

A young woman with dark hair, wearing a blue long-sleeved shirt and a brown knit beanie, is smiling and looking towards the camera. She is holding a white, cylindrical object horizontally in front of her face, partially obscuring it. The background is a blurred outdoor setting with a blue sky and a body of water.

#Realimpact

CON



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WITH THE **CEO**

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**ETHICS AND
BUSINESS
ARE COMPATIBLE,
THEY SHOULD BE
INSEPARABLES**



**FÉLIX
PARRA**
AQUALIA CEO

Beyond the traditional mission, vision and values, what is Aqualia's purpose?

Aqualia's mission is an intrinsic part of its existence. The company was created in response to a social demand to improve quality of life through the management of the urban water cycle. Since then, Aqualia has grown by taking on this commitment to people. We have developed a lot, but our essence remains the same.

What does it mean for Aqualia to meet the challenges posed by the Sustainable Development Goals by the year 2030?

Aqualia is prepared and up to the challenge posed by the SDGs. One of the great challenges facing today's society is the lack of access to supply and sanitation for millions of people in different parts of the world. Water is con-

sidered one of the key factors for success on the road to sustainable development.

Efficient management of water resources is a strategic activity, our business model contributes to the generation of wealth and has a positive impact on society as a whole.

Beyond the main objective, which is water, equality, climate change or health are priorities that are also directly related to how we want to run our business. Therefore, our commitment as an organisation is aligned with all of the SDGs and, in particular, with water management.

What makes it possible for a global challenge of this magnitude to achieve the desired impact?

Enabling access to quality water, ma-

IN AQUALIA IT IS OUR TEAM THAT EMBODIES THE ORGANISATION'S INNOVATIVE CULTURE.



naging it sustainably and ensuring sanitation for all is essential in the world we live in. And there is enough fresh water on the planet to make it happen. However, at present, the distribution of water is not adequate and by 2050, at least 25% of the world's population is expected to live in a country affected by chronic freshwater shortages.

This scarcity of water resources, together with poor water quality and inadequate sanitation, requires public-private partnerships that enable us to achieve our goals in terms of universal and equal access, adequate sanitation or improved water quality, as well as efficient, sustainable and integrated water resources management.

Let us talk business. How does Aqualia see innovation as a differentiating element?

Innovation is part of our corporate culture. A company will be innovative if its employees have a permanent desire to change things, to rethink the formulas and solutions with which we tackle, in our case, challenges involving efficient water management.





Innovation is all about finding transformative solutions to challenges such as climate change or the circular economy and, also, being able to structure viable projects that have high added value. A great example of this is water treatment; both the construction and the operation and maintenance of a WWTP involve a costly investment that, through innovation, we can transform into a high-value bioresource factory. And a tangible case would be the wastewater treatment project using algae which, as by-products of the water treatment process, generates energy (biogas), fertilisers and bioplastics.

Beyond the amount allocated to innovation, which in the last two years

AQUALIA IS PREPARED AND UP TO THE CHALLENGE POSED BY THE SDGS



amounted to almost eight million euros, our desire for service and continuous improvement also pushes us to seek fairer water rates, to communicate with our customers from an omnichannel perspective or to regularly review how we interact with our stakeholders.

What achievements would you highlight and what challenges do you identify as facts that prove Aqualia's ability to approach the future successfully?

We always work with a long-term strategy in mind, which guarantees Aqualia's stable and solid growth. This has always been our way of acting and now, at this time of international expansion, which brings a turnover of close to 320 million euros, which continues to guide our steps towards a great challenge: to continue growing without losing sight of our essence.

From a corporate point of view, when a new shareholder joined Aqualia, a new governance system was established that reinforces the company's position with regard to future challenges.

I would also like to highlight the achievements made in the environmental field. Aqualia was the first water operator to calculate the carbon footprint for all its activities, and today it is firmly committed to investing in the development of new technologies. This allows for more sustainable and efficient management, as well as

A PUBLIC-PRIVATE COLLABORATION IS NECESSARY FOR EFFICIENT, SUSTAINABLE AND INCLUSIVE WATER RESOURCES MANAGEMENT.



improved use of energy resources and solutions to climate change.

34 million euros of investment in infrastructure in 2018 alone reflects the company's commitment to the communities that it forms part of. The great challenge is to continue growing as a global company while always maintaining a local perspective.

Internally, we would highlight our work to raise awareness and train professionals, our comprehensive Human Resources policy and our award for "Equality in the Company" from the Ministry of Health, Social Services and Equality. I would also like to mention the company's management and implementation of the work-life balance system through the "family-friendly company

seal", according to which each year it incorporates measures related to job quality, flexibility, family support, professional development, equal opportunities and management styles. All of them provide clear strengths to ensure our future success.

We are the the verge of seeing the emergence of ethics regulations and an increasingly regulated European environment is approaching, how will Aqualia deal with it?

By adopting a transformative leadership position, Aqualia promotes a regulatory environment that establishes a clear basis for measuring and guaranteeing the triple sustainability (social, environmental, and financial) required for comprehensive water cycle services.

Committed and proud to be part of the common challenge, I cannot imagine a future in the water sector if the challenges are not shared between the public and the private spheres; between organisations and employees, companies and citizens.

At Aqualia, we are aware of and take on - with a sense of responsibility - the important role played by the company in the sustainable development of society, and all our work and sense of purpose is aimed towards this.



AQUALIA AT A
GLANCE

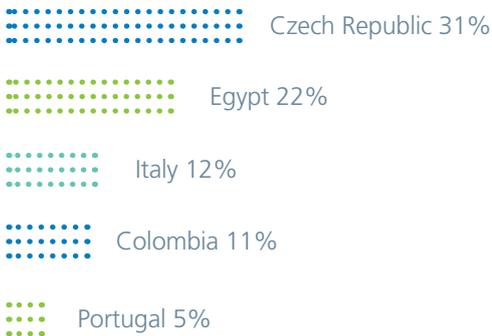


NATIONAL AND INTERNACIONAL PRESENCE

Billing rates by region



International presence: The five countries with the highest turnover



International presence

- **Europe:** Romania, Italy, Portugal, Spain, Czech Republic
- **Middle East:** Saudi Arabia, Oman, Qatar, United Arab Emirates
- **Northern Africa:** Algeria, Tunisia and Egypt
- **Latin America:** Mexico, Panama, Colombia, Chile, Ecuador

Aqualia is Europe's fourth largest private water company in terms of population served and ranks among the top ten worldwide*.

Its corporate purpose is obtaining and adapting water for human consumption according to strict quality controls, and then distributing and subsequently treating that water to return it to nature in the appropriate quantity and quality levels using the resources and materials employed throughout the process efficiently and sustainably.

* Global Water Intelligence (GWI 2017)

Aqualia offers a comprehensive service capable of providing solutions that meet the needs of public and private entities and organisations throughout all phases of the water cycle and regardless of whether the purpose is for human, farming or industrial use.

The company's constant effort to optimise resources and improve production processes makes Aqualia an innovative and cutting-edge entity, ready to engage in dialogue as a transparent, social and citizen-oriented entity.



247.1
2018 EBITDA
(million euros)

17
countries where
Aqualia is
present

Geographical distribution of Aqualia's activity

Total turnover
(M€)**
1,106.11

Chg.
+7%
17/18

**International
turnover (M€)**
317.48

Chg.
+18%
17/18

**International
turnover %**
29%

Chg.
+4%
17/18

** Audited consolidated financial statements FCC Aqualia 2018

- Municipal water cycle services 87%
- EPC contracts 5%
- O&M contracts 6%
- BOT contracts 2%



- Spain 79%
- Europe 17%
- Middle East and other 4%
- Latin America 0%



FCC Aqualia S.A (Aqualia) is a public limited company in which FCC holds a 51% stake and, as of 2018, by the Australian fund manager IFM Investors, which acquired 49% of Aqualia for €1,024 million and has two other water management companies, Wyuna Water (Australia) and Anglian Water (United Kingdom) among its assets.

In an international context marked by inequality between countries, the incorporation of IFM to Aqualia's shareholding entails, together with

the management team's commitment to continuity, the strengthening of the company in the countries in which it is already present and the development of new markets thanks to the synergies and active shareholdings resulting from the incorporation of the new shareholder.

Conscious of and committed to the fundamental right of access to safe drinking water, Aqualia is committed to public-private collaboration to contribute to improving people's well-being.

AQUALIA'S ACTIVITY AREAS

1 Management of the comprehensive water cycle in public services



- Catchment, treatment, purification, distribution, sanitation and treatment.



- Accredited water quality analysis, laboratories and overall customer management.



- Development of Infrastructure Master Plans. Financing, management and operation.

Other Markets

- Maintenance and conservation of dams and reservoirs.
- Construction, financing and management of aquatic sports facilities.
- Water management for agriculture.

2 Infrastructure operation, maintenance and operation services



- Review and analysis.
- Control and management (deposits and networks): systematic evaluation of supply networks for continuous performance improvement using the latest market technologies.
- Analysis of water quality.

3 Design, construction and financing of hydraulic infrastructures



- WATER TREATMENT PLANTS: design and construction of drinking water treatment plants.



- DESALINATION: design and construction of desalination plants for seawater and brackish water, including pumping stations.



- WATER TREATMENT: design and construction of municipal wastewater treatment plants. Pumping stations.



- REUSE: design and construction of tertiary treatment facilities for recycling wastewater.



- INDUSTRY: development of water solutions for industry.

4 Contribution of financial resources in the construction of public works necessary for the renewal of infrastructures and improvement of public service.



5 Water management consulting services and other services for specialised industries such as oil and gas, food and pharmaceuticals.



OUR SERVICE TO **SOCIETY**, IN FIGURES

TURNOVER

Turnover (M€)
1,106.11

Market share in
 Spain (%)



EBITDA (M€)
247.13



Business portfolio (M€)
14,623.78



INNOVATION

3.76
 (M€) dedicated
 to R&D&I



- Grants related to income 1.7 M€
- Grants related to capital 0.7 M€

INVESTMENT

951
 thousand euros dedicated to
 social investment



33,867
 thousands of euros
 invested in infrastructure



IMPACT ON THE SOCIETY

Economic Value
 Generated (M€)
1,137.50



Economic Value Distributed
 (Direct Impact) (M€)

1,006.23

Payment to staff (M€)

265.32



Payments to providers (M€)

517.62





626,778,319

Drinking water produced (m³)



22.5

Total population supplied (Millions of citizens)

QUALITY

1,008,107

Drinking water quality controls carried out

99.95%

Compliant results

ENVIRONMENT

499,171.50

Carbon footprint (Tn CO₂)

130,635

Renewable energy produced (Gj)

130,635

Consumed renewable energy (Gj)

3.7%

Renewable energy compared to total energy***

QUALITY EMPLOYMENT

Employees

8,138

Fixed contracts

81.76%

Investment in training

865,309 €

Training hours per employee

12.08

National

13.18

International

DIVERSITY

Women on staff

1,687

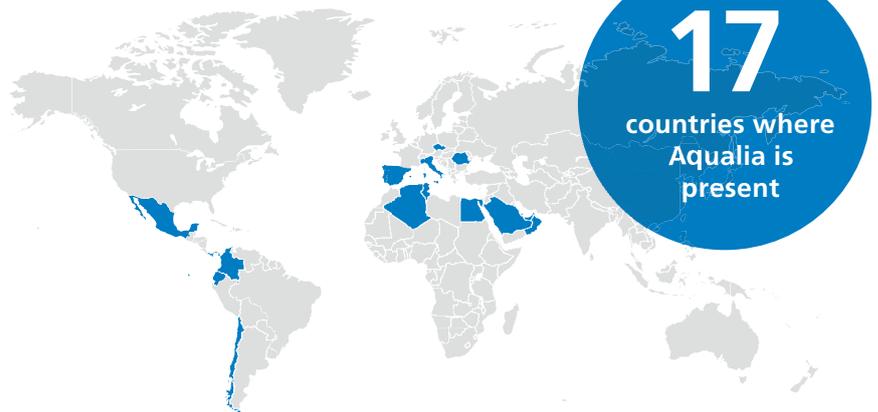
% Women on staff

20.73%

Women managers**

15%

International presence



** Consolidated criteria.

*** Renewable energy produced by Aqualia.

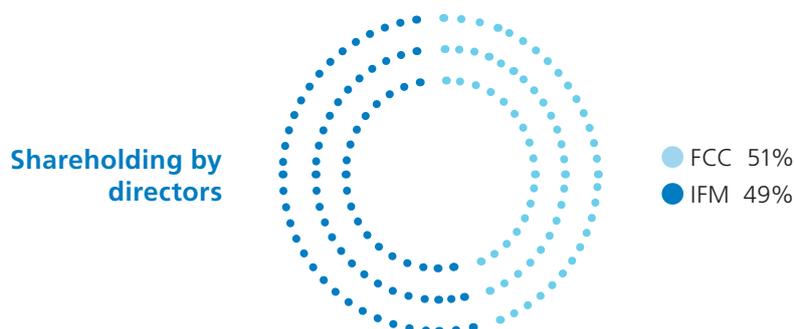
ORGANISATIONAL STRUCTURE

Aqualia's Board of Directors was formed in September 2018 by directors representing 51% of FCC and 49% of IFM.

		Investment Committee	Remuneration Committee	Audit and Control Committee	Compliance Subcommittee
MEMBERS OF THE BOARD OF DIRECTORS	Alejandro Aboumrad Chairman	Member			
	Nicolás Villen Vice-president			Member	Member
	Javier Amantegui Secretary (non-director)				
	Lars Bespolka Director	Chairman	Member		Chairman
	José Cerro Deputy Secretary (nondirector)	Secretary	Secretary	Secretary	
	Pablo Colio Director	Member		Member	Member
	Wener Kersch Director		Member	Member	
	Gerardo Kuri Director		Chairman		
	Juan Rodríguez Director		Member	Chairman	Member
	CCO*	Jesus Ortega			

* Chief Compliance Officer

P Chairman **S** Secretary Member



Aqualia organisational chart

CEO		Félix Parra	
TERRITORIAL DIVISIONS	NATIONAL	Director	Santiago Lafuente
		Zone I Galicia, Asturias, Cantabria, Basque Country, Madrid, Castilla-León and Castilla-La Mancha	Juan Carlos Rey
		Zone II Balearic Islands, Catalonia, Aragón, Navarre, La Rioja and Levante	Juan Luis Castillo
		Zone III Andalusia, Extremadura, Canary Islands	Lucas Díaz
	INTERNATIONAL	Director	Luis de Lope
		Europe	Guillermo Moya
		Mena	José Enrique Bofill
		Americas	José Miguel Janices
	CORPORATE DIVISIONS	Economic and Finance Management (CFO)	Isidoro Marbán
		Legal Counsel Division	Elena Barroso
Communication and CSR Division		Juan Pablo Merino	
Water Technology and Engineering Division		Javier Santiago	
People Division		Carmen Rodríguez	
Development Division		Antonio Vassal'lo	
Studies and Operations Division		Pedro Rodríguez	
Customer and IT Management Division		Manuel Castañedo	
Procurement Division		Alberto Andérez	
Regulatory Compliance Division	Jesús Ortega*		

* Since October 2018.

AQUALIA'S 2018. BASED ON REAL FACTS



January

- Aqualia presents the website www.aqualiaeduca.com, a new educational tool dedicated to the knowledge of the water cycle for little ones. Education in the use of water as a limited and necessary resource. 💧
- Participation in the International Water Summit in Abu Dhabi (United Arab Emirates). Smart solutions in the operations of supply networks and in the efficient management of waste from urban treatment plants within the framework of the circular economy. 🌱
- Aqualia sets in motion "Aqualia Commitment", a campaign to explain its real commitment to the SDGs. Society informed of Aqualia's contribution to the protection of the planet and wellbeing for all.



February

- Aqualia and Majis sign the joint venture for the operation and maintenance of the hydraulic installations at Sohar port, in Oman. International expansion. Duration of the contract: 20 years. 💧
- Signing of the contract for consulting and technical assistance with the public water authority of Panama. International expansion 62.5 €. 💧
- Canal de Isabel II awards Aqualia the operation and maintenance of part of Madrid's sewage network. Duration of the contract: 4 years. 💧



March

- International Women's Day **#AqualiaEquality Campaign** to celebrate International Women's Day. Awareness of gender equality with events such as the presentation of the book "Mujeres en primera persona" (Women in first person) or the video "Experiencias de 10 mujeres" (Experiences of ten women). 💧
- 16th edition of the Children's Digital Contest "Agua para Grifus" (Water for Grifus). Awareness of the value of daily work that is involved in bringing water from nature to the tap. 💧
- World Water Day: Public awareness-raising. 💧



April AWARDS MONTHS

- Award for the best informative video “La gestión del ciclo integral del agua como jamás te la habían contado” (The management of the comprehensive water cycle as you have never been told before) at the Ramon del Corral Awards. Spreading the word about comprehensive water management. 💧
- Global Water Intelligence magazine recognises Aqualia as one of the best water management companies in the world with the “Distinction Award”. 💧



- Aqualia is presented with the Stela 2018 award by the Madrid Down Syndrome Foundation. Recruitment of workers with learning disabilities. 💧
- The Smart Green Gas project, led by Aqualia and in which SEAT collaborates, recognised as an “Innovative project” at the GASNAM Awards*. Innovation to make compressed natural gas (CNG) cars able to travel long distances using only the biomethane obtained from wastewater treatment plant managed by Aqualia in Jerez (Cadiz). 💧

* Awarded by the Iberian Association of Natural Gas for Mobility.



