE2 Technology for integrated management
- LE3 People management
- LE4 Financial and business strategy
- LE5 Ethics and compliance
- LE6 Strategic communication
- LE7 Partnerships for the generation of positive impact



2. About Aqualia

The Plan: Strategic lines



LE1 Climate emergency and planet preservation

5 actions
13 objectives



LE2 Technology for integrated management

5 actions
12 objectives



LE3 People management

5 actions
5 objectives



LE5 Ethics and compliance

4 actions
7 objectives



LE6 Strategic communication

2 actions
5 objectives



LE7 Partnerships for the generation of positive impact

1 action
1 objective



LE4 Financial and business strategy

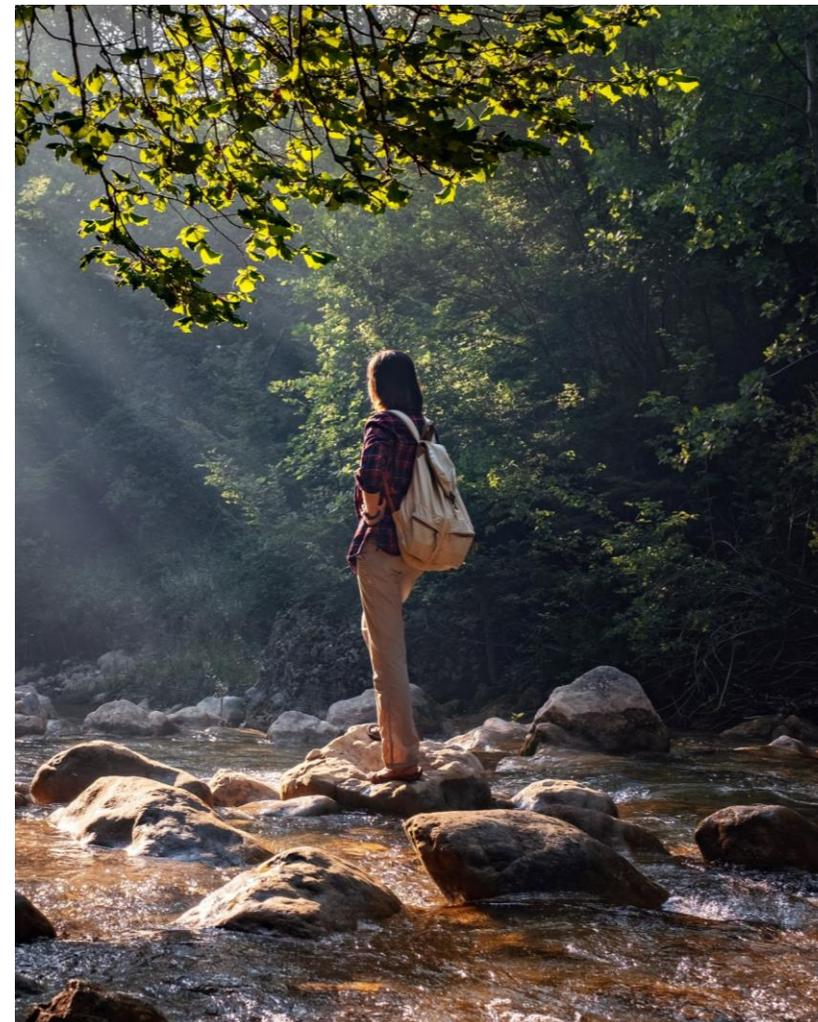
Defined in the company's Business Plan

2. About Aqualia

Strategic line: LE1. Climate emergency and planet preservation

At Aqualia, we are aware of the situation and committed to it through our actions every day. We do not put off important decisions that contribute to sustainability, because we believe in an integrated end-to-end water cycle that can make cities environmentally respectful spaces. To this end, we pursue a balanced relationship between the environment and people.

As experts we also seek to transmit our sense of responsibility, bringing knowledge about water management closer to the citizens, so that they are informed and become aware of the vital importance of the service and the environmental problems that we all face.



2. About Aqualia

LE1. Climate emergency and planet preservation

Goals: The main purpose of this strategic line is associated with activating initiatives to achieve the goals to decarbonise the economy established by international institutions (SBTi, etc.), as well as adapting Aqualia to climate change and reducing the impact on biodiversity.