May

- Two LIFE projects that Aqualia works on, **Methamorphosis** and **Answer**, were selected to be part of the events organised throughout Europe for EU Green Week. Awarenessraising work at an Open Day at two municipal waste treatment plants: Ecoparque 2 (Montcada i Reixac, Barcelona) and the Mahou-San Miguel Group factory (Alovera, Guadalajara). 💧
- Aqualia produces 17,5 Million m3 of biogas per year, enough to supply a fleet of 10.000 vehicles. 💧
- Aqualia collaborates in the promotion of the biggest race for access to clean water, **6K For Water**, held for the first time in Spain. Fundraising to bring clean water to 300 students at Saint Mary Kevin Orphanage and School in Uganda, where 68% of the population does not have access to clean water. 💧
- **Second Female Talent Meeting** at Aqualia. Promotion of female talent with the participation of members of the Executive Development Programme. 💧
- Successful cleaning of supplies using **Pipeline Inspection Gauge** technology in Mostaganem, Algeria. Commitment to innovation. 💧
- Signing of EPC project **EPC PTAR** of Abu Rawash. International expansion. 💧



June

- Presentation of the **Second Aqualia Journalism Awards**. Social awarenessraising. 💧
- The campaign “El agua del grifo de Bilbao: de lo bueno, lo mejor” (Bilbao tap water: the good, the best) wins the award for the best responsible marketing action at Publifestival. Socialawareness-raising. 💧
- Aqualia receives the **International Safety Award**. More than 6 million hours of work without accidents at work in Abu Dhabi (United Arab Emirates). 💧



July



- Aqualia publishes its **12th Corporate Social Responsibility Report**. Transparent communication to all stakeholders. 💧💧
- **Aqualia's social commitment:** Study on institutional and Aqualia Contact end customer satisfaction. 8 out of 10 customers give an excellent or very good overall service rating. 💧
- **Winners of the 16th Edition of the Children's Digital Drawing Contest and launch of the 9th internal toddler-artists contest.** More than 8.000 school children participated and 34.000 visits to the website <http://aguaparagrifus.es/>. 💧
- **Aqualia is given an award by the International Desalination Association (IDA)** for its leadership in the reuse of water. Management of public and private services and successful implementation of innovative water reuse and conservation projects. 💧
- **Participation in the European Benchmarking Cooperation with the Santander Municipal Service.** 💧

August



- Aqualia renews its collaboration with **Cáritas** against poverty and social exclusion. No vulnerable person should be deprived of water service. 💧
- **Milestone for Aqualia's e-billing.** There are now 385,221 citizens who have joined the e-billing system. 💧

September



- The Australian ethical fund **IFM Investors** acquires 49% of Aqualia for 1,024 million euros, following the approval of the European Commission (EC). Strengthening, support and recognition of Aqualia's development. 💧
- The results of **Life Memory**, are presented after two years of operation. Reduction of 80% in CO₂ emissions and 50% in Biosolids production. 💧

October



- SmVaK, Aqualia's Czech subsidiary, finalises the fourth edition of the tap water supply campaign "Tap Inspector". 120 establishments adhered to promote the consumption of tap water. 💧
- First Anniversary of certification as a **Family-Responsible Company**. 💧
- Aqualia, among the best companies to work for in Spain according to the ranking drawn up by "Actualidad Económica". It is placed among utilities companies, together with Enagás, Naturgy, Sacyr, Iberdrola, EDP or Ferrovial that excel in human resources management. 💧



November



- Aqualia Contact, Aqualia's comprehensive multi-channel customer service, is launched. Service integrated in Aqualia's new CRM 360°, which offers users relevant information in real time via SMS. 💧
- Aqualia against gender violence in the campaign "#AqualiaContigo" (#AqualiaWithYou). Involvement of employees expressing a resounding "NO" to gender violence in any of its forms. 💧
- Participation in the international event of **ANEAS 2018** (Mazatlán, México). 💧
- Launch of the video "**#nolotires**" (**#dontthrowitaway**) to mark World Toilet Day. International expansion. Raising public awareness for clean sanitation through small daily actions. 💧



December

- Joined Adecco's "**#Contraetiquetas**" (**#Againstlabels**) campaign supporting the employment integration of people with disabilities. Awareness raising of disabilities. 💧
- Commemorative Days for **Aqualia Almería's 25th Anniversary**. Commitment to society. 💧
- Editorial board on the **Rota Smart City Project**. Sustainable cities. 💧
- The magazine iAgua's awards the best contract in the water sector for "**Empalme-Guaymas Seawater Desalination Plant, Mexico**". For 20 years it will serve nearly 100,000 inhabitants. 💧





A GLOBAL CHALLENGE



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RISKS AND OPPORTUNITIES OF THE WATER MARKET

The availability of water of sufficient quality and quantity is necessary for the well-being of all society. We face a future in which in 2025, according to UN data, if adequate measures

are not taken to curb water wastage, two-thirds of the world's population will experience situations of severe water stress. The international context is shaped by:

Concentrated population growth in urban areas

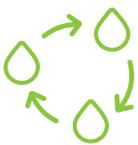


At a global level, the population is experiencing **population growth that is increasingly concentrated in urban areas**. It is estimated that by 2030, the number of inhabitants in urban areas will have increased by 1.8 billion over 2005, constituting 60% of the world's population. In addition, by 2030, 95% of this increase is expected to occur in developing countries in Africa and Asia*.

A situation that poses global challenges in the supply of clean water and sanitation, given the potential increase in demand and the demand for excellent service.

In Spain, 20% of the water consumed is currently for urban use, 70% of which is for domestic use.

Climate change and water scarcity



The World Economic Forum highlights, in its 2019 Annual Global Risks Report, among the main risks in terms of probability of occurrence, those related to climate change and the water crisis as one of the threats with the greatest impact.

Climate change will affect the scarcity of water resources and one of the problems that will most affect the population in its demand for water will be the decrease in volume in rivers and other sources of access to water, as well as the occurrence of extreme weather events. According to UNESCO, 47% of the world's population will live in water-stressed areas by 2030**.

This forecast, together with the growing population density in large cities, entails the need to commit, at a global level, to a circular economy in which techniques for reusing wastewater are promoted. A commitment that has already been undertaken by countries

such as Israel, which currently uses 90% of wastewater.

This means encouraging the construction of technologically advanced sanitation infrastructures and promoting public-private partnerships, as well as overcoming legal and cultural barriers in the use of recycled water for industrial uses, irrigation, etc., by the population***.

A development based on artificial intelligence technologies, Big Data and Blockchain will allow the implementation of more efficient ways to avoid leaks, sensors to detect faults, platforms to analyse user consumption in real time or systems to anticipate breakdowns before they occur, such as Telemetry, which is already being used in the first smart water meters.

Aqualia tackles the opportunities arising from these risks from an innovation culture perspective, as a strategic pillar for risk management and adaptation to change.

* <http://www.unesco.org/new/es/natural-sciences/environment/water/wwap/facts-and-figures/human-settlements/>

** <http://www.unesco.org/new/es/natural-sciences/environment/water/wwap/facts-and-figures/all-facts-wwdr3/fact1-demographics-consumption/>

*** Expansión: 19 February 2019. SIGA Special

Safety risk



Obsolete infrastructures entail risks in the efficient management of water, greater probability of accidents, etc. At a national level, the obsolete state of infrastructures poses significant risks in water management.

Once again, there is a need for a hydrological transition that involves the necessary public-private collaboration for the construction of technologically advanced sanitation infrastructures.

Years of infrastructure life	% of Sanitation Infrastructures*
Over 30	39%
Between 20 and 30	19%
Between 10 and 20	25%
Less than 10	17%

Management models serving the public interest



The magnitude of infrastructures and projects requires collaborative management models. At a national level, from a political point of view, there is an increasing trend towards public management of services, regardless of their quality. Transparent information and accountability are advocated as cornerstones of good public service management.

Transparent communication, citizen participation, accountability and work for the common good are key to the company's performance.

Aqualia sees this trend as an opportunity for collaboration with local governments and municipalities, committing, beyond the efficient and quality service, to a social investment in the service of the communities in which it is present.

In addition, Aqualia, together with other public and private companies in the sector*, aims to make society aware of the high level of social commitment shown by water management companies, the importance of the technological transfer they provide in the comprehensive service and the affordability of tariffs in Spain for family finances, which are still low compared to those of the other OECD countries.



Risk Management

Against this backdrop, Aqualia aims to guarantee excellence in public service management with regard to the comprehensive water cycle in all the countries in which it operates.

To this end, it manages its risk map at corporate level, identifying them and classifying them according to the different categories: strategic,

operational, compliance, reputational, financial and those related to information and data storage, as well as all those that due to the nature of the company impact the activity and society from an economic, social and environmental point of view.

These risks are analysed regularly, defining their

responsibilities and expected behaviour, assigning the necessary resources to prevent them or minimise their effects and specifying the processes for evaluating compliance, detection and notification that guarantee appropriate responses.



* Association of Water Management Companies of Spain (A.G.A.)

AQUALIA, A RESPONSIBLE AND COMMITTED BUSINESS

According to United Nations estimates, according to current behaviour, it is expected that in 2040 global demand for drinking water will exceed supply by 30%. Aqualia joins the international commitment to curb water stress and proposes a responsible business strategy, based on the principles and values that guide the entire company.

This strategy is implemented through the measures that are specified in a CSR Plan that is cross-sectional in the business, involving all its areas, environmental, innovation, social, economic and corporate governance, in a common project for the well-being of people through a culture of innovation and a sustainable perspective.



Values: a common purpose

VISION

To be world leaders in comprehensive water cycle management aimed at citizens, ensuring the maximum quality of the water and the service provided and promoting sustainable development in those cities or municipalities in which Aqualia is entrusted with the management of the public interest.

MISSION

Connecting with citizens, responding to the needs of society and anticipating the future, achieving a rational use of water by all.

VALUES

- ◊ Proximity
- ◊ Commitment
- ◊ Service
- ◊ Transparency
- ◊ Efficiency
- ◊ Innovation

Code of Ethics and Conduct

At its meeting on 7 November 2018, Aqualia's Board of Directors adopted the FCC Group's new Code of Ethics and Conduct, which establishes the guidelines for the conduct of all people linked to Aqualia, as well as the companies in its supply chain.

The same meeting also adopted the Anti-Corruption Policy, the Crime Prevention Manual, the Partner Relationship Policy, the Investigation Procedure, the Ethics Channel Procedure and the Compliance Committee Regulations.

Policies and procedures that are available to Aqualia personnel on the company intranet.

Work is also underway to draft a Gifts and Hospitality Policy and an Agents Policy.

The purpose of this ethics and compliance model is to prevent and detect the risks of criminal infringements, as well as to minimise its possible impacts.

In order to implement and monitor the values and principles of action contained in the Code of Ethics and Conduct, the Management Committee was trained, and online training for employees is scheduled for February 2019.

At a national level, a computer tool was implemented to carry out a regular (six-monthly) evaluation of processes and controls. The controls (which are part of a series of processes) that arose from a criminal risk analysis were transferred to this tool. These controls, in this

initial phase of implementation of the Crime Prevention Model, are focused on mitigating the high and medium risks that can trigger the criminal responsibility of the legal entity and that were detected in the analysis. Control and process owners have been appointed to self-evaluate the execution of these processes every six months.

During the second fortnight of January 2019, the first evaluation of the processes and controls was carried out by the owners defined for each of them. Prior to the evaluation, all of them received training on the Crime Prevention Manual and are familiar with the operation of this compliance tool. Likewise, the Compliance department is meeting with the different owners of processes and controls in order to hold interviews with them and thus re-evaluate risks and monitor the Crime Prevention Model.

With regard to the implementation of the system at an international level, an anti-corruption risk matrix was drawn up, based on the minimum requirements of the international FCPA and UK Bribery Act, which has been transferred to a process and control matrix.

During the first half of 2019, this matrix will be completed and the IT international activity compliance tool will be implemented. All those responsible for international activity processes and controls will receive training on the Crime Prevention Manual and will be instructed on the operation of the tool.

The principles
of action are
articulated
around three
axes: honesty
and respect;
rigour and
professionalism;
loyalty and
commitment





Honesty and respect

- We respect legality and ethical values.
- Zero tolerance against bribery and corruption practices.
- We protect free competition and good market practices.
- We behave ethically in the stockmarket.
- We avoid conflicts of interest.

Rigour and professionalism

- Rigour in control, reliability and transparency.
- We protect the Group's reputation and image.
- We use the resources and assets of the company efficiently and securely.
- We monitor the ownership and confidentiality of data and information.

Loyalty and commitment

- Our customers are at the centre.
- The health and safety of people are paramount.
- We promote diversity and fair treatment.
- We are committed to our environment.
- We have a transparent relationship with the community.
- We extend the commitment to our partners in the business.

AQUALIA 2018 CSR MASTER PLAN

Contribution to sustainable development is part of Aqualia's business model. For this reason, in 2018 Aqualia approved its 2018-2020 CSR Plan, based on the three strategic lines established by the FCC Group's 2020 Master Plan.

Aqualia's Corporate Social Responsibility Department drew up the 2018-2020 action programmes using these lines. Also taking into account the analysis of the social and environmental needs of the environment, the new international regulations, the demands of stakeholders and the framework of the Sustainable Development Goals identified by the United Nations in the 2030 Agenda.

Main actions carried out in the different areas of CSR in Aqualia and SDG to which each of them contributes:

CONNECTING WITH CITIZENS

This axis seeks to strengthen the company's ties with its immediate community and society in general, earning trust and credit through added-value initiatives via social action, dialogue and the transfer of knowledge and experience.

Aqualia collaborates with the improvement of society

- Collaboration agreements Cáritas and social action at Christmas
- CSR report for general figures
- Focus Group with stakeholders
- Transparency with citizens
- Measures to encourage user participation in the management and development of services
- 6k for Water Race- World Vision
- E-billing

Aqualia committed to the city

- Organisation of round tables, conferences and informative breakfasts
- Collaboration with PPP for Cities to measure socio-economic impact

Aqualia educates and raises awareness among citizens

- Drawing contest
- Development of educational tools and programs
- Educational talks and open days for different groups
- New website aqualiaeduca.com
- Video and children's adaptation of the "no lo tires" (don't throw it away) campaign
- Active participation in national and international forums
- Cooperation with universities and technical schools

Aqualia's activity has a social and economic impact

- R&D working group organised and managed by the Innovation and Technology Department
- Evaluation of the impact of Aqualia's activity on the territory

SMART SERVICES

It includes all those actions aimed at significantly contributing to the fight against climate change and reducing the impact on the environment and society. Boost innovation in sustainability and the company's role in the new Circular Economy model.

Aqualia against climate change

- Encourage the use of e-billing and the paper reduction plan
- Implementation and certification of the Energy Management System in accordance with ISO 50001
- Use of renewable and alternative energies
- Use of fleets of electric vehicles or vehicles fuelled with biogas produced in WWTPs
- Carbon footprint measurement verified by AENOR, MAPAMA registration and reduction plans
- Certification of Aqualia's activity in Spain in accordance with ISO 14001
- Analysis and quantification (IESE) of the positive impacts on climate change of the PPPs (New Cairo and El Realito) Cap Djinet (Algeria) and El Salitre (Colombia)
- Participation in the "Clima" (Climate) Project
- Achievement of the "Reduzco" (Reduce) seal of the Spanish Office for Climate Change

Aqualia Circular Economy

- All gas
- Smart green Gas
- Methamorphosis
- Advances in the implementation of fleets fuelled by gas from WWTPs
- Biofuel production from wastewater
- Bioplastics production from wastewater
- Obtaining value-added products from the brine of desalination plants

Aqualia versus water stress

- Participation in discussions with the Authority of Cuenca for water management in Moravia-Silesia (Odra river)



EXEMPLARY CONDUCT

- ◆ Responsible water consumption campaign
- ◆ Organised visits to water collection points to raise awareness of their limitations
- ◆ Optimisation of the network, reduction of water losses and pumping power
- ◆ Predictive and preventive models for quality, demand and availability
- ◆ Projects for the increase of reused water (irrigation, industry, leisure)

Aqualia innovates

- ◆ Digitalisation and Big Data
- ◆ Smart metering and mobile applications
- ◆ R&D working group from the Innovation and Technology Department

Aqualia protects biodiversity

- ◆ Identification and elimination of micro contaminants and processing contaminants
- ◆ Recovery of the lagoons of Alcázar de San Juan with treated water
- ◆ Identification of environmentally protected areas within the operating perimeter
- ◆ Environmental awareness campaigns
- ◆ Plan for the promotion of biodiversity in SmVaK installations

It is intended to work in the company's culture, to provide the organisation with exemplarity, skills, trust and pride, and mobilising our present and future employees with regard to the Group's strategic objectives.

Aqualia as a leader in ethical management

- ◆ New Compliance strategy
- ◆ Measures to increase transparency
- ◆ Responsible sourcing clauses in purchase agreements

Be Aqualia

- ◆ Training and development
- ◆ Health and safety
- ◆ Safe processes
- ◆ Healthy company
- ◆ Equality: DIE (Equality in the Company) Stamp: Second Equality Plan 2015-2018
- ◆ Female talent. Female mentoring programme initiative
- ◆ Diversity and social inclusion
- ◆ Work-life balance: Family-Friendly Company Certification

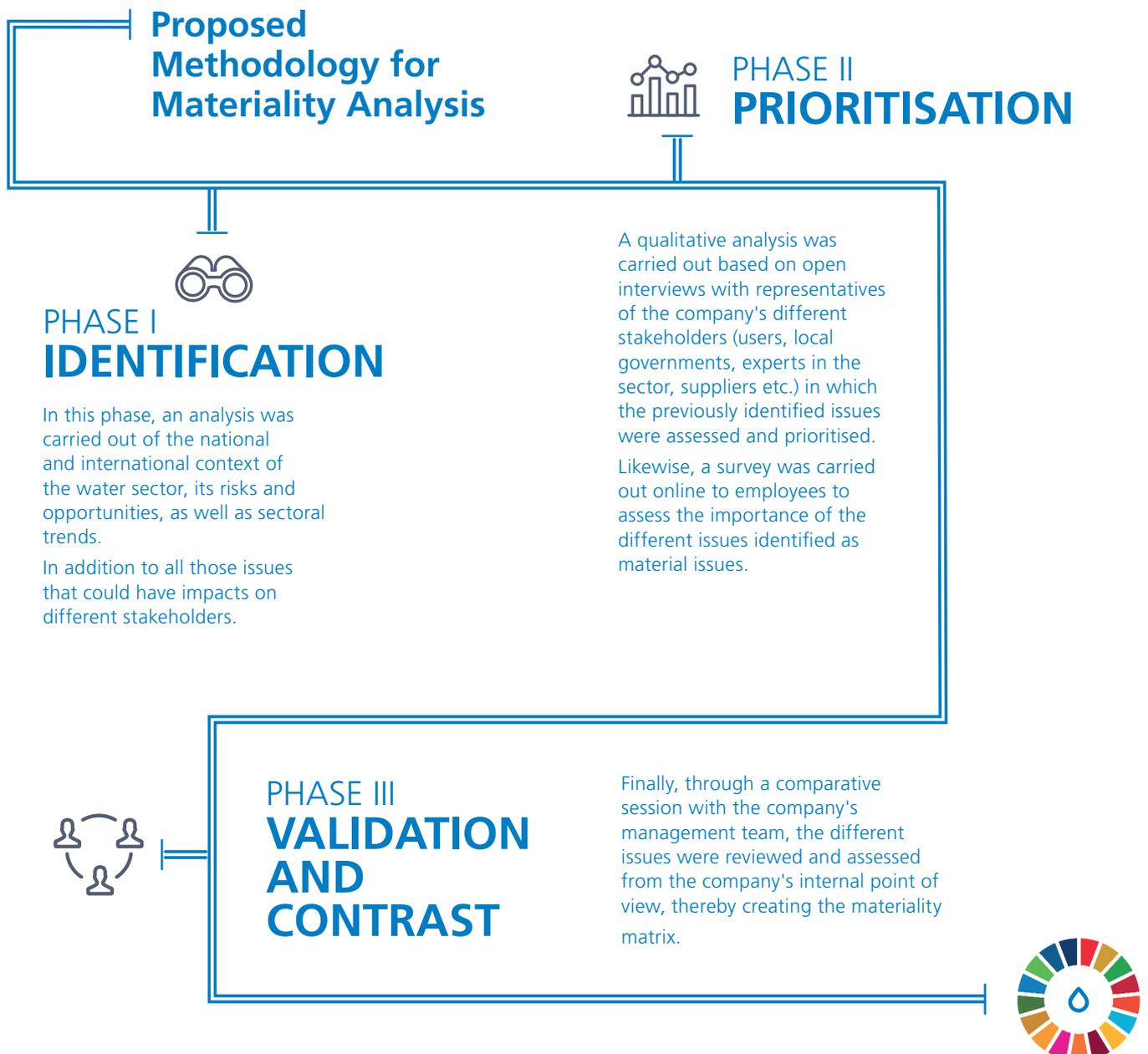
DIALOGUE WITH STAKEHOLDERS

STAKEHOLDERS	SUBGROUPS	DIALOGUE ESTABLISHED
 <p>Public Administration</p>	<p>Municipal Autonomous Europe Pricing Commission</p>	<p>Corporate website and 45 local websites (39 nationals + 6 international) Meetings and informative breakfasts Institutional dialogue CSR Report E-mail @aqualiacontact</p>
 <p>Users</p>	<p>Citizens Neighbourhood associations Local Governments Public centres Industries Irrigation Sector</p>	<p>Aqualiacontact (APP, Virtual Office, office in-person, telephone and Twitter profile @aqualiacontact) Open days E-billing/Bills Direct marketing (brochures) Local media Corporate website</p>
 <p>Employees</p>	<p>Operational structure Functional structure Middle management Production staff</p>	<p>Aqualia ONE Intranet Email: Information flashes, E-mailing Newsletter: Your Flash Employee app @aqualiacontact</p>
 <p>Consumer Protection Organisations and NGOs</p>	<p>Strategic Local</p>	<p>E-mail Corporate website Open days Collaboration agreements @aqualiacontact</p>
 <p>Suppliers</p>	<p>Consumer Protection Organisations Communities of irrigation associations Environmental Organisations and Associations Universities</p>	<p>Website E-mail Collaboration agreements</p>
 <p>Press/media</p>	<p>Local National International Local Government Press/PR Offices News Agencies</p>	<p>Communications Department E-mail Informative banners Corporate website @aqualiacontact</p>
 <p>Shareholders</p>	<p>IFM investors FCC</p>	<p>Board of Directors Committees and periodic meetings Management reports and other documents E-mail: Information flashes, E-mailing Website Aqualia ONE Intranet</p>

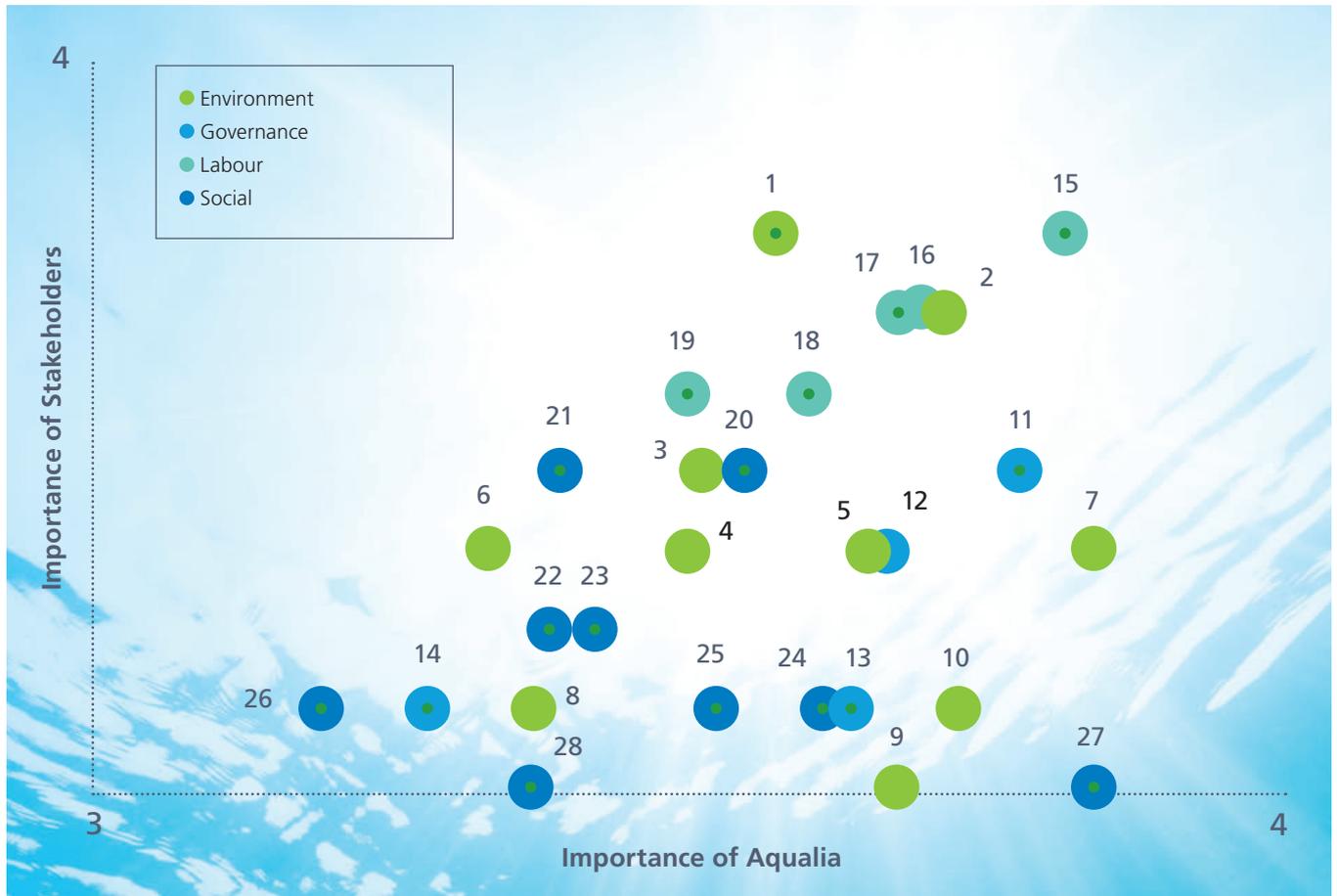
MATERIAL ISSUES

This report is aimed at informing all Aqualia's stakeholders about the issues that are important to them. For this reason, a materiality analysis is conducted to determine which issues are sig-

nificant to them and reported accordingly. The methodology used for this is the one proposed by GRI Standards:



The relevant issues that are part of Aqualia's matrix are:



Environment

	Issues	Explanation of materiality	Stakeholders
1	Energy consumption/Renewable energies	302-Energy	Med*, Consumers and Suppliers
2	Circular economy of water	303-Water 306-Waste	Med, Suppliers and Employees
3	Biodiversity	304-Biodiversity	Med, Suppliers and Employees
4	Climate change	305-Emissions	Med, Consumers, Suppliers and Employees
5	Environmental awareness and awareness-raising	417-Information on responsible consumption of products	Med, PA** and Suppliers
6	Innovation in the environment	203-Indirect impacts	Med, Suppliers and Employees
7	Water quality	416-Customer health and safety	Med, Users, Consumers, Suppliers and Employees
8	Safe and sustainable water management: Water footprint	303-Water	Med, Users, Suppliers and Employees
9	Lack of resources	303-Water	Med, Users, Suppliers and Employees
10	Water distribution networks efficiency	203-Indirect impacts/ Infrastructure investments	Med, Users, Suppliers and Employees

* Med: Press/Media.

** PA: Public Administrations

Governance

	Issues	Explanation of materiality	Stakeholders
11	Ethics and integrity	102-16 205-3 Anti-corruption 406-1 Non-discrimination	Med, Suppliers and Employees
12	Corruption prevention and mitigation systems	205-Anti-corruption	Users, Suppliers and Employees
13	Transparency	417-Transparent communication	Med, Users and Employees
14	Risk management	102-30 Risk management processes	Employees

Labour

	Issues	Explanation of materiality	Stakeholders
15	Occupational health and safety	403-Occupational health and safety	Med, Suppliers and Employees
16	Work-life balance	401-Profits	Users, Suppliers and Employees
17	Employee welfare	403-Occupational health and safety	Med, Users, Suppliers and Employees
18	Professional development	404-Training	Users, Suppliers and Employees
19	Equal opportunities and diversity	405 and 406- Diversity	Med, Users and Employees

Social

	Issues	Explanation of materiality	Stakeholders
20	Promotion and Respect for Human Rights	412-Human rights assessment	Med, Users, Suppliers and Employees
21	Social action and Local development	413-Local communities 203-Indirect economic impacts	Med, PA and Suppliers
22	Dialogue with Stakeholders	102-40 to 44-Stakeholder engagement	Med and Employees
23	Creation of stable employment	401-Employment	Med, Users and Consumers
24	Customer experience	416-Water quality 417-Customer service	Med, Users and Employees
25	Public-Private Partnerships	413-Local communities 203-Indirect economic impacts	Med, Users, Consumers and Employees
26	Technological development - cyberattack prevention	203-Indirect economic impacts	Employees
27	Access to water	412-Human rights assessment	Med, Users, PA, Suppliers and Employees
28	Responsible Supply Chain	204-Procurement practices	Suppliers and Employees

Material issues for shareholders (ownership) are all those identified by stakeholders and the management committee, as they are necessary for the economic, environmental and social sustainability of the company.

SDG, A COMMITMENT BASED ON FACTS

Aqualia is aware of the essential role played by the private sector in achieving the Sustainable Development Goals (SDGs). For this reason, it is aware that each company, through its own activity, contributes to a greater extent in some SDGs than others.

Through a process similar to materiality, Aqualia asked, in open interviews with stakeholders and in surveys of employees, to which SDG they believe that the company, because of the activity it carries out, should make a greater contribution. Likewise, a subsequent assessment was carried out by the management team with the aim of contrasting these weightings and therefore aligning their activities and initiatives with the SDGs in the 2030 Agenda.

SDGs to which Aqualia contributes directly to its activity

PRIORITY COMMITMENTS FOR ITS ACTIVITY



- ◆ Strict analytics on supplied water
- ◆ Infrastructure investments
- ◆ Social investments directly in the community
- ◆ Responsible consumption awareness measures and campaigns

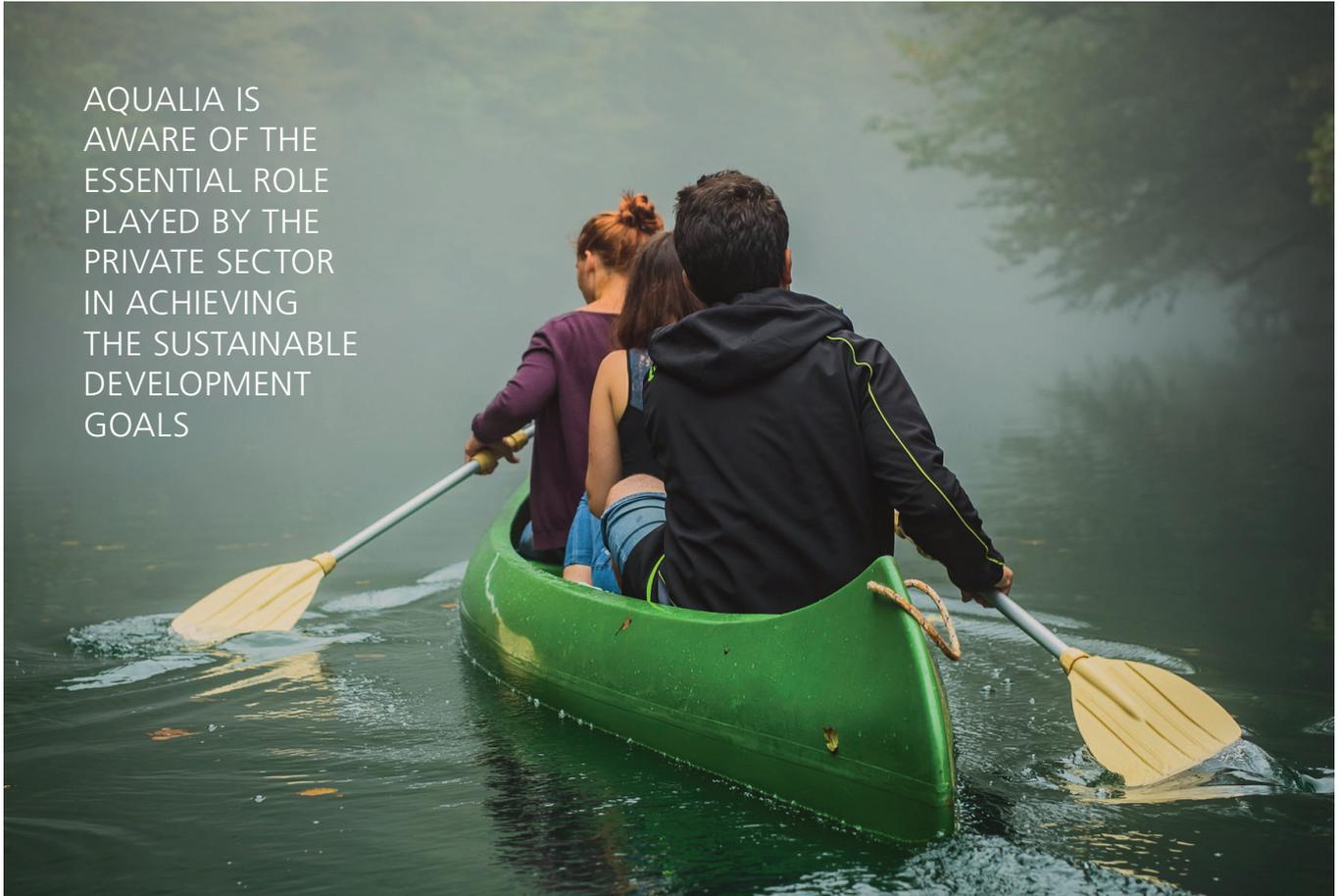


- ◆ Creating public-private partnerships with civil groups, the public sector, academic organisations and other companies for projects that contribute to achieving SDGs



- ◆ Managing the entire water cycle and applying the best techniques conceived during innovation projects focused on sustainable production
- ◆ Maintaining and improving sanitation networks with a view to reducing leaks and uncontrolled use
- ◆ Establishing measures and conducting responsible consumption awareness raising measures and campaigns
- ◆ Publishing annual sustainability reports

AQUALIA IS
 AWARE OF THE
 ESSENTIAL ROLE
 PLAYED BY THE
 PRIVATE SECTOR
 IN ACHIEVING
 THE SUSTAINABLE
 DEVELOPMENT
 GOALS



CORPORATE COMMITMENTS



- Assuring access for citizens to quality drinking water and sanitation networks
- Applying healthy lifestyle measures among employees



- Providing a public service from the perspective of efficiency and innovation
- Assuring access for citizens to quality drinking water and sanitation networks



- Developing innovation projects to improve infrastructures and service
- Building and improving in countries that lack water infrastructures or have water access problems





PARTICIPATION IN BUSINESS ASSOCIATIONS

INTERNATIONAL

Europe

- EUREAU
- International Water Association (IWA) Modern Foundation
- Smart Water Networks Forum (SWAN)

Portugal

- Portuguese Companies Association for the Environment Sector (AEPSA)
- Portuguese Association of Water and Wastewater Services (APDA)

Italy

- Federation of Energy, Water and Environmental Services (Utilitalia)

Czech Republic

- Czech Society for Trenchless Technology (CZSTT)
- Water Supply and Sewerage Association of the Czech Republic (SOVAK)

- Water Management Association of the Czech Republic (SVH)
- Moravian-Silesian Regional Development Association.
- Czech-Polish Chamber of Commerce

MENA

- Saudi Power & Water Forum Advisory Committee (Saudi Arabia)

Latin America

- Latin American Association of Desalination and Water Reuse (ALADYR)
- National Association of Water and Sanitation Utilities of Mexico (ANEAS)
- Spanish Cooperation Fund for Water and Sanitation (programme for the strengthening of Latin America located in 19 countries)



IN ORDER TO DEFEND THE INTERESTS OF THE WATER SECTOR AND SOCIETY IN GENERAL, AQUALIA WORKS JOINTLY WITH OTHER NATIONAL AND INTERNATIONAL ENTITIES AND ASSOCIATIONS

NATIONAL

- Spanish Association of Water Supply and Sanitation (AEAS)
- Spanish Desalination and Reuse Association (AEDyR)
- Spanish Association of Urban Water Services (AGA)
- Spanish Association of Manufacturers of Capital Goods (SERCOBE)
- National Chamber of the Construction Industry (CMIC)
- Spanish Association for the Defence of Water Quality (ADECAGUA)