ACTIONS



A1 Reduction of water consumption

A2 Energy optimisation and reduction of emissions



A3 Promotion of the circular economy

A4 Protection and retrieval of the ecosystem.
Biodiversity



A5 Technological transfer of solutions obtained as part of R&D projects to production

TARGETS

- Reduce of the volume of unregistered water.
- Improve the efficiency of water distribution networks.

- Achieve carbon neutrality .
- Increase the use of renewable energy.
- Improve energy efficiency at facilities.
- Transform the vehicle fleet.

- Reuse sludge.
- Increase the use of reused water.

- Identify protected areas (biodiversity).
- Pursue initiatives with the surrounding area to promote biodiversity.

- Construct a portfolio of innovative solutions for the fight against climate change.
- Promote mechanisms for the transfer of technology from R&D to production.

2. About Aqualia

LE1. Climate emergency and caring for the planet

No.	METRICS	Contribution to the 2030 Agenda	Objective 2024	Objective for 2025	Objective for 2026
LE1A1.1	% of volume of unregistered water (NRW) divided by total volume of water injected into the distribution network (Contracts older than 5 years). Variable perimeter.	 Goal 6.4	26.5%	26%	25.5%
LE1A1.2	Volume of unregistered water per kilometre of network m³/km/day. (Contracts older than 5 years). Variable perimeter.	 Goal 6.4	11.95	11.90	11.85
LE1A2.1	Carbon neutrality by 2050 (Scopes 1 and 2)	 Goal 13.2	Net Zero by 2050		
LE1A2.2	% Annual reduction in climate intensity (kg CO ₂ issued in relation to business volume). (Scopes 1 and 2)	 Goal 13.2	3%	3%	3%
LE1A2.3	% Renewable energy used from our own facilities, PPAs or acquisition, in relation to the total energy consumed ¹ (MWC- Management Water Cycle and BOT – Build Operate Transfer contracts)	 Goal 7.2	42%	45%	50%
LE1A2.4	% Vehicles with low CO₂ emissions divided by the total vehicle fleet and light vehicles for operations in Europe (Excluding Georgia). ²	 Goal 13.2	20 %	25 %	30%
LE1A2.5	% Annual reduction in kWh/m³ of the energy used in drinking water adduction, treatment and distribution processes (weighted calculation using the m ³ managed in each of the three processes). (MWC and BOT contracts)	 Goal 7.3	1%	1%	1%
LE1A2.6	% Reduction of % of kWh/kg COD eliminated for energy used in wastewater treatment and sanitation processes (MWC and BOT contracts)	 Goal 7.3	1%	1%	1%

¹ 75% in 2030

² 100% in 2030, excluding vehicle categories that do not exist on the market with low CO emissions₂.

2. About Aqualia

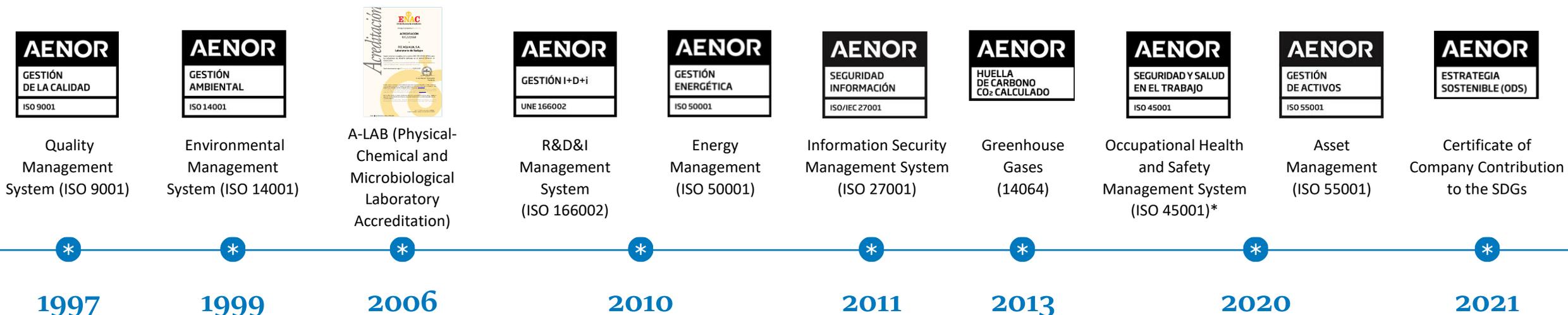
LE1. Climate emergency and caring for the planet