- Spanish Biomass Technology Platform: (BIOPLAT)
- Association of National Construction Companies. (SEOPAN)

Andalusia

- Water Supply and Sanitation of Andalusia (ASA)
- Business Association of the Water Sector of Andalusia (AESA)
- Centre of New Water Technologies (CENTA Foundation)

Catalonia

- Group of Water Services in Catalonia (ASAC)

Valencia

- Community of Valencia Water Supply and Sanitation Association (AVAS)

Canary Islands

- Canary Islands Association of Urban Water Management Companies (ACEGUA)
- International Desalination Association (IDA) Canary Islands Water Centre Foundation (FCCA)

Madrid

- IMDEA-AGUA

Basque Country

- Basque Cluster Association of Environmental Industries (ACLIMA)

Balearic Islands

- Association of Water Industry Employers in the Balearic Islands(ASAIB)

Zaragoza

- ZINNAE Urban Cluster for the Efficient Use of Water

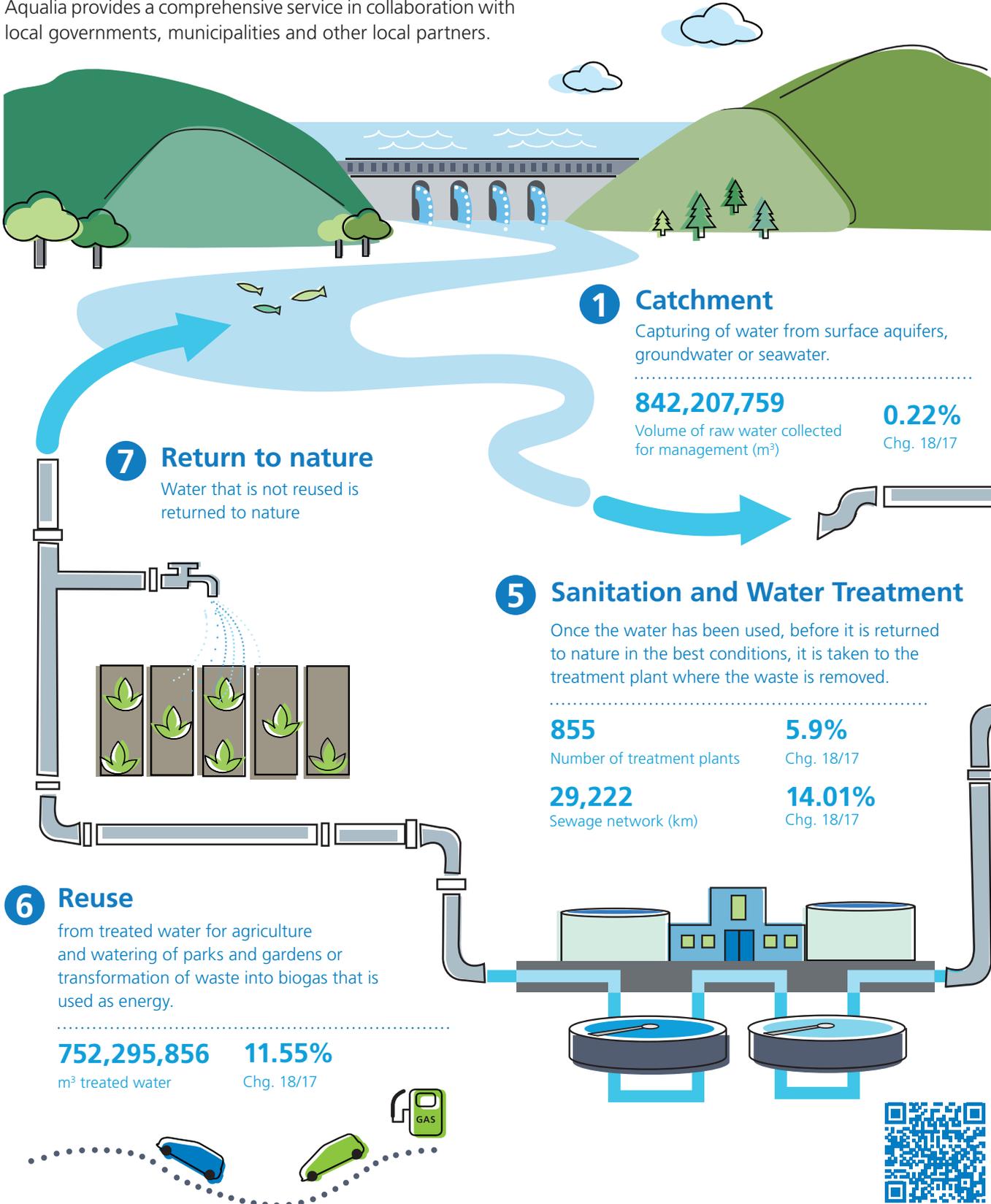


EFFICIENT SOLUTIONS



COMPREHENSIVE WATER CYCLE MANAGEMENT

Aqualia provides a comprehensive service in collaboration with local governments, municipalities and other local partners.



2 Treatment

Drinking water treatment plants (DWTP)

214 Number of drinking water treatment plants (DWTPs)	4.4% Chg. 18/17
2 Number of seawater desalination facilities (SWDF)	-33.3% Chg. 18/17
1,008,107 Number of drinking water quality controls carried out	3.02% Chg. 18/17
99.95% % compliant results	0.27% Chg. 18/17

3 Storage

in drinking water tanks

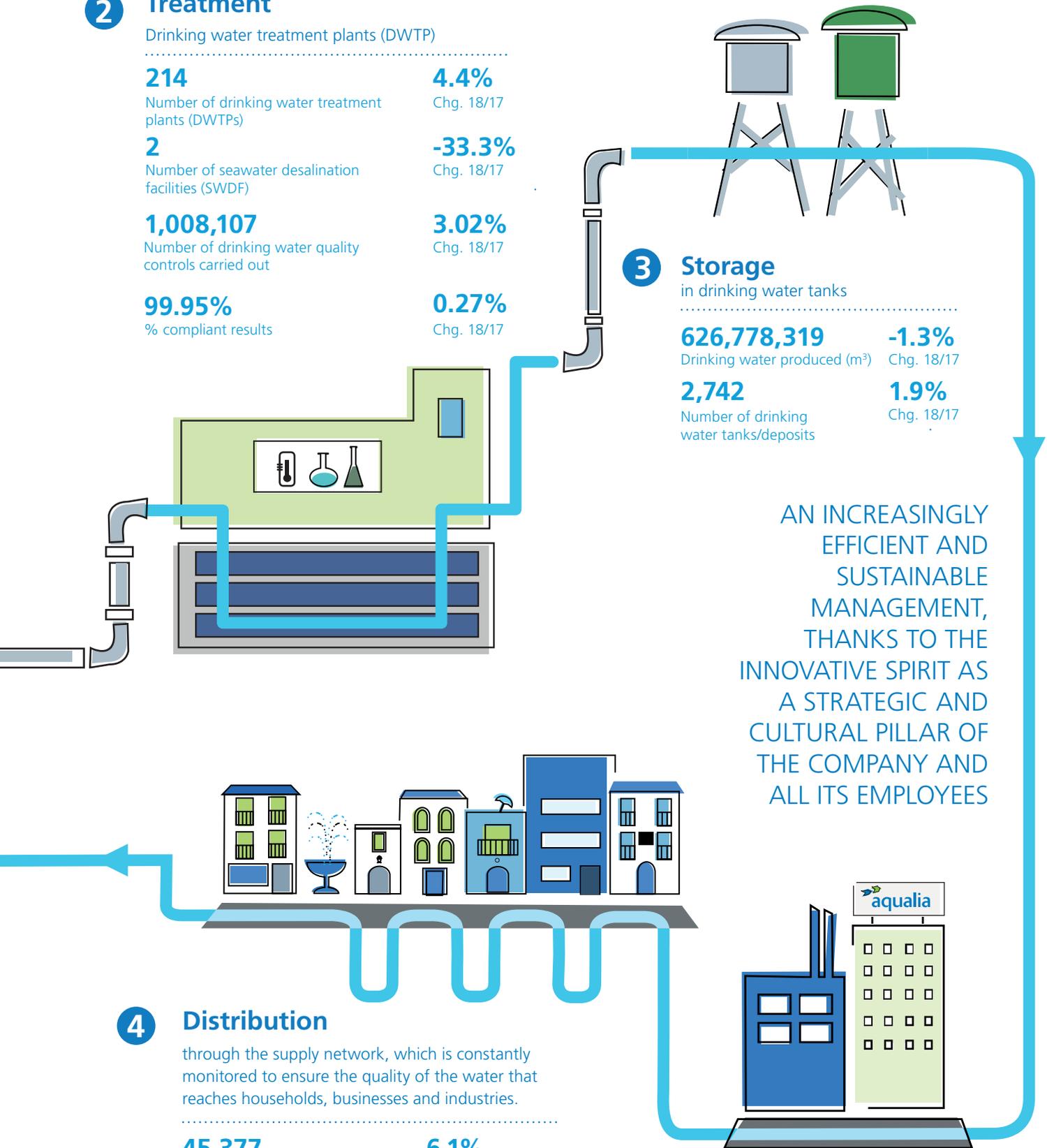
626,778,319 Drinking water produced (m ³)	-1.3% Chg. 18/17
2,742 Number of drinking water tanks/deposits	1.9% Chg. 18/17

AN INCREASINGLY EFFICIENT AND SUSTAINABLE MANAGEMENT, THANKS TO THE INNOVATIVE SPIRIT AS A STRATEGIC AND CULTURAL PILLAR OF THE COMPANY AND ALL ITS EMPLOYEES

4 Distribution

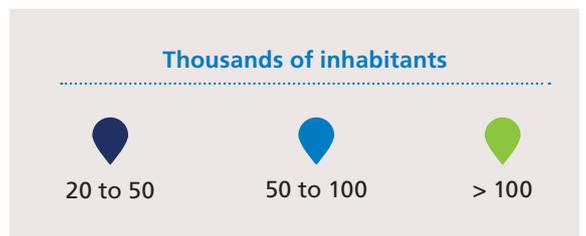
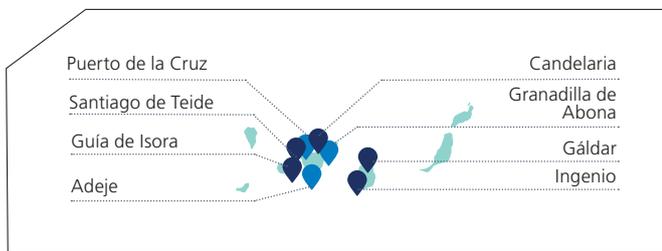
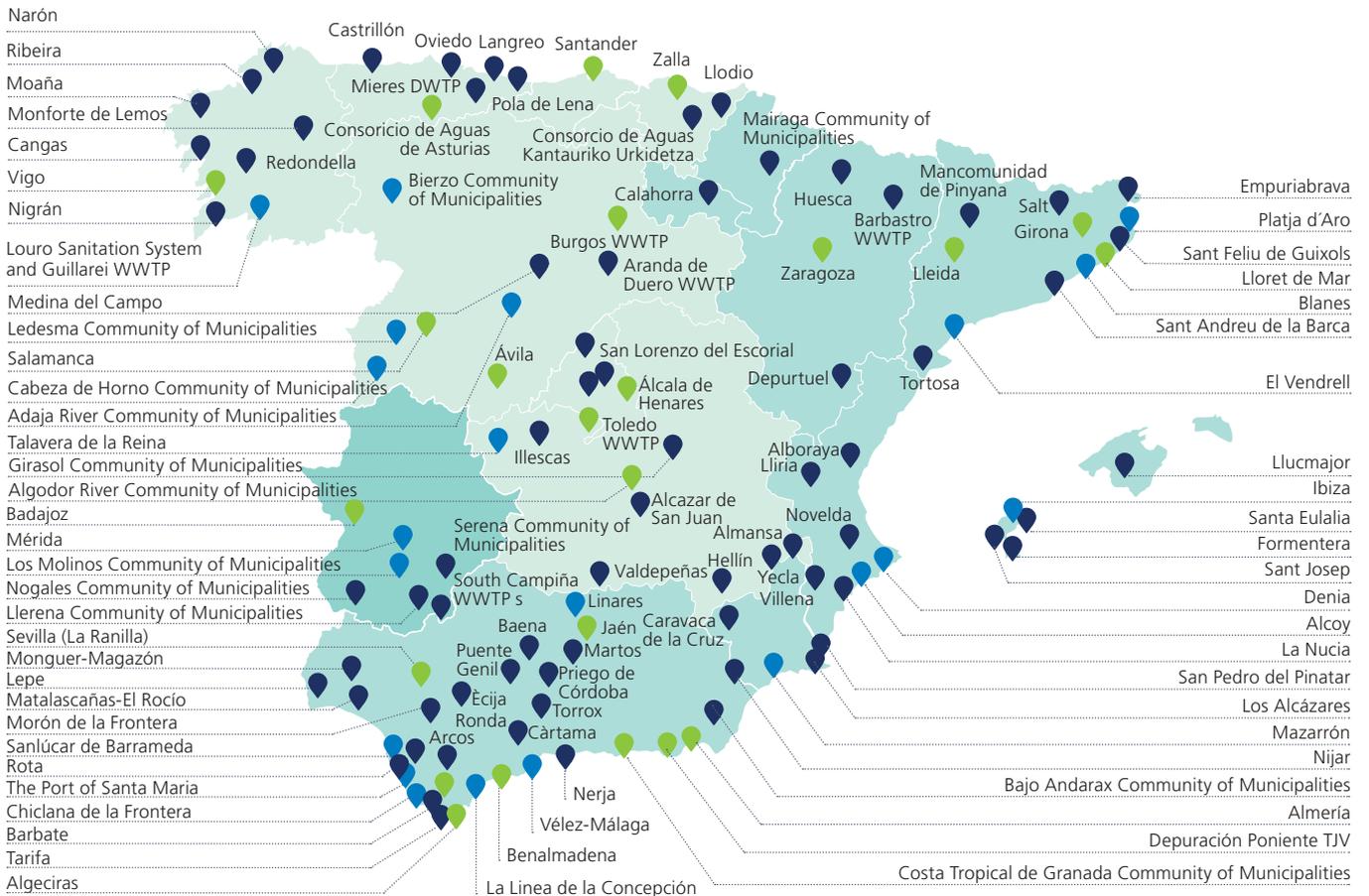
through the supply network, which is constantly monitored to ensure the quality of the water that reaches households, businesses and industries.

45,377 Supply network (km)	6.1% Chg. 18/17
1,227 Number of drinking water pumping stations (DWPS)	13.9% Chg. 18/17



MAIN CUSTOMERS

Municipalities where Aqualia is present in Spain



Aqualia has focused its activity on relevant public customers, in terms of solvency and technical level, which recognise the added techno-

logical value and management improvements provided by the company and that also enable it to maintain adequate profitability.

* Municipalities with more than 20,000 inhabitants out of the total managed in Spain.

ACTIVITY FROM AQUALIA IN 2018 AND MAIN AWARDS

National market

The year was marked by an improvement in the operation and maintenance activity and in the operational efficiency of the processes, as well as by a greater execution of small works linked to the concession agreements.

With regard to commercial activity, in the concessions segment of the comprehensive water cycle, Aqualia was awarded tenders and extended contracts when they expired, achieving a very high loyalty rate of over 90%.

A great effort was made to expand Aqualia's presence in the area of Operation and Maintenance (O&M) and in the adaptation of water plants for industries or Smart City services through telecontrol systems, remote management or remote readings, etc. Also in the facilities (WWTP, DWTP, desalination and network management), starting the operation of the Vigo (Pontevedra) and Burgos treatment plants, the most technologically advanced in Spain, and the SWDPs of Santa Eulalia (Ibiza) and Oeste (Tenerife).

With regard to urban infrastructure concessions, both the Central and Autonomous Ad-

ministrations are not bidding for relevant projects, which leads to a deficit in investments in urban hydraulic infrastructure (new and renovation). This fact, together with the tax consolidation process, leads Aqualia to consider public-private initiatives to undertake future opportunities in this area.

On the other hand, in the Technology and Networks sector, the company has been reinforced with the awarding of works, both for Canal de Isabel II (El Endrinal WWTP) and for the Council of Tenerife.

In the search for efficiency in operational management, the effort to reduce costs stands out. As a result, and despite the fall in consumption in the sale of water, operating results have increased, synergies have been reinforced which result in greater cost control and progress has been made in the implementation of regional sewer cleaning services, reducing subcontracting.



.....
49%
increase in new contracts



.....
14%
extension of contracts

National Activity Data

		2016	2017	2018	%
New awarded contracts (Spain)	New contracts	126	113	168	49%
	Contract renewals	16	27	20	-26%
	Contract extensions	195	185	187	1%
	Contract enhancements	10	7	8	14%

New national projects signed in 2018

- ◆ **La Alcaidesa, Cádiz:** supply, sewerage and water treatment service for the La Alcaidesa urbanisation - in the Municipality of San Roque / La Línea de la Concepción.
39 years / 52,3 M€
- ◆ **Calamonte, Badajoz:** public drinking water supply and wastewater treatment service of the municipality.
15 years / 10 M€
- ◆ **Moral de Calatrava and Pozuelo de Calatrava, Ciudad Real:** municipal drinking water and sewerage services of both municipalities.
19,5 years / 14 years (respectively) 9,4 M€
- ◆ **Bajo Andarax, Almería:** concession of the water treatment service.
17 years / 5,7 M€
- ◆ **Quismondo, Toledo:** concession for the management of drinking water supply, sanitation and water treatment services.
25 years / 4,1 M€
- ◆ **La Rioja:** operation and maintenance service of sewerage and water treatment and supply facilities in the autonomous community of La Rioja.
4 years / 4,6 M€
- ◆ **Las Palmas, Lanzarote:** supply and installation of mechanical and electronic meters for Canal Gestión Lanzarote, S.A.U.
4 years / 4,1 M€
- ◆ **Barbastro, Huesca:** operation, maintenance and conservation service of the WWTP, awarded by the Aragonese Water Institute.
3 years
- ◆ **San Fernando, Cádiz:** services for the control, maintenance and comprehensive treatment and operation of Navantia's water facilities in San Fernando, Puerto Real and Cádiz.
3 years
- ◆ **Ribeira, La Coruña:** operation and maintenance services of sanitation and water treatment.
1 years
- ◆ **Tudela, Navarre:** operation, maintenance and upkeep of wastewater transport and treatment facilities in the Tudela area, southwest Navarre and the Ribera Alta.
2 years
- ◆ **Guía de Isora, Santa Cruz de Tenerife:** operation, maintenance and conservation service of the west seawater desalination system, Fonsalía Desalination Plant.
1 years

International market

In the international market, the contract optimisation processes in Italy and Portugal stand out. In the latter, the commercial development of the R&D&I activity was promoted in order to promote proprietary technologies (All-gas, PUSH, ELAN, etc).



PIG (Pipeline Inspection Gauge) en Mostaganem

In Romania

The engineering phase of the Glina project was completed, and all permits were obtained to begin construction.

In the UK

The pilot phase for the advanced treatment of sludge was successfully carried out at the plant of the utility company Thames Water in Oxford and is expected to work soon on this treatment process for other similar plants of the company.

In the Balkans

Aqualia delivered the Vrsac plant in Serbia which, together with other deliveries made in previous years, represent a guarantee for the company in this region.

In Northern Africa and the Middle East

Aqualia's desalination and wastewater treatment activities present business opportunities in the countries in which it operates.

In Algeria

The works of the Mostaganem SWDP, to increase its capacity and to be less subject to the influence of the sea conditions, have an estimated execution time of two years. Successful supply cleaning operations were also carried out using PIG (Pipeline Inspection Gauge) technology in Mostaganem.

In Egypt, the execution phase of the contract for the design and construction of the Alamein desalination plant, with a capacity of 150,000 m³/day, was successfully completed and the start-up phase began in December, which is expected to last until March, when the operating concession is expected to begin. In addition, the EPC (Engineering, Procurement, Construction) project of the Abu Rawash WWTP was signed in May, the basic engineering phase of which was very much underway at the end of the year.

In Tunisia

Also in May, the implementation of the Djerba EDAM project was completed which, with a capacity of 50,000 m³/day, ensures the supply of the population and the tourist development of the island. The operation phase will run until May 2019.

In Saudi Arabia

The activities of execution of the contract of affected services of the Riad underground, will be continued during 2019.

In Oman

During this year, the transition and start-up phase of the Sohar port area service has been completed. In June the operation of the contract for the management of the comprehensive water cycle in this area began for a period

International activity data

		2016	2017	2018	%
New contracts awarded (international)	New contracts	13	9	6	33%
	Contract renewals	0	0	2	0%
	Contract extensions	0	2	2	0%
	Contract enhancements	0	0	0	0%

of 20 years, in collaboration with the concessionaire Majis.

After seven years operating in the eastern part of the Emirate, this year the tender was renewed and Aqualia was awarded the contract for water sanitation maintenance services for the island of Abu Dhabi, thereby expanding the business in the United Arab Emirates.

In Qatar

Although the political and trade embargo has caused a slowdown in investment projects, the Al Dhakhira wastewater treatment plant, with a capacity of 55,000 m³/day, will start operating next summer in 2019 and will operate for the next 10 years.

In the USA

After the 2018 commercial analysis in the markets of Florida, California and Texas, the scarcity of water, the obsolescence of hydraulic infrastructures and the scarce penetration of private operators in the sector, opportunities for geographical expansion are expected.

In Latin America

The lack of water infrastructures and the search for efficiency in the existing ones are factors that strengthen Aqualia's growth possibilities. In Mexico, after signing BOT (Build, Operate, Transfer) contracts for Aqueduct

Il and Realito, this experience is being used for similar projects. As a result, in December 2018, another BOT contract was signed for the Guaymas desalination plant.

In Colombia

Construction has also continued on the El Salitre WWTP (Wastewater Treatment Plant) in Bogotá, while the San Silvestre WWTP in Barrancabermeja is in the final design phase.

In Peru

The Country is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators. During 2017, five private initiatives were presented for the treatment of wastewater from five municipalities, which were declared relevant.

In Chile

Aqualia is working on the production of desalinated water for the mining sector, as well as on the expansion and rehabilitation of its facilities.

In Panama

In 2018 work began on the engineering, construction and operation project, in the Arraiján WWTP, which will treat the waters of 130,000 inhabitants.

New international projects signed in 2018

◆ **Guaymas, Mexico:** public-private partnership to carry out an executive project, construction, equipment, commissioning, operation and maintenance of a seawater desalination plant in Guaymas and Empalme (Sonora, Mexico).

20 years / 76,6 M€

◆ **Panama:** Contract for assistance and technical assistance to the Institute of Aqueducts and Sewage Systems (IDAAN) for operational and commercial management in the Metropolitan Area of Panama (AMP) and the Management and Execution of high-impact activities.

5 years / 51,6 M€

◆ **Abu Dhabi, United Arab Emirates:** renewal of the contract for the operation and maintenance of the East Area (Al Ain) sanitation system, including water treatment, awarded by Abu Dhabi Sewerage Services Company (ADSSC).

20 years / 76,6 M€

◆ **Czech Republic, in Opava and Petrvald:** operation and maintenance of sewerage networks in both municipalities.

10 years / 3,5 M€



Seawater collection facilities in the port area of Sohar (Oman)

IN THE INTERNATIONAL MARKET, AQUALIA HAS CONTINUED TO PLAY AN IMPORTANT ROLE IN INTERNATIONAL TENDERS IN DIFFERENT AREAS



PEOPLE VALUES



CREATING **VALUE** FOR CITIZENS

Quality and excellence in customer service, closeness, innovation and commitment to citizens are among the company values that make up Aqualia's strategic lines.



OMNICANAL



.....
7/24/365
Service
 in all channels



.....
747,404
 Calls in the call centre,
 aqualiacontact



.....
39 **6**
 National International
 Local corporate websites



.....
19,417
 Total users registered
 in the app,
 aqualiacontact
10,512
 in 2018

21,186
 Procedures carried out
 in the app,
 aqualiacontact

SERVICE QUALITY



.....
385,221
 Customers with
 e-billing



.....
96.21%
 Call centre satisfaction
 index, aqualiacontact



.....
0.41%
 % complaints
 about the
 call centre,
 aqualiacontact

PRODUCT QUALITY



.....
1,008,107
 Number of drinking
 water quality controls



.....
99.95%
 Compliant results

**SDGs connected
 with citizens**



Efficient management and quality

Product quality

The process of adapting the company's laboratories to the European Directive 2015/1787, transposed into Spanish law in 2018, involved carrying out water analysis under the UNEISO 17025 standard and auditing by a National Accreditation Body.

This transposition establishes much more restrictive operating criteria and levels of precision and, in addition, devotes special attention to safeguarding the independence of the laboratory's decision in order to avoid possible conflicts of interest that could derive from a direct dependence on the client for whom the tests are carried out.

This led to a reorganisation of laboratories, increasing the capacity of the 5 already accredited (Oviedo, Jerez, Ávila, Lleida and the Canary Islands) and eliminating 22 that did not work under the specified standard and implementing the procedures of ISO 17025/2017 in the laboratories of Badajoz and Vigo. These are expected to be accredited in 2019.



Aqualia Laboratory in Oviedo

.....

1,008,107

Number of drinking water quality controls

978,586
in 2017

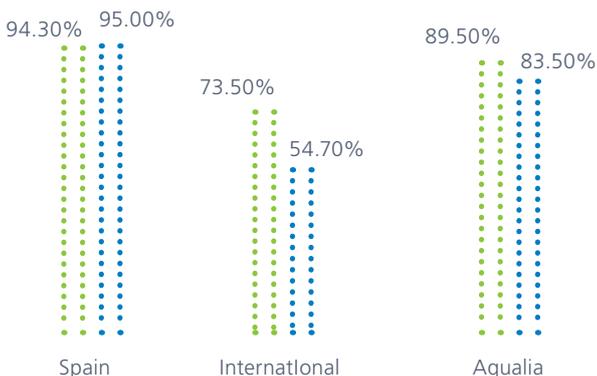
.....

99.95%

% compliant results

99.68%
in 2017

% ISO 9001 Implementation certified volume produced



IN GLOBAL FIGURES, ISO 9001 CERTIFICATIONS HAVE BEEN MAINTAINED, BUT AS INTERNATIONAL PRODUCTION INCREASES, THEY HAVE DECREASED IN RELATIVE TERMS



Service quality

In 2018, work was done on the Work Order Mobility project, which applies computer technology and geolocation to the processes of meter repair and replacement, allowing telematic access to incidents and orders in a way that saves time and increases the efficiency of work teams.

This Work Order Mobility Project for the repair and replacement of meters was implemented, during 2018, in cities such as Salamanca and Ávila.

Aqualia is currently working on extending the functionalities of this service so that it also covers the work of services related to operations and repairs in order to minimise incident resolution times. It is expected that in 2019 these orders can begin field operations in municipalities such as Ávila, Talavera or Almería.

.....

WORK ORDER MOBILITY PROJECT BENEFITS

- It avoids journeys
- Faster response to incidents
- Improves the efficiency of breakdown repair equipment



Formentera Service

Omnicanality: an exercise in closeness and transparency with citizens

Aqualia continues to make progress along the path it began in 2016 to offer all its customers an omnichannel experience in their relations with the company and to integrate the different communication channels: visiting an office in person, telephone support, online office and mobile device, so that they all interrelate in real time.

This path is an exercise in transparency and value, which is necessary to connect with citizens, one of the axes of Aqualia's 2018-2020 CSR Plan. Only from this value is trust generated and beyond this, empathy and a link with the company.

The telephone support service, through the customer service centre (aqualiacontact), enables users to carry out all the private procedures without having to visit an office in person. This, together with the reduced waiting time for the customer to report a breakdown to the 24 x 7 x 365 service, allows an agile and effective action protocol to be implemented for the resolution of any type of incident in the network, which results in an improvement in water distribution performance.



OMNICHANALITY

Transparency and value to connect
with citizens 24/7/365



Aqualia
client area

Aqualiacontact



747,391
Calls received
769,233
in 2017

% By type of call

- Complaints 0.41%
- Complaints 0.38%
- Queries 55.97%
- Queries 55.14%



- Breakdowns 15.03%
- Breakdowns 15.73%
- Requests 28.59%
- Requests 28.75%

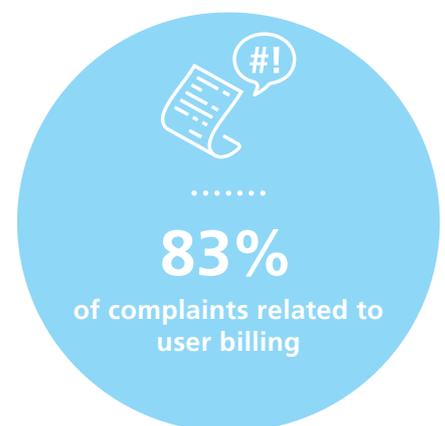
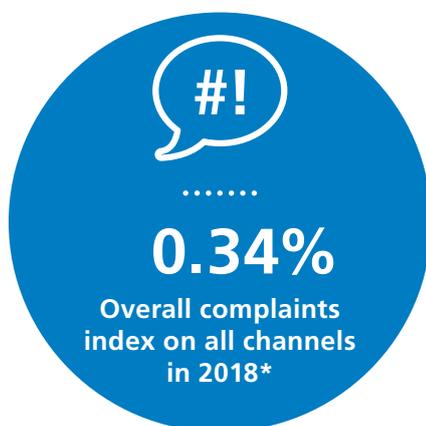
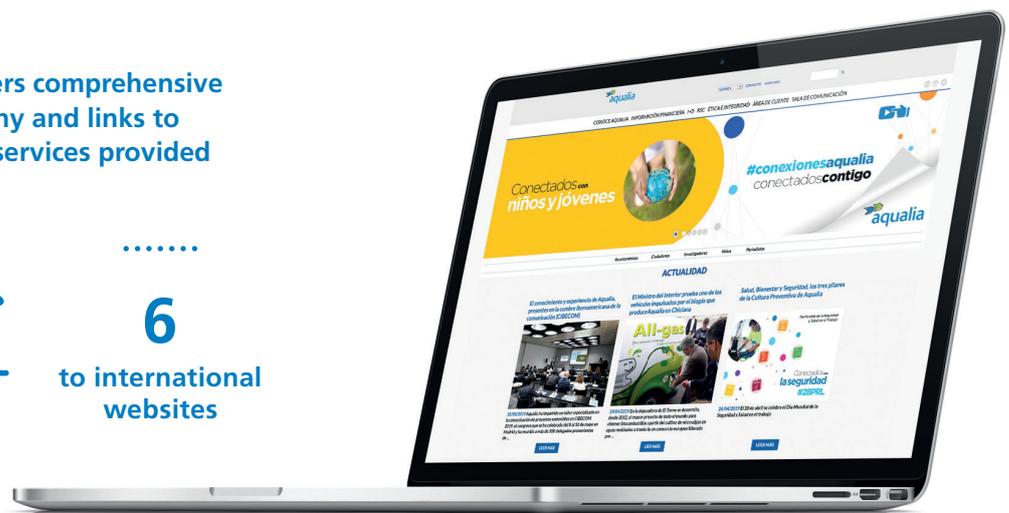
The corporate website offers comprehensive information on the company and links to different municipal water services provided by Aqualia:

39
to national
websites



6
to international
websites

www.aqualia.com



*Data referring only to Spain

1.3 M



2017

1.7 M

2018

Visits to the corporate website



.....

132,759

applications through virtual office

142,347

in 2017



.....

1.65%

virtual office complaints %

1.67%

in 2017



App



.....

10,512

App users

8,905

in 2017



.....

21,186

App procedures

9,312

in 2017

Through these websites (corporate and local) access is facilitated to the aqualiacontact virtual office, from where the customer can carry out any procedure related to the service, be aware of all the warnings that affect their municipality and be up to date with everything related to the municipal water service in their area. In addition, the current tariffs approved by the competent authorities in each municipality are reported with complete transparency.

Certified channels

The different channels of aqualiacontact are certified according to Standard UNE- ISO 27001 "Information Security Management Systems", fulfilling the security objectives stipulated by law and ensuring Aqualia's commitment to safeguarding customer data, integrity, availability and confidentiality.

Excellence in service and a high level of satisfaction, the result of continuous improvement, are reflected in a high degree of satisfaction. In 2018, 224,953 surveys were carried out on aqualiacontact's customers, of which 169,100 rated the service as excellent; 31,914 as very good, and 15,421 as good, reaching a positive satisfaction index of 96.21%.

A fourth communication channel in Spain is the app for mobile devices, which allows you to carry out all the procedures related to the services provided by Aqualia, giving you a global view of your interrelationships with the company.

This app, like the different communication channels, interacts in real time with the computer systems, offering customers an omnichannel experience in their relations with Aqualia. This application was recognised as the best app in the sector by the publication iAgua in 2017.



Efficiency of all customer relationship channels

0.34%
Complaints index

16
days response time to complaints in days

5
days of average time of meter installation from the application request

During 2018, as part of the omnicanality project, Aqualia added Twitter to its list of channels; through the @aqualiacontact account, messages sent by users are attended to and managed. It also manages SMS messages for notifications of invoices with incidents and warnings of network breakdowns.

Accessibility of the websites

The capacity to set tariffs and regulate the provision of services in the comprehensive water cycle in Spain is the exclusive responsibility of the Administration and Aqualia has no responsibility in this area. However, due to its firm commitment to transparency with citizens, Aqualia informs about the different prices set by the competent authority on the different local websites. The websites are adapted to the characteristics of each territory and service and are available in the official languages of the region, as well as the countries in which Aqualia provides its services (Spanish, Galician, Catalan, English, Portuguese and French).

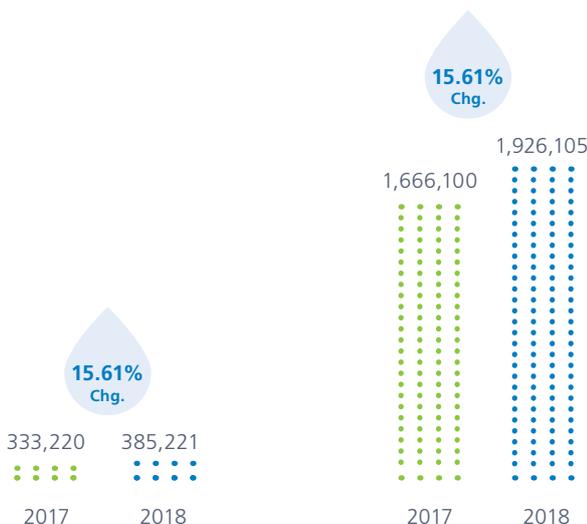
In addition, all websites integrated into the corporate website are AENOR certified, which ensures compliance with Level AA accessibility requirements according to Standard UNE 139803.

E-billing

Aqualia has continued its campaign to promote the use of e-billing and thus progressively replace as many paper bills as possible. In 2018, the "Move to e-billing" marketing campaign continued.

This action has meant an increase in 2018 over 2017 of 15.61% in the number of e-bills issued, thus contributing to the preservation of the environment and reaching 385,221 customers, who have opted to receive this type of bill.

The total number of customers with e-billing throughout Aqualia is 396,408. Bearing in mind that billing processes are only carried out to end customers in Italy, Portugal and the Czech Republic.



Number of customers with e-bills (national only)

Number of e-bills issued (national only)



E-billing degree of implementation

14.26% in Spain 3.86% international

Efficient management: smart and remote meters

Aqualia is concerned about taking the necessary measures for making the most of water resources. In order to achieve this, it is essential to install remote meters, which allow greater reliability of the information on the consumption carried out, as well as comparing between the quantity of water supplied to the network and the quantity consumed. This allows the company to detect possible leaks or fraudulent uses of drinking water and take appropriate measures to improve performance (renovation of networks, etc.).