No.	METRICS	Contribution to the 2030 Agenda	Objective for 2024	Objective for 2025	Objective for 2026
LE1A3.1	% Sludge recovered divided by total sludge produced ³	 Goal 12.5	90%	91%	92%
LE1A3.2	% Increase the use of reused water	 Goal 12.2	2 %	2%	2%
LE1A4.1	Number of new projects for biodiversity protection and ecosystem recovery	 Goal 15.5	5	5	5
LE1A5.1	Number of new R&D projects launched during the year that include the development of innovative solutions to combat climate change	 Goal 9.5	2	2	2
LE1A5.2	Number of new R&D processes implemented at facilities managed by the company	 Goal 9.5	5	5	5

³ Targets set in line with the regulations in force in December 2023.

2. About Aqualia

Certifications that demonstrate our commitment



*From 2008 to 2019, OHSAS 18001 (standard replaced by ISO 45001)

Aqualia manages in accordance with its principles, commitments and procedures for action in the countries where it operates. It does this through an efficient and unique Integrated Management System based on the management of processes and their associated risks. This Integrated Management System covers the management of quality and assets, the competence of testing laboratories, innovation, environmental and energy management, employment health and well-being, the BIM methodology and management of information security for management of the end-to-end water cycle, water-quality laboratories, design and construction of treatment plants for all types of water and effluents, and concessions for hydraulic works.

Our commitment is defined by striving for continuous improvement of all of the activities in our Management System, through monitoring and analysis of data, management of communication and information accessibility, and the application of quality tools and innovation techniques.

3. Use of proceeds

3. Use of proceeds

The proceeds from green finance instruments, including bonds, private placements, loans and commercial paper will be used to finance or refinance projects, in part or in full, that are classified as Eligible Green Projects in line with the categories, eligibility criteria, exclusions and impact indicators listed in this document. Eligible Green Projects may take the form of capex, assets or investments. Investments will qualify with a lookback period of 3 years. The table below reflects these categories, pursuant to the definitions established by the ICMA Green Bond Principles, LMA Green Loan Principles and their correlation with the objectives and activities included in the EU Regulation such as Regulation (EU) 2020/852, subsequent amendments, and the related delegated acts on the definition of sustainable activities, primarily Delegated Regulations 2021/2139 , 2023/2486.

Project Categories	Objectives of the EU Delegated Regulation	Activities of the EU Delegated Regulation	UN SDGs
<i>Sustainable water and wastewater management</i>			
Construction, extension and operation of water collection, treatment and supply systems	<ul style="list-style-type: none"> · Climate Change Mitigation · Climate Change Adaptation · Protection of Water and Marine Resources 	4.1 Electricity generation using solar photovoltaic technology 5.1 Construction, extension and operation of water collection, treatment and supply systems 2.1 Water supply	
Renovation of water collection, treatment and supply systems	<ul style="list-style-type: none"> · Climate Change Mitigation · Climate Change Adaptation · Protection of Water and Marine Resources 	5.2 Renovation of water catchment, purification and distribution systems 2.1 Water supply	

3. Use of proceeds

Project Categories	Objectives of the EU Delegated Regulation	Activities of the EU Delegated Regulation	UN SDGs
<i>Sustainable water and wastewater management</i>			
Construction, extension and operation of wastewater collection and treatment	<ul style="list-style-type: none"> Protection of Water and Marine Resources Transition to the Circular Economy 	2.2 Urban Wastewater Treatment 2.3. Sustainable Sewerage Systems (SUD) 2.1. Retrieval of Phosphorus from Wastewater	
Renewal of wastewater collection and treatment	<ul style="list-style-type: none"> Protection of Water and Marine Resources Transition to the Circular Economy 	2.2 Urban Wastewater Treatment 2.1. Retrieval of Phosphorus from Wastewater	
Construction, operation, upgrade, extension and renewal of desalination plants to produce water to be distributed in drinking water supply systems	<ul style="list-style-type: none"> Climate Change Adaptation 	5.13 Construction, operation, modernisation, expansion and renovation of desalination plants for the production of water for use in drinking water supply systems.	
<i>Renewable energy</i>			
Construction, operation or improvement of projects for the generation of hydroelectric energy	<ul style="list-style-type: none"> Climate Change Mitigation Climate Change Adaptation 	4.5. Generation of electricity from hydropower	

3. Use of proceeds

Sustainable water and wastewater management

Projects aimed at:

Optimising management and improving resource sustainability to supply drinking water to the population in optimal quality, flow and pressure conditions

Eliminating the pollution present in wastewater for subsequent discharge into public waters in adequate quality conditions

Managing threats of depletion and pollution, mitigation of floods or droughts, involving water resources for aquatic protection.