The company has 51.627 remote meters installed, 2.55% more than in 2017. In addition to 64,524 smart meters, which provide 100% reliable information on consumption patterns, tariffs and services of the consumer network, as well as detecting possible leaks, avoiding high bills for water losses. In this way, it contributes to improving the efficiency of water consumption.



64,524

Installed smart meters



SUCCESS STORY IN FORMENTERA

During 2018 has been carried out the installation of more than 2,000 smart meters on the island of Formentera, representing 97% of implementation on the total groups of meters on the island. This development makes it possible to obtain an comprehensive

remote reading of the island and to know the consumption patterns of its customers, both in an overall and individual way, 24 hours a day and 365 days a year, as well as to have remote access via app to all the customers of the municipal water service of Formentera.

At present, in addition to the remote reading of customers, hourly water balances are carried out for each of the 12 existing sectors in the island's distribution network, which makes it possible to know the nonrevenue water levels every hour and optimise the performance of the network.

	2015	2016	2017	2018	Var.
Installed remote meters	57,600	62,685	50,342	55,634	2.55%
Number of channels available to expand reading	117,300	127,753	115,204	107,369	-6.80%
Installed smart meters	57,700	63,093	62,150	64,524	3.82%

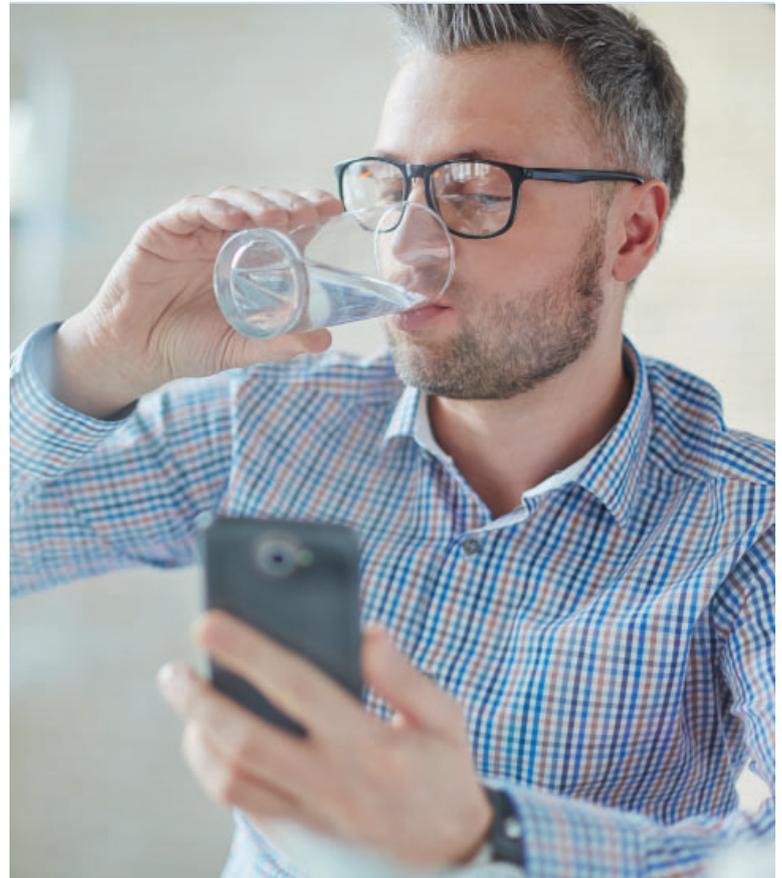
The privacy of citizens, cornerstone of customer service

Aqualia is concerned about the security of all customer information. Hence the importance given to certification according to the International Standard UNE- ISO 27001, "Information Security Management Systems". This standard indicates the requirements for the establishment, implementation, maintenance and continuous improvement of an information security management system in the context of the organisation.

In addition, it includes the requirements for the assessment and treatment of information security risks tailored to the needs of the organisation, so necessary with the entry into force of the European Data Protection Regulation on 25/05/2018.

The certification covers the information systems that support the activities of the customer service centre, virtual office and app, according to the Statement of Applicability. In October 2018, the corresponding follow-up audit carried out by AENOR was successfully passed, highlighting the following strengths of the system:

- Compliance in the CSC of the clear desk and clean screen policy.
- Interest in the Adaptation to the GDPR and identification of its risks.
- Improvements in the management/organisation of administrator users.



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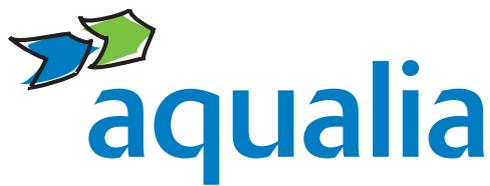
Number of complaints regarding information security breaches

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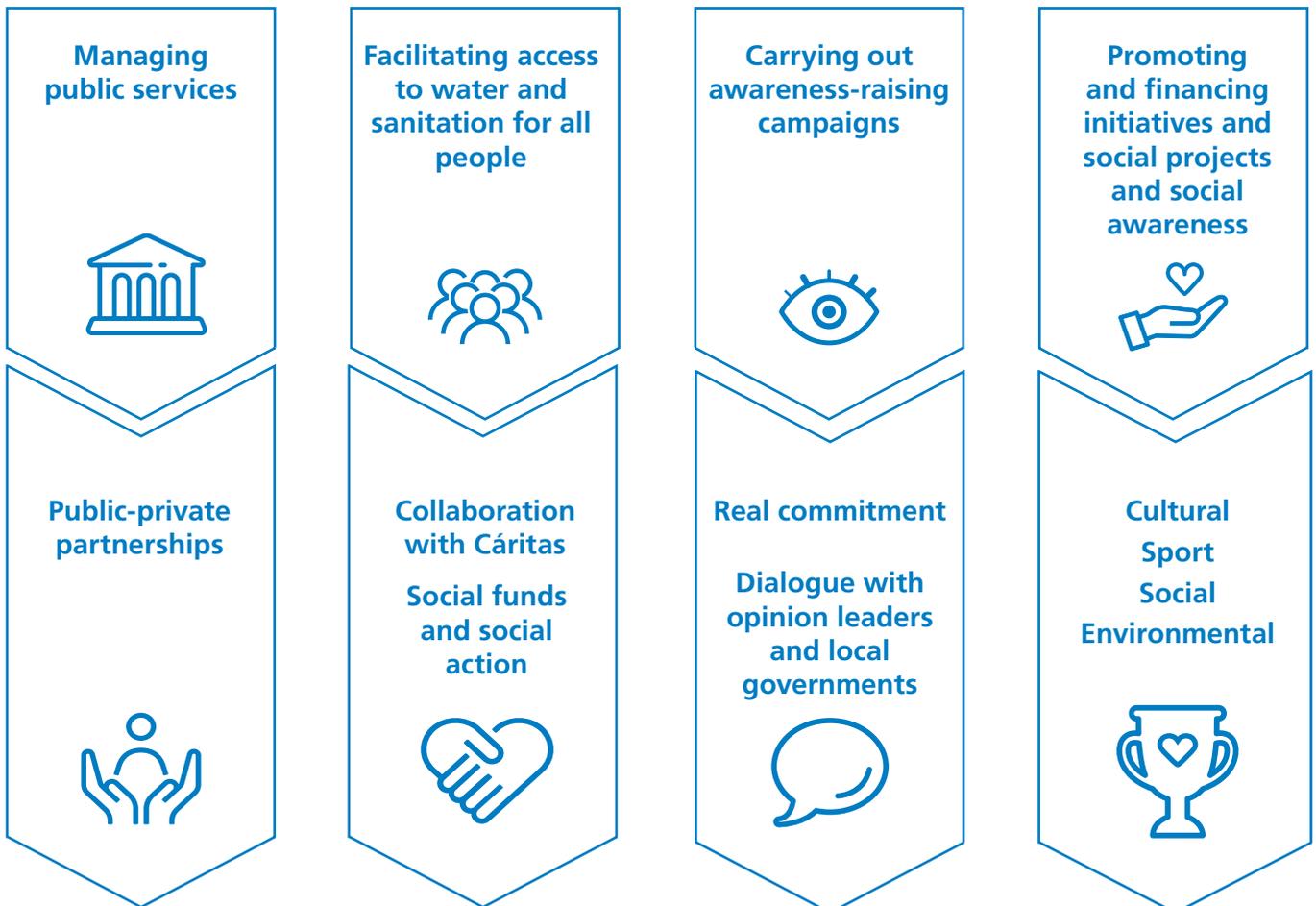
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Number of cases identified by the company regarding information leaks, loss of customer data, data theft, etc.

CREATING **VALUE** FOR THE COMMUNITY



HOW DOES AQUALIA CREATE VALUE IN THE COMMUNITY?



SOCIAL INVESTMENT

950,977.89 €



34.24%

Investment
Culture



12.35%

Investment
Sports



1.60%

Investment
Environmental



4.87%

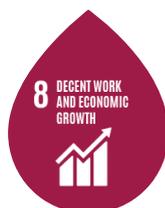
Investment
Social



30.28%

Image, awareness-raising,
communication and dialogue with
stakeholders

SDGs connected with citizens



Management of public services

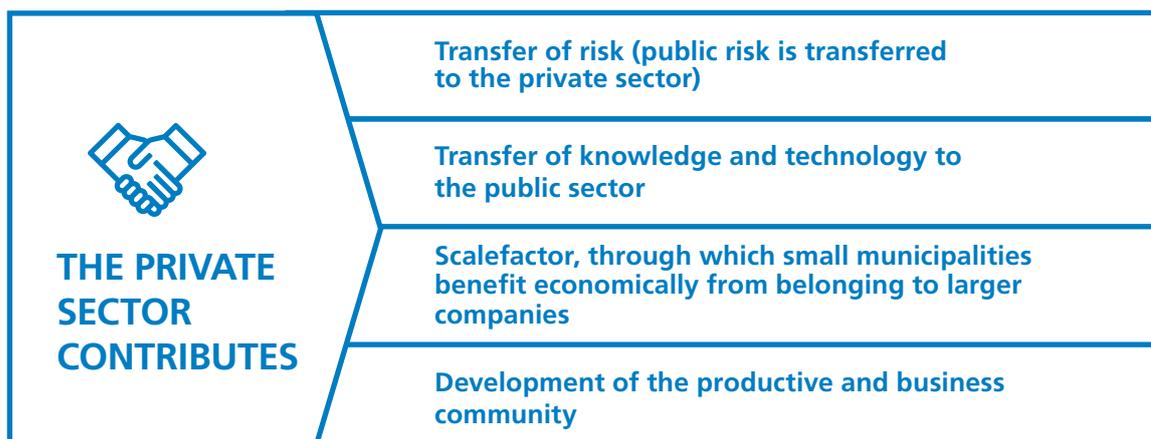
The comprehensive, efficient and innovative management of the water cycle, as well as solutions for works and maintenance of infrastructures aimed at saving water for the community, are the main value generated by Aqualia.

The current situation of the infrastructures regarding means that 26% of the water intended for consumption* is lost. Public-private collaborations between the public administrations and

Aqualia are therefore necessary to develop technological and infrastructure projects that improve these levels of efficiency. Aqualia works to achieve these collaborations and to be able to efficiently manage the quality water cycle for everyone.

In these public-private partnerships, the presence of both groups is important.

AQUALIA WORKS TO ACHIEVE THESE COLLABORATIONS AND TO BE ABLE TO EFFICIENTLY MANAGE THE QUALITY WATER CYCLE FOR EVERYONE



* Data from Seopan, Association of Infrastructure Construction Companies.

"No citizen without water": agreements and collaboration to guarantee access to water

Aqualia actively promotes social action mechanisms in tariffs and solidarity funds for the most disadvantaged users.

The company has worked to improve coordination with the social services of local governments to protect citizens at risk of vulnerability or social exclusion. And, together with their collaborators in the mayor's offices, they make it easier for all those with water service difficulties to opt for simpler ways of access.

As an example of this commitment, as part of its CSR policy, Aqualia has been renewing its collaboration agreement with Cáritas Española since 2015 to protect people in need and support initiatives of this humanitarian organisation in Spain, donating each year the equivalent of the amount consumed by all the Cáritas centres where water is managed.

Aqualia and Cáritas strengthened this alliance against poverty at a meeting held at the Cáritas headquarters in Ávila in June 2018. Beyond responding to the social needs of vulnerable groups, this agreement is yet another example of the importance of public-private collaboration and of the company's effort to bring positions closer to institutions for the benefit of people.

During 2018, the different initiatives to guarantee access to drinking water and sanitation services to those citizens who cannot pay their water bill, for financial and social exclusion reasons, worked with the social services of Barbate (Cádiz), Denia (Alicante), Jaén, Molíns de Rei (Barcelona), Sant Andreu de la Barca (Bar-

celona) or Vigo (Pontevedra). These are just a few examples of this initiative, which Aqualia intends to transfer to practically all the towns in which it works.

The goal is to ensure that no citizen lacks a domestic water service for financial reasons and always in partnership with the service owner (local government) and relevant social services.



Another international collaboration to facilitate access to water through social action is the support given by Aqualia to World Vision, joining the biggest race for clean

water, Global 6K For Water, organised by this NGO in 2018. Held on 19 May, and for the first time in Spain, it took place in Madrid with the aim of raising funds to bring clean water to 300 students of the Saint Mary Kevin orphanage and school in Uganda, where 68% of the population does not have access to clean water.

As part of the Christmas social action, and in collaboration with ACNUR, the company made a donation to help 214 child refugees from Southern Sudan receive appropriate treatment to combat malnutrition.

.....

129

Cáritas centres benefiting from the "no citizen without water" measure

.....

70,659€

donated, corresponding to the payment of water bills of the Cáritas centres

+37%
from 2017

.....

16,573

citizens benefited from the collaboration with Cáritas

Awareness-raising campaigns

With all citizens

Aqualia's real commitment

In the context of water scarcity to which many of the countries in which Aqualia works are subject, education for the sustainable consumption of water is an essential contribution by the company to society. For this reason, Aqualia has long been an active part of this work to raise public awareness.

In 2018 the campaign with the greatest impact was "Aqualia commitment" (www.compromisoaqualia.com) which focused on conveying to society the company's contribution to 12 of the Sustainable Development Goals (SDGs) established by the United Nations for the year 2030.

In each of these goals, concrete data was given on the impact of the various actions carried out for the benefit of citizens. Among others, there was talk of Aqualia's commitment to providing

a clean water and sanitation service (SDG 6), to social development and its contribution to training (SDG 4) and to the economic development of countries (SDG 8), or to innovation, the key to efficient management of scarce water resources (SDG 9).

In total, there are more than 60 real and concrete facts, which day by day contribute to the transformation of the territories in which it is present and to the achievement of the Sustainable Development Goals set by the UN.

Responsible consumption

Aqualia aspires to be a leader in the sector in the social concept of water management, focused on people's well-being. This priority is aimed at raising awareness and responsible consumption, with an impact on their health and well-being.



AQUALIA'S REAL COMMITMENT IN FIGURES

.....
200,000
Visualizations

.....
5,000
Hours of reproduction

.....
+27,000
Web Visits

.....
85,000
Prints in twitter

In this way, the initiatives launched by the entity are aimed at the whole of society and are materialised in different types of actions to reach all social profiles. These include celebrations of the International Water and Environment Days, open days and visits to facilities, competitions, educational web tools and awareness-raising talks.

In 2018 days were organised with different groups (such as housewives, retired people or journalists) and school visits, which brought together around 10,000 students. Visitors learned about how comprehensive water cycle management is carried out at Aqualia and were likewise informed about proper resource use: responsible consumption, toilet use, oil management, etc., to safeguard our natural communities and inspire the environmental commitment of each attendee.

The open days were held, among others, at facilities in municipalities managed by Aqualia, such as Salamanca, in collaboration with the Centre for Water Research and Technological Development (CIDTA), Toledo, Medina del Campo (Valladolid), Mondoñedo (Lugo), Denia (Alicante), Alcoi (Alicante), Anglès (Gerona), Almacelles (Lleida), Baix Ebre (Tarragona), Nájera (La Rioja), Miajadas (Cáceres), Los Santos de Maimona (Badajoz) and Olivenza (Badajoz). All of them allowed messages to be conveyed of responsible use and consumption and a commitment to the environment.

In the Balearic Islands, specifically in Ibiza, there was also a massive event to present the "Ni una gota a la mar" (Not a drop in the sea) campaign, promoted by the Water Alliance. Aqualia participated as a concessionaire for water management in the Pityusic Islands.

The work of raising awareness with schoolchildren about responsible consumption carried out during visits to the facilities of:

- **Oviedo**, where the students visited the Carbonio WWTP.
- **Jerez de la Frontera**, the Tempul deposits, located in the Zoobotanical facilities of Jerez (Cádiz), opened their doors to receive hundreds of schoolchildren in a day organised by the Local Government and Aquajerez.

As well as other initiatives to motivate the youngest members of society regarding responsible use in:

- **The Canary Islands**, where, for World Environment Day, Aqualia organised an event

AQUALIA ASPIRES TO BE A LEADER IN THE SECTOR IN THE SOCIAL CONCEPT OF WATER MANAGEMENT, FOCUSED ON PEOPLE'S WELL-BEING

was held in the educational classroom of Entemanser, Aqualia's subsidiary in the Canary Islands, which featured around 250 schoolchildren from Granadilla de Abona (Tenerife) who were able to learn, over the course of a day of talks and demonstrations, about the problem caused by wet wipes thrown into the toilet and about the correct use of the sanitation network.

- **Portugal**, where Aqualia gave talks on the responsible use of water to Fundação schoolchildren, who also discovered the drinking water process through the educational material offered by the new edition of the Children's Digital Drawing Contest "Água for Grifus" (Water for Grifus) (videos, comics, hobbies, etc.)

- **Italy**, Caltaqua, where it joined in the celebration of World Water Day by spreading the company's commitment to the care of the resource and raising awareness in society to use it responsibly.

With the Children's Digital Drawing Contest around the microsite www.aguaparagrifus.com, Aqualia wants to highlight the value of the daily work represented by bringing water from nature to the tap. In 2018, the 16th edition was held, inviting boys and girls in years 3 and 4 of Primary School from the municipalities in which it provides services in Spain and Portugal to participate.