Reducing net GHG emissions

NACE codes associated with these activities: E36.00, E37.00, E38.11, E38.21, E38.32

Renewable energies

Projects aimed at:

Construction, operation or improvement of projects for the generation of hydroelectric energy

NACE codes associated with these activities: E36.00, E37.00, E38.11, E38.21 and E38.32

3. Use of proceeds

Eligibility criteria

Sustainable water and wastewater management



Construction, extension and operation of water collection, treatment and supply systems

Substantial contribution to climate change mitigation

The water supply system satisfies one of the following criteria:

Average net energy consumption for the purposes of collection and treatment is equal to or less than 0.5 kWh per cubic meter of produced water supply*.

The leakage level is calculated using the Infrastructure Leakage Index (ILI) classification method and the threshold value is equal to or less than 1.5 or is calculated using another appropriate method and the threshold value is set in line with Article 4 of Directive (EU) 2020/2184 of the European Parliament and of the Council**.

*Net energy consumption may take measures that reduce energy management into consideration, such as source control (pollutant load inputs) and, where appropriate, energy generation (for example, hydro, solar and wind power).

**This calculation will be applied to the entire length of the water supply network (distribution) where the works are carried out, in other words, the water supply area, district metering areas (DMA) or pressure management areas (PMA).

The project category complies with the do no significant harm criteria ('DNSH') and Minimum safeguards set up in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and its annexes

3. Use of proceeds

Eligibility criteria

Sustainable water and wastewater management



Renovation of water collection, treatment and supply systems

Substantial contribution to climate change mitigation

The renewal of the water supply system improves energy efficiency in one of the following ways:

Decreasing the average net system energy consumption by at least 20% compared to the average three-year benchmark, including collection and treatment, measured in kWh per cubic metre of produced water supply.

Closing the gap by at least 20%, either between the current three-year average leak level calculated using the Infrastructure Leakage Index (ILI) classification method and an ILI of 1.5 (207); or between the current three-year average leak level calculated using another appropriate method and the threshold value established pursuant to Article 4 of Directive (EU) 2020/2184*.

*The current three-year average leak level is calculated over the entire water supply (distribution) network at which the works are being carried out, i.e. for the renewed water supply (distribution) network in district metering areas (DMAs) or pressure management areas (PMA).

The project category complies with the do no significant harm criteria ('DNSH') and Minimum safeguards set up in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and its annexes

3. Use of proceeds

Eligibility criteria

Sustainable water and wastewater management



Construction, extension and operation of wastewater collection and treatment

Substantial contribution to protection of water and marine resources

The wastewater treatment system does not result in a deterioration of the good status and good ecological potential of any of the affected water bodies and it contributes significantly to the achievement of good status and potential of the affected water bodies, in accordance with Directive 2000/60/EC6.

The wastewater treatment system has a secondary treatment and collection system.

Where the wastewater treatment plant has a capacity equal to or more than 100,000 equivalent inhabitants (e.i.), or a daily inflow of a five-day biochemical oxygen demand (BOD5) load greater than 6,000 kg, it uses sludge treatment such as anaerobic digestion or technology with an equal or lower net energy demand (considering both energy generation and consumption), to stabilise the sludge.

The project category complies with the do no significant harm criteria ('DNSH') and Minimum safeguards set up in supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and its annexes

3. Use of proceeds

Eligibility criteria

Sustainable water and wastewater management



Renewal of wastewater collection and treatment

Substantial contribution to protection of water and marine resources

The wastewater treatment system does not result in a deterioration of the good status and good ecological potential of any of the affected water bodies and it contributes significantly to the achievement of good status and potential of the affected water bodies, in accordance with Directive 2000/60/EC6.

The wastewater treatment system has a secondary treatment and collection system.

Where the wastewater treatment plant has a capacity equal to or more than 100,000 equivalent inhabitants (e.i.), or a daily inflow of a five-day biochemical oxygen demand (BOD5) load greater than 6,000 kg, it uses sludge treatment such as anaerobic digestion or technology with an equal or lower net energy demand (considering both energy generation and consumption), to stabilise the sludge.

The project category complies with the do no significant harm criteria ('DNSH') and Minimum safeguards set up in supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and its annexes

3. Use of proceeds

Eligibility criteria

Sustainable water and wastewater management

Substantial contribution to climate change adaptation

1. The economic activity has implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to that activity.
2. The physical climate risks that are material to the activity have been identified from those listed in Appendix A to this Annex*
3. The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications and open source or paying models.
4. The adaptation solutions implemented:
 - (a) do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities;
 - (b) favour nature-based solutions or rely on blue or green infrastructure to the extent possible;
 - (c) are consistent with local, sectoral, regional or national adaptation plans and strategies;
 - (d) are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met;
 - (e) where the solution implemented is physical and consists in an activity for which technical screening criteria have been specified in this Annex, the solution complies with the do no significant harm technical screening criteria for that activity.
5. In order for an activity to be considered as an enabling activity as referred to in Article 11(1), point (b), of Regulation (EU) 2020/852, the economic operator demonstrates, through an assessment of current and future climate risks, including uncertainty and based on robust data, that the activity provides a technology, product, service, information, or practice, or promotes their uses with one of the following primary objectives:
 - (a) increasing the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities;
 - (b) contributing to adaptation efforts of other people, of nature, of cultural heritage, of assets and of other economic activities.

The project category complies with the do no significant harm criteria ('DNSH') and Minimum safeguards set up in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and its annexes



*Construction, operation, upgrade, extension and renewal of desalination plants to produce water to be distributed in drinking water supply systems **

** According to Amendments to Annex II to Delegated Regulation (EU) 2021/2139*

3. Use of proceeds

Eligibility criteria

Renewable energies



Construction, operation or improvement of projects for the generation of hydroelectric energy

Substantial contribution to climate change mitigation

The water activity satisfies any of the following criteria:

The electricity generation facility is a hydroelectric plant and does not have an artificial reservoir.

The power of the electricity generation facility is greater than 5 W/m².

Life cycle GHG emissions from electricity generation using hydropower are less than 100 gCO₂e/kWh*.

*Life cycle GHG emissions are calculated pursuant to Recommendation 2013/179/EU or, alternatively, ISO 14067:2018(162) and ISO 14064-1:2018(163) or the G-res tool (164). An independent third party verifies GHG emissions quantified over the life cycle.

The project category complies with the do no significant harm criteria ('DNSH') and Minimum safeguards set up in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and its annexes

3. Use of proceeds

Exclusions

Sustainable water and wastewater management

- Investments and infrastructure in the fossil fuel, mining and nuclear energy sectors.
- Desalination plants that supply water to nuclear power plants and thermal power plants that use fossil fuel.
- Desalination plants supplied by residual heat from thermal power plants or industrial processes that use fossil fuels.
- Integrated water and power plants (IWPP).
- Marine power plants.
- Irrigation systems for agriculture that do not use reclaimed water from a Wastewater Treatment Plant.