This initiative, together with those mentioned above, forms part of a series of actions that the company carries out regularly with primary and secondary schools and universities, to teach them about the phases of the water cycle and educate them on the responsible use and consumption of water.

With this training and informative action,

Aqualia also managed to involve close to 100 employee families.

Digital environments are becoming increasingly important as educational and awareness-raising tools. For this reason, the new website www.aqualiaeduca.com was presented this year, dedicated to knowledge of the water cycle and to promoting awareness among the general population and the youngest in particular. All of them can obtain information and have access to multimedia, entertaining and adapted documentation to learn how to use water resources responsibly.

Other campaigns that we can highlight are those carried out to raise awareness of responsible consumption of both drinking water and the sanitation network. Two examples of this are: the campaign for the good use of the toilet "#nolotires" (#dontthrowitaway) or the one developed at SmVak, a Czech subsidiary of Aqualia, by promoting water consumption of #tapwater in restaurants in the territory in which it operates.

DIGITAL DRAWING CONTEST FOR CHILDREN IN FIGURES



.....
8,000+
Entries presented

.....
160,000+
People who have been informed and educated

150,000 Schoolchildren
6,800 Teachers
2,000 Employees
850 Press/media
1,000 Local Governments



Water for grifus Contest

.....
22,200 Users on the website
50,700 Sessions
382,200 Page views
7.5+ Minutes of average visit duration

AQUALIAEDUCA.COM



.....
7,200 Users
9,000 Sessions

Since the launch of www.aqualiaeduca.com



Equality and equity

There are also awareness-raising campaigns in the field of gender equality, such as the various actions carried out to celebrate International Women's Day (8 March) throughout the week in the local governments where Aqualia is present.

For the occasion, Aqualia launched the #Aqualiaequality campaign among its employees, inviting them to publish their thoughts and reflections on equality on the website www.aqualiaigualdad.com; and produced a video based on the experiences of 10 women in management positions in the company.



Awards ceremony for the winners of the photographic competition held on the occasion of the Day Against Gender Violence

Another hashtag launched against gender violence was "#AqualiaContigo" (#AqualiaWithYou). For this event, the company invited all employees to participate in a photo contest, publishing with inspiring images their resounding "NO" to gender violence in any of its forms.

The book "Mujeres en primera persona" (Women in first person) published by Aqualia was also presented in Salamanca. It gathered the experience of more than 60 women in their daily work focused on the management of the comprehensive water cycle or on the public service from different local governments in

which Aqualia operates.

We can also highlight the participation in the informative breakfast "Enclave de mujeres" (in terms of women) for equality and against gender violence, featuring the Deputy Prime Minister, Carmen Calvo and organised by the Digital Castilla la Mancha.



"Enclave de mujeres" (in terms of women) informative breakfast organised by El Digital de Castilla-La Mancha in Toledo

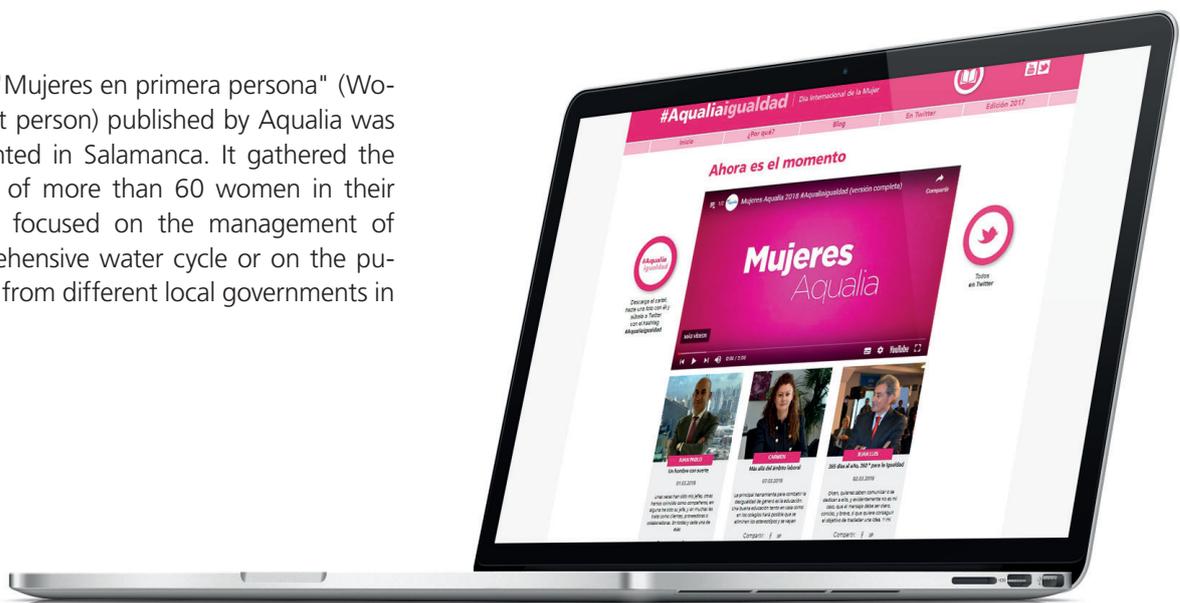
The social and labour inclusion of people with disabilities also motivated another of the company's awareness-raising campaigns. In this case, Aqualia gave voice to the "#Contraetiquetas" (#Againstlabels) campaign, the Adecco Foundation's campaign, among employees and the sector's media, to break down the stereotypes that hinder the professional development of people with disabilities and to support their social and labour inclusion to celebrate the International Day of People with Disabilities.



"Video Aqualia Igualdad" (Aqualia Equality Video)



"Video Aqualia Contigo" (Aqualia With You Video)



Participation in forums: Dialogue with opinion leaders and local governments

The role played by the media and administrations as opinion leaders of responsible consumption is key to raising awareness. For this reason, Aqualia aims to give value to these groups, through participation in forums, the main messages, challenges and opportunities of the sector, as well as the role played by the company in the social, economic and environmental development of the communities and the importance of public-private collaboration, both national and international, to achieve this.



Participation in the National Environmental Congress (CONAMA)

At national level, the participation in forums organised by iAgua Magazine, the participation in events organised for European Green Week, the presentation at the first Salon H2Orizon event (Seville) of the Municipal Water Service in Almería as an efficient management model and the participation in the National Congress on the Environment (CONAMA) stand out. This awareness is also raised through participation in informative breakfasts, round tables or collaborations in specialised magazines in the sector, among other things.

At the international level, Aqualia participated in the International Water Summit, held at the beginning of the year in Abu Dhabi (United Arab Emirates), with José Enrique Bofill, Aqualia Area Manager in MENA and Asia, speaking on the company's innovative and network management approach.

In addition, Aqualia organised a workshop on the main innovation projects it is developing and on the advanced network management that the company is carrying out in the Saudi capital, where it serves a population of more than 650,000 inhabitants.

In April 2018, it participated in the Global Water Summit held in Paris, which brought together the main companies, authorities from different countries, institutions and leading personalities in the water sector. Within this meeting, Aqualia was chosen as one of the best water management companies in the world with the "Distinction Award".

In addition, in April 2018, professionals from the energy, electricity, gas and water sectors met for the 4th edition of the Prevention, Safety and Health Congress to analyse the prevention and safety challenges faced by workers in these companies. Aqualia's Director of Occupational Health and Safety took part in the debate on "Reality and challenges of safety in our sectors".

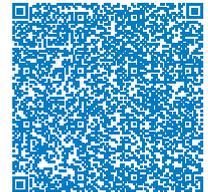
In May, the second edition of Oman Energy & Water was held, in which Aqualia participated actively. This meeting brings together companies and administrations to discuss real problems and their possible solutions in water and energy, as well as ways to improve public-private collaboration in these key sectors, to forge joint initiatives that move towards sustainability.



Aqualia Stand at the first Salón H2Orizon event, Seville

Likewise, Aqualia's presence at Expoagua, the sector's most important event in Peru, was an opportunity to present the company at a corporate level in the country and to interact with the main national and Latin American entities present in Peru.

Also noteworthy is the presence at the SWAN Congress held in Formentera and the ANEAS convention-exhibition held in Mexico.



Second Edition of Oman Energy & Water



Debate on "Reality and security challenges in our sectors"

Support to local partners

Social initiatives play a special role in awareness-raising, which, independently of the water supply and management service, arise from public-private collaboration. This collaboration is sometimes carried out with the aim of focusing education and awareness campaigns in a specific region or municipality and, on other occasions, it arises from people's needs.

An example of the first case is the project developed in Cádiz, where Aqualia is a technological partner of the Local Government of El Puerto de Santa María, through APEMSA.

During the 2017-18 academic year, the Water Classroom was set up there to bring the world of water management closer to schoolchildren through games and experiments. This initiative was part of the municipal educational offer and throughout its first active year received a total of 633 schoolchildren in years 3 and 4 of Primary School.

The Water Room has a digital room equipped with iPads in which the first part of the programme is developed. Through the website www.auladelaguadeapemsa.es schoolchildren interactively discover the world of water and the importance of using it responsibly, as well as its proper management. In addition to educational material, the website offers a cinema section with videos explaining the different phases of the comprehensive water cycle, a reading room with stories and comics, a "Cuidamos el agua" (We take care of water) section with basic tips to protect the resource and Hobbies to continue learning with fun interactive games.

A total of 15 recreational-educational days were carried out (two more than those initially included in the municipal educational offer) and in general the teachers evaluated it 5 out of 5, for the degree of active involvement that it gets in the schoolchildren regarding the improvement and care of water and



Water classroom, El Puerto de Santa María (Cádiz), APEMSA

the planet, promoting a change of attitudes in daily consumption habits.

At other times, initiatives arise out of the needs of the local partners themselves. So, in 2018, we collaborated locally in different areas:

Contribution type	Amount/ Percentage
Culture	34.24%
Sports	12.35%
Image	30.28%
Social	4.87%
Environmental	1.60%
Total collaborations	792,451.21
Total donations	158,526.68

The participation of Aqualia in different informative breakfasts is noteworthy, which provide the possibility of dialogue with its stakeholders. At these meetings, the mayors of Santander and Badajoz had the opportunity to meet at breakfasts held in October and November in Madrid, where public-private collaboration for the benefit of citizens was championed. Abel Caballero, mayor of Vigo and president of the FEMP, also participated in one of these meetings.



Informative breakfast with the Mayor of Santander

Other collaborations in this exercise were with the Stone&Music festival in Mérida, the Tarifa African Film Festival and the Cadaqués Music Festival. In the sporting sphere, the collaboration with the World Padel Tour of Jaén, the CP. Mideba of Extremadura or the female race in Almería.



World Padel Tour of Jaén

The Smart City project in Rota, led by its mayor, was the epicentre of an editorial board organised by Aqualia together with the magazine Andalucía Económica.

At an international level, the collaboration with the Margherita Theatre, the main theatre of Caltanissetta and the collaboration with the educational programme "The Tree of Life" in the Czech Republic is noteworthy.



Image of the poster Stone & Music in Mérida

Aqualia Impact

Projects in collaboration with the PPP Centre for Cities*.

The right to water is a Human Right and public-private collaboration is a necessary element to guarantee the population's access to water services. Aqualia has extensive experience in the development of public-private projects in this field.

In 2017, the United Nations accepted the case study, prepared by IESE together with Aqualia, on the socioeconomic and environmental impact of the New Cairo WWTP in the Egyptian capital. This treatment plant was the first public-private water collaboration project to be carried out in Egypt, where Aqualia manages the plant that supplies one million inhabitants.



New Cairo
WWTO

This case study arose from the partnership maintained by Aqualia since 2016 with PPPs Centre for Cities, a UN initiative through its

UNECE Regional Commission and the International Centre of Excellence on PPPs (ICoE) programme, which is spearheaded in Spain by the IESE Business School.

The United Nations, through one of its five regional commissions (UNECE) created the "International Centre of Excellence on PPPs" with the objective of being an international leader and standard-setter in the preparation of good practices and standards in PPPs and in assisting governments in their implementation. This centre relies on the work of six Specialised Centres (SC) located in different parts of the world. The "PPP for Cities" Centre, located in Madrid, Paris and Moscow, are the only ones in Europe.

With regard to the 17 Goals that the United Nations approved for the period 2015-2030, Goals 1, 3 and 6 are those that are directly related to water management. And Goal 17 relates to the promotion of different forms of collaboration (including public-private partnerships or PPPs) as an essential tool for achieving these objectives.

* PPP for cities is a centre for research, innovation and consultancy that aims to provide public administrations worldwide with support in the organisation, management and development of projects involving public-private collaboration in the field of smart cities.

The task of PPP for Cities is to help all cities to become smart and sustainable cities (SSC) by adopting the United Nations (UN) Sustainable Development Goals (SDGs).

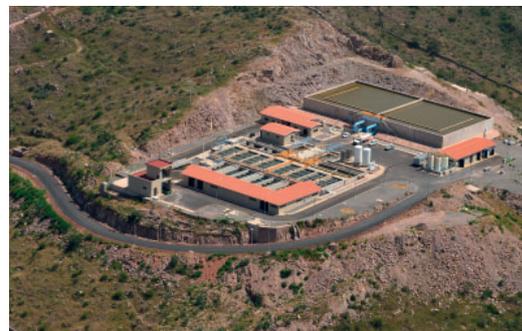
Therefore, PPP for Cities will focus its efforts, in particular, on addressing goal 11, "Make cities and human settlements inclusive, safe, resilient and sustainable" by using Public-Private Partnerships as one of the most successful mechanisms.

Since 2016, and as a result of Aqualia's collaboration with the PPPs Centre for Cities, case studies have been published that include good practices for the development of public-private partnership (PPP) initiatives to transform cities into sustainable and smart environments.

The first is the New Cairo WWTP project, which has had a very positive impact in relation to the Sustainable Development Goals (SDGs). The text can be seen on the UNECE website (www.unece.org) and includes information on how the wastewater treatment plant's activity affects 12 of the 17 goals. This analysis and quantification has also been carried out for El Realito Water Treatment Plant (Mexico). The paper provides an effective example of public-private partnerships that reduce project risks to the public sector while

benefiting from the potential and efficiency of the private sector.

In 2019, similar analyses (SDG impact) will be carried out for the PPP of the Cap Djinet desalination plant (Algeria) and the El Salitre treatment plant (Colombia).



The Water Treatment Plant of El Realito (Mexico)

Participation in studies with European Benchmarking Cooperation (EBC)

The EBC project is an international initiative supported by the International Water Association (IWA) consisting of comparing the management models, both in supply and sanitation, of more than 40 companies in the sector and more than 20 different countries, seeking to improve the efficiency of the systems of each of the participants. Aqualia participates at the most advanced level, which allows it to obtain a greater number of conclusions by subjecting itself to the greatest number of comparative variables.

Aqualia's participation in the 7th edition, 2017-2018, was through the Santander Municipal Water Service, and concluded with a publication highlighting the quality of the water supplied, energy efficiency and citizen service.

In 2018 the 8th edition of the EBC began, in which Aqualia is represented by the Jaén Service, which will serve as a model to show the quality of the work that the company has been developing in the capital of Jaén for 20 years.

EMPLOYEES, OUR GREATEST **ASSET**

Aqualia's vision is to be a healthy, committed organisation recognised for the health, well-being, happiness, commitment and productivity of its employees. And to be, in addition, a company in which labour, personal and family development reaches the highest quotas.

A company capable of attracting talent, for diverse people and with equal opportunities,

offering quality work under fair and advantageous conditions, guided by leaders who generate trust and commitment to the company's values and principles.

From this point of view, multiple lines of action are developed, all of which are identified under the concept of "health assets" and which rotate within the orbit of a healthy organisation.

Outstanding projects and achievements in 2018

- The company's commitment to the Worklife Balance Management System.
- Signing the Diversity Charter.
- Agreement signed for the definition of the wage gap model.
- Preventive Culture and Mobility Plan.
- Healthy Business Action Plan.



EMPLOYMENT IN 2018



TYPES OF CONTRACTS BY REGION AND GENDER

PROFESSIONAL CATEGORIES BY GENDER

EQUALITY AND WORK-LIFE BALANCE



DISTRIBUTION BY AGE AND PROFESSIONAL CATEGORY



15 200 66

Directors and graduates

284 834 148

Technicians and graduates

165 758 122

Clerical and similar staff

983 3,580 983

Remaining employees

TURNOVER*

2.98%

% Turnover



25 15

Personal leave

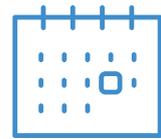
99 49

Volunteers

124 64

Totals

AVERAGE AGE



.....

12

Years

AVERAGE AGE

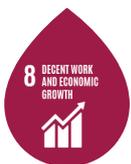


.....

45

Years

SDG connected with employees



TRAINING



1,597

Courses completed

14,452

Attendees

INCREASE IN EMPLOYEES



3.31%

Total

* Voluntary turnover. Data for Spain.

Talent management approach

In 2018 the process of total decentralisation of the FCC Group's HR administrative processes was completed, with Aqualia assuming full management of all aspects of the labour and administration of the employees and companies in the company's scope. This leads to greater process control, reduced execution times and greater flexibility of action.

This exercise updated the job/functions, which allows better identification of the needs of qualia's personnel and improved processes for minimising costs, including the development of the employee's app. This application, enjoyed by 2,747 employees, allows them to manage their needs on a variety of issues in an easy way: settlement of expenses, payments, payroll, holiday management, work schedules, etc.

Work-life balance



Family-Friendly Company Press Release, BeAqualia

Following the implementation in 2017 of the family-friendly company certificate, which represented a Management System for Work-Life Balance in the company and a commitment to continuous improvement in this area, in 2018 actions have been taken to develop objectives in terms of training and awareness-raising on work-life balance, reporting of the certificate and its transmission to its value chain.

In addition, nine additional work-life balance measures were approved in December, including "Yo Te Acompaño" (I'll Come With You): during working hours, medical consultations/ tests may be attended for parents who need them and/or dependent minor children up to a total annual number of 14 hours. "Vamos Juntos" (Let's Go Together): paid leave to attend pregnancy tests and examinations. "Más Tiempo Contigo" (More Time With You): extension of maternity and paternity leave one week longer than stipulated by Law.