Renewable energies

Marine assets similar to hydropower

3. Use of proceeds

Examples of projects

Sustainable water and wastewater management

- ◆ Construction of new water catchments (surface and groundwater) and renovation of existing catchments.
- ◆ Promotion, design, construction or acquisition of new drinking water treatment and desalination plants, as well as the renovation of existing plants.
- ◆ Construction of drinking water storage tanks and the repair of existing tanks.
- ◆ Construction of new drinking water supply networks.
- ◆ Repair and replacement of elements in the drinking water network to eliminate losses.
- ◆ Hardware, software and instruments to improve the performance (elimination of water leakages) of networks.
- ◆ Hardware, software and instruments to control the quality of water distributed.
- ◆ Transformation of the vehicle fleet for the performance of works related to the category, abandoning the acquisition of vehicles powered by fossil fuels.
*For M1 and N1 category vehicles, both falling within the scope of Regulation (EC) No 715/2007.
 Until 31 December 2025, the specific CO₂ emissions as defined in Article 3.1.(h), of Regulation (EU) 2019/631 are less than 50gCO₂/km (low-emission and zero-emission light vehicles). From 1 January 2026, CO₂ emissions as defined in Article 3. 1.(h) of Regulation (EU) 2019/631 are zero.*
- ◆ Construction of new sewage networks for the collection of wastewater.
- ◆ Construction of storm tanks, control facilities, water flow abatement and relief treatment in stormwater management systems.
- ◆ Repair and replacement of sewerage network components to eliminate pollutant discharges.
- ◆ Hardware, software and instruments to control spills.
- ◆ Promotion, design, construction and acquisition of new wastewater treatment plants and renovation of existing plants.
- ◆ Promotion, design, construction and acquisition of facilities for the re-use of treated wastewater.
- ◆ Promotion, design, construction and acquisition of facilities for the treatment of sludge generated during the wastewater treatment process and renovation of existing facilities.
- ◆ Laboratory infrastructure and equipment to control drinking and wastewater quality.
- ◆ Installation of solar panels for the generation of solar power at the facilities managed by the company (buildings, tanks, water treatment plants, etc.).
- ◆ Investments in access to comprehensive management water cycle infrastructure.
- ◆ Optimisation of electricity supply and transformation facilities.
- ◆ Hardware and software for the measurement, control and reduction of energy consumption.

3. Use of proceeds

Examples of projects

Sustainable water and wastewater management

- Installation of more efficient electromechanical equipment to pump drinking water.
- Installation of more efficient electromechanical equipment at drinking water treatment plants.
- Use of new low-energy consumption technologies for the production of drinking water.
- Installation of energy recovery equipment at desalination plants.
- Optimisation of energy consumption at buildings and offices.
- Application of more efficient electromechanical equipment to pump wastewater.
- Installation of more efficient electromechanical equipment at wastewater treatment plants.
- Use of new low-energy consumption technologies for the treatment of wastewater.
- Use of new low-energy consumption technologies for the treatment and elimination of sludge produced during the wastewater treatment process.
- Promotion, design, acquisition and management of sludge digesters for wastewater treatment plants for the generation of biogas.
- Facilities for the production of electricity using biogas generated during digestion processes at wastewater treatment plants.
- Use of new technologies to increase the generation and use of biomethane at wastewater treatment plants.

Renewable energies

- Falling water, both at reservoirs and large pipelines for the generation of hydroelectric energy.
- Projects for the turbinning of treatment inflows and outflows for the generation of hydroelectric energy.
- Installation of microturbines in the drinking water supply networks and wastewater collectors for the generation of hydroelectric energy.

4. Process for project evaluation and selection

4. Process for project evaluation and selection

The use of the proceeds generated by the different green finance instrument will be monitored pursuant to a project evaluation and selection process that guarantees their alignment with the investment categories defined in point 3 of this document.

A Committee made up of the following members will be responsible for this project evaluation and selection process:

- CEO. Chairman of the Committee
- CFO
- Spain Director
- Europe and America Director
- Asia and Africa Director
- Study and Operations Director
- Strategic Development and Sustainability Director

This Committee may assign specific control processes depending on the technical nature and value of each investment project to specialist subcommittees.

Each year, this Committee will be tasked with reviewing the following aspects:

- Evaluating and selecting Eligible Green Projects in line with the Eligibility Criteria as set out in the Framework and excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and, in such case, where required, replacing them.
- Overseeing the allocation of the proceeds from Green Finance Instruments to Eligible Green Projects.
- Reviewing the content of the Green Finance Framework and updating it to reflect changes in corporate strategy, technology, market, and regulatory developments as well as Aqualia's relevant policies and long-term targets for social and environmental sustainability on a best effort basis.
- Initiating the update of external documents such as Second Party Opinion (SPO) and related documents from external consultants.
- Overseeing, approving, and publishing the allocation and impact reporting, including external assurance statements. Aqualia may rely on external consultants and their data sources, in addition to its own assessment.
- Liaising with relevant business teams and other stakeholders on the above.

Furthermore, Aqualia ensures that all Eligible Green Projects comply with official national and international environmental and social standards, and local laws and regulations. These laws are monitored and enforced by the local authorities, among others, as part of obtaining the necessary permits for new projects and infrastructure maintenance. We have a comprehensive set of policies to support in achieving these goals, including our:

- Code of Ethics and Conduct
- Anti-Corruption Policy
- Policy on Relationships with Partners
- Agent Policy
- Bid Policy
- Human Rights Policy
- Competition Policy

5. Management of proceeds

5. Management of proceeds

Aqualia will be responsible for tracking the use of proceeds from the green finance instruments issued under this framework to ensure that an amount equivalent to the net proceeds are allocated to the financing or refinancing of the eligible projects described in the "Use of Proceeds" section of this framework. While it is expected that all proceeds are allocated immediately after issuance, whilst any proceeds remain unallocated, they will temporarily be used, managed or held by Aqualia in cash equivalents and/or invested in its treasury liquidity portfolio.

To manage this follow-up process, Aqualia will establish a specific internal register dedicated to green financing. Aqualia will review this register annually, which will contain relevant information including:

(1) Identification related to financing instruments.

(2) Details on the eligible use of funds including:

- Eligible environmental projects.
- The value of the respective allocation made.
- The estimated impact of the eligible use of funds.

6. Reporting

6. Reporting

Following the issuance of the green finance instruments, an annual report will be published explaining how the net proceeds from any outstanding financing obtained have been allocated and what impact they have generated, following ICMA Handbook Harmonized Framework for Impact Reporting for Green Bonds.

The allocation report will include the following information:

- Total amount assigned to eligible green projects
- Total amount assigned by eligible green project category
- The amount that remains unassigned
- The share of new financing and refinancing

The annual report shall include a list of the projects to which Green Finance funds have been allocated, as well as a brief description of the projects, the amounts allocated and their expected impact.

When confidentiality agreements, competitive considerations or the significant number of underlying projects limit the amount of information that can be made available, this information will be presented in generic terms or in the form of an aggregate portfolio.

Allocation reports will be available one year following the issuance of the relevant green finance instruments and will remain available until the financing instrument expires.

Key potential environmental impact indicators include:

Eligible project categories	Impact indicators
<p>Sustainable water management and wastewater management</p>	<p>Annual water savings: annual absolute (gross) water consumption before and after the project in m3/y, reduction in water consumption in percentage.</p>
	<p>Annual volume of wastewater treated or avoided: absolute annual volume (gross) of wastewater treated, reused or avoided before and after the project in m3/y e.i./y as a percentage. Equivalent inhabitant (1 e.i.) or 60 g of BOD5 (EU definition).</p>
	<p>Treatment and elimination of sludge from wastewater: absolute annual (gross) volume of raw/untreated wastewater sludge that is treated and disposed of (in tonnes dry solids/year and in %).</p>
	<p>Reuse of sludge from wastewater: absolute annual (gross) volume of sludge reused (in tonnes of dry solids per year and in %).</p>
	<p>Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings).</p>
	<p>Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent.</p>
<p>Renewable energy</p>	<p>Installed power: W/m2.</p>
	<p>GHG emissions intensity.</p>
	<p>Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent/y.</p>
	<p>Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (others).</p>
<p>Capacity of renewable power plants constructed or rehabilitated in MW.</p>	

7. External review

7. External review

Second party opinion

Aqualia has asked DNV to provide a second opinion on its green finance framework. DNV has reviewed Aqualia's green finance framework and issued a second opinion report concluding that the framework is aligned with the Green Bond Principles published by the International Capital Markets Association (ICMA) and the Green Loan Principles published by the LMA.

DNV is a global quality assurance and risk management company. In pursuit of the purpose to protect life, property and the environment, DNV enables customers to advance the safety and sustainability of their business, with operations in more than 100 countries. DNV is dedicated to helping customers in the maritime, oil and gas, power and renewables, and other industries make the world a safer, smarter and greener place.

This SPO has been published [Aqualia's website](#)

External assurance

Each year, Aqualia will ask an accredited independent external advisor to review the use of proceeds generated by green financing in eligible investments projects in line with the categories defined in the "Use of proceeds" section of this document.

The outcome of this review will be published on [Aqualia's website](#)

8. Amendments to this framework

8. Amendments to this framework ^a

Each year, the Committee indicated in the “ Process for project evaluation and selection” section of this framework will review the content of this framework to make any necessary updates or corrections.

Any updates to the framework, as applicable, will be published on [Aqualia's website](#)



This document contains a series of objectives that, together or separately, go beyond what is required by law and are aimed at contributing to sustainable development. Aqualia is staunchly committed to undertaking and complying with all of them. However, it reserves the right to modify, postpone or cancel its compliance without this entailing any legal liability, although it shall publicly justify such circumstances in its annual sustainability Report.

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