Family-friendly measures and type	2017	2018
Quality employment	19	22
Flexible work time and location	4	4
Support for families	8	12
Personal and professional development	4	4
Equal opportunities	4	4
Leadership and management styles	5	5

Training in work-life balance is critical for raising awareness among the workers and, in this sense, Aqualia has trained 441 managers during the online course on work-life balance management.

A work-life balance module was also included in the course on Risks specific to the workplace and equality, so that a total of 1,295 people were trained in this subject who attended the 129 courses given. In addition, 6 focus groups were carried out on work-life balance and 2 workshops addressed to leadership.

In addition, the work-life balance Charter was signed. This document, signed by Aqualia's Equality Committee, sets out the company's responsibility to guarantee employees sufficient and appropriate awareness-raising and training in the area of work-life balance, and aims to convey to the entire team the company's commitment to promoting a culture that fosters work-life balance through communication and dissemination actions.

Diversity and equality

Diversity and social inclusion

In 2018, Aqualia signed the Diversity Charter*, with which it states that it respects current regulations on equal opportunities and anti-discrimination.

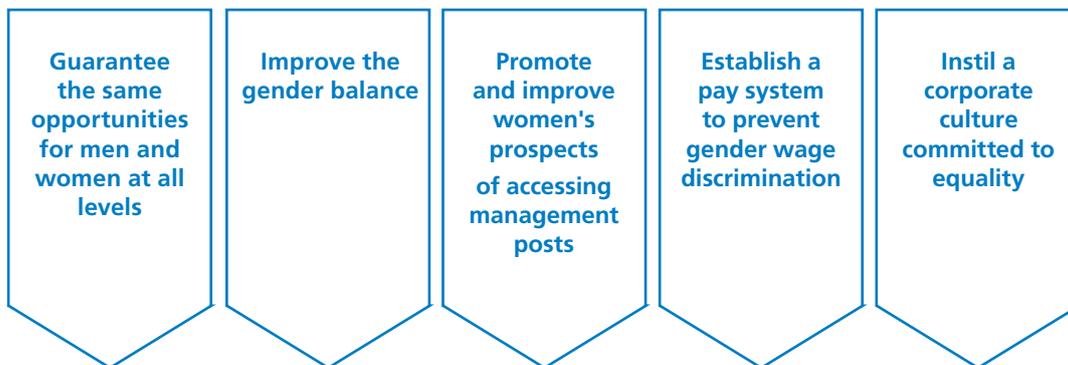
The Collaboration Agreement with the Down Syndrome Foundation makes it possible to incorporate personnel with disabilities for various duties in the company, with a total of 114 people with special needs in Spain by 2018.

Along with this, and in compliance with the General Disability Law, the company collaborates with the Adecco Foundation in its support for disability. In addition, it maintains its Family Plan with this foundation, aimed at the children of employees with a certified disability greater than or equal to 33%, thanks to which 18 families benefited in the corresponding year.

* www.fundaciondiversidad.org: Letter of commitment signed on a voluntary basis by companies and institutions in the same country, regardless of their size, to encourage their commitment to: the fundamental principles of equality; respectful behaviour for the right of inclusion of all persons regardless of their diverse backgrounds, in the working environment and in society; the recognition of the benefits offered by the inclusion of cultural, demographic and social diversity in their organisation; the implementation of specific policies to favour a working environment free of prejudices in terms of employment, training and promotion and the fostering of non-discrimination programmes towards disadvantaged groups.

Equality

MAIN OBJECTIVES OF THE EQUALITY PLAN



In this year, the implementation of the Second Equality Plan (for the period 2015-2018) continued, in which both the company and the majority unions at the state level reiterated their commitment to equal opportunities between men and women.

The Ministry of Health, Social Services and Equality granted the "Equality in the Company" (DIE) seal, in recognition of the company's commitment to diversity and equal opportunities for men and women. Aqualia has had this recognition since 2011 and updated it for a period of 3 years in 2017.

Internally, Aqualia has carried out different actions in the area of equality.

Among them, the agreement signed with KPMG in November 2018 for the analysis and definition of the wage gap calculation model stands out, with the aim of having a tool that allows a detailed analysis on which to develop specific equality plans.

Although basic wages are fixed by collective agreement, without differentiation by gender, the result of this study shows a salary gap of 10% in the sample carried out under uniform conditions. Among the main conclu-

sions, seniority and salary supplements stand out as important factors.

The Executive Development Programme for Women with High Potential of the Industrial Organisation School (EOI) was attended by five members of Aqualia's staff. Participation in this programme is part of the Equal Opportunities Policy for men and women promoted by the company.

The 2018 edition of the Promociona Programme, given by ESADE and supported by the Spanish Confederation of Employers' Organisations (CEOE) and the Ministry of Health, Social Affairs and Equality, was attended by an Aqualia manager. The aim of this programme is to improve women's access to management positions, management committees and company boards of directors, and to make further progress in the creation of shared leadership and the promotion of equality from management bodies.

The third edition of the Mentoring Programme, which took place in 2018, also included among its objectives the promotion of female talent, as well as facilitating the active integration of new service managers, contributing to their integration into the company.



Closure of the Mentoring Programme, Management Development Programme for Women with High Potential (EOI) and the Second Women's Talent Day at Aqualia

In short, to take advantage of generational synergies by making available the appropriate resources and tools that allow them to be productive in an effective and simple way.

In external communication, the participation in campaigns for Women's Day or against gender violence carried out by Aqualia in several municipalities is noteworthy. Special mention should be made of the awareness shown by Aqualia employees, who are leading figures and participants in these awareness-raising campaigns.

Collaborations with the Women's Institute

In 2018 Aqualia signed an agreement to participate in the "WOMEN STEM 2018/2019" scholarship programme, organised by the Sepi Foundation with the collaboration of the Women's Institute and for equal opportunities. This programme consists of providing young women with studies in STEM disciplines with periods of work experience in the workplaces of the participating companies, under the supervision of suitable mentors and tutors. The selection process began in 2018 and the incorporation of trainees will take place in 2019.

Equality in selection processes

General Protocol for the Design, Implementation and Valuation of an Anonymous Curriculum Vitae Project for the selection of personnel, signed with the FCC Group, has been in place since 2017.

The protocol lays out a general framework for working with the State Secretariat of Social Services and Equality to promote the implementation of impersonal hiring processes in relation to the group of managers, thereby avoiding possible gender biases in staff selection processes and, where applicable, promotion of employees.

At Aqualia, the objectivity of the selection processes is guaranteed through the application of the competency-based selection model from which, after an analysis of the position, the interview questions are drawn up, which are the same for all candidates. This method makes it possible to compare, ensure equality and avoid discrimination.

Equal opportunities and internal mobility are also ensured. In keeping with the FCC group's selection policy, Aqualia is committed to internal mobility as a source of recruitment, in addition to using specialised employment portals.



58
Total internal promotions



13
Were women

Professional and personal development

Professional Development

Training at Aqualia is adapted to the requirements of each person and each job position, as well as being linked to the company's strategic objectives, aimed at the achievement of the best performance of workers' duties and safeguarding health and safety at work.

For this reason, the company continues to invest in the training and professional development of its employees. One indication of this was the 17.30% increase in the hours of training they received; a total of 110,687 hours were delivered.

MAIN TRAINING FIGURES



110,687 training hours

17.30%

increase in training hours compared to the previous year

Main training figures at Aqualia	National and international	National	International
Number of courses held	1,597	673	924
Number of participants trained	14,453	7,911	6,542
Absenteeism in training %*	7%	11.96%	1%
Number of hours received	110,687	81,104	29,583
Cost of delivery	865,309 €	703,121 €	162,188 €



8,12%

Although the number of courses given has decreased since 2017, the amount allocated to training per employee has increased by 8.12%, as well as the number of training hours received.

* Number of participants (Number of completed)/Number of participants: Absenteeism ratio.

Development of total national + international training figures in Aqualia		2016	2017	%	2018	%
	Total participants	11,832	14,334	21.15%	14,453	0.83%
	Amount implemented	702,774	737,702	4.97%	865,309	17.30%
	Amount implemented/employee (€/employee)	214	246	14.97%	266	8.12%
	Hours received	95,113	97,140	2.13%	110,687	13.95%
	Hours received/participant	16	13	-15.00%	15	10.04%
	Hours received/worker	21	12.31	-40.76%	13.18	7.09%



29.90

.....

With regard to training by category and gender, in 2018 the number of hours devoted to training female managers stands out in relative terms. As well as the average number of hours per female technician in 2018, which amounts to 29.90 hours/year.

Training by category and gender	2017*		2018*	
				
Managerial training hours	829	307	1,437	1,577
Number of managers trained	24	3	26	2
Hours/manager	34.54	102.33	55.27	788.50
Middle management training hours	10,560	4,199	19,307	6,821
Number of middle managers trained	357	130	496	172
Hours/middle management	29.58	32.30	38.93	39.66
Technician training hours	6,790	2,722	6,899	5,532
Number of technicians trained	354	112	266	185
Hours/technician	19.18	24.30	25.94	29.90
Training hours for skilled workers	14,276	4,447	6,804	2,693
Number of qualified workers trained	973	294	441	272
Hours/qualified worker	14.67	15.13	15.43	9.90
Training hours for low skilled workers	15,053	4,602	28,285	1,749
Number of low skilled workers trained	1,291	335	2,142	187
Hours/low skilled worker	11.66	13.74	13.20	9.35

* Only National

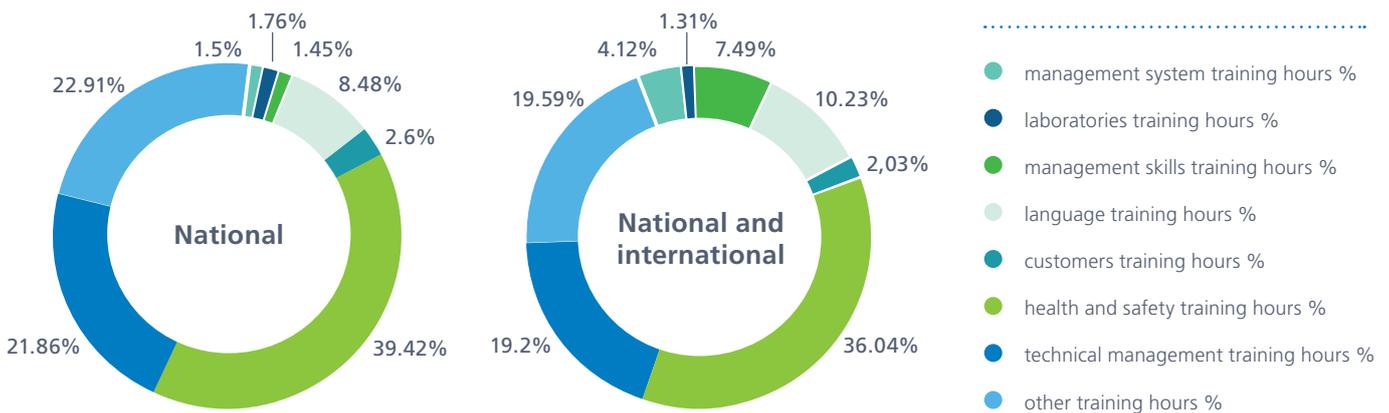
Aqualia also maintains its support for the Alliance for Dual Vocational Education.

Classification by type of training

By type, both nationally and internationally, the hours devoted to health and safety training, as well as the technical training of personnel, stand out.

Aqualia's Training Plan, together with professional development plans, employee social benefits, etc., contribute to the loyalty of talent in the company.

2018 training by type



Leadership

2018 also saw the fifth edition of the Otto Walter Cycle, a programme aimed at middle managers, with the aim of continuing with the transformation of Aqualia's leadership style and with the transition towards a more participative, catalyst for talent management model that strengthens team cohesion and is supported by a common language shared with all.

In addition, this year a 180° managerial style measurement was carried out at the organisation's management level, which is expected to be extended to other managerial categories Aqualia's Training Plan, together with profes-

sional development plans, employee social benefits, etc., contribute to the loyalty of talent in the company in 2019.

Attraction of talent

Furthermore, as part of its commitment to the integration of young and specialised talent in the water sector, the company continues to recruit interns who have completed the Master's Degree in Engineering and Water at the EOI (School for Industrial Organisation), with which Aqualia has signed a collaboration agreement since the end of 2016.

Health and safety

Leading indicators*	2015*	2016*	2017*	2018 Spain	2018 Spain and International
Accident frequency index	11.56	12.05	11.74	14.54	12,18
Accident severity index	0.39	0.41	0.41	0.59	0.43
Occupational accident incidence index	21.57	22.8		26	24.1
Absenteeism from work (total hours lost in relation to the working hours of the year)	4.2	4.66	4.73	6.48	5.18

The accident rate in 2018 remained similar to 2017, so that the frequency index (relating the number of accidents with sick leave as a function of the number of hours worked) is around 12, with national activity being higher and international activity lower.

Aqualia Spain's indicators are similar to those of the European region. The situation in other areas, such as America and MENA, is very different. The culture and levels of social protection in these regions, as well as the different concept of medical leave outside Europe, means that the accidents reported and which mean sick leave in these areas, especially in the MENA area, are fundamentally reduced to those we consider serious in Spain so that far fewer accidents with sick leave are reported and therefore the international frequency index is clearly lower.

During 2018, there were three fatal traffic accidents involving subcontracted workers in Saudi Arabia, Madrid and Egypt. Three other accidents have been considered serious of various kinds (1. - heart attack in the workplace, 2. - traffic accident with a motorcycle and 3. - fall of a subcontracted worker from a ladder).

Health & safety system

For yet another year, Aqualia has renewed the OHSAS 18001 Occupational Health and Safety Management System Certification, this being the first time that certifications for national and international activity have been unified under the scope of the ENAC accreditation process. In this way, the entire Aqualia group has a global certificate that includes all the activities and locations in which it operates. This management has facilitated the audit process and has greatly simplified the processes.

The result has been satisfactory, with only three minor "non-conformities" and six general observations to the system.

In addition, for the national activity, the Joint Prevention Service has carried out the specialised technical actions that are the object of its mission. After its reorganisation in mid-2017, it is each area director assisted by his or her OHP coordinator who establishes the annual programme of preventive actions. The following activities were carried out in 2018:

* These indicators reflect information on in-house personnel for Spain and in-house and subcontracted personnel internationally

FI: (number of accidents with sick leave/no. of hours worked) * 1,000,000

SI: (number days lost/no. of hours worked) * 1,000,000

II: Number of accidents occurred for every 1,000 workers: (no. of accidents*103)/number of workers



Action regarding documentation

Completed

Planning of preventive activity	424
Initial risk assessment	35
Complementary risk assessment and reviews	111
Periodic measurement of asbestos	36

Action with regard to documentation, monitoring, training and information

Completed

Periodic noise measurement	335
Specific reports	373
Emergency plan and drills	254
Health & Safety Plan	216
Specific risk briefing	376
Further training	427
Investigating incidents	924
Specialist verification	805
Works coordination meeting	53
Specialised inspection and monitoring of works	143

Preventive culture project

During 2018, the implementation of the actions already defined in previous years in terms of preventive culture continued and the actions provided for in the 2016-2018 Action Plan were completed. In particular:

- Safety walks for managers, carried out in accordance with a review and established objectives.
- Refresher training. These are training actions supported by audiovisual material and aimed at preventing the number of instances and frequency of unsafe behaviour. This year, four new videos were produced.
- Security talks have been strengthened, with meetings being convened in all delegations for middle managers, with the aim of re-emphasising the nature of this action and the need for its implementation.
- The safety observations. The training of prevention technicians for the implementation of this plan has been reviewed and strengthened.

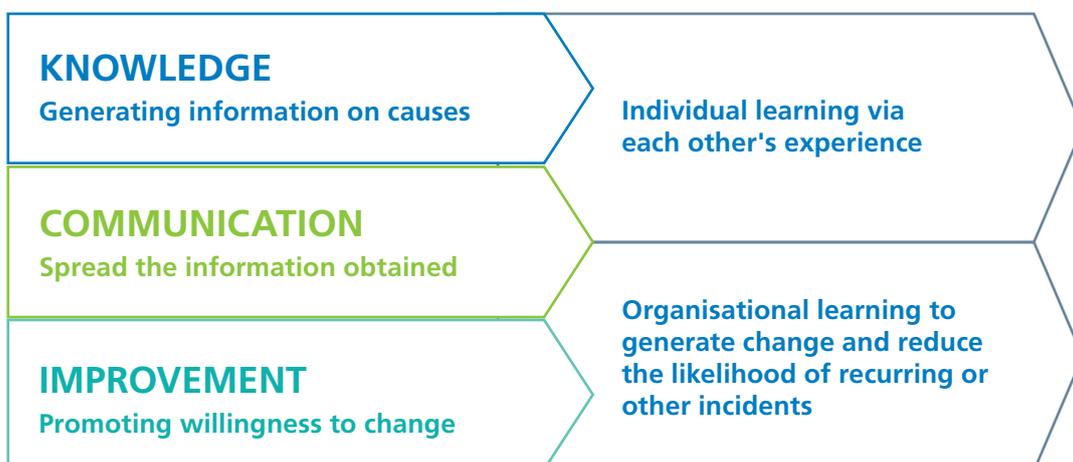
In 2019, a system of recognition of the preventive effort will be operative, with the objective of recognising the effort of the management regarding preventive management, evaluating the degree and quality of the execution of the measures of the preventive climate in matters of health and safety in the company.

A total of 11 indicators make up the dashboard for monitoring and evaluating the preventive effort.

A new accident investigation and collective learning methodology has been developed which, based on the methodology already established at Aqualia for incident investigation, aims to be a tool that facilitates the organisational learning process and brings changes in equipment, facilities, people's behaviour, procedures and/or management systems, in order to improve safety performance.

Three basic conditions are required to achieve this:

It is intended to promote two types of learning:



Visits to high accident rate contracts

From the study of claims on farms, a list of "contracts an elevated accident rate" is selected on an annual basis. A specific programme of technical visits is implemented on these operations, from which a plan is established which,

from each regional management, is monitored to check the development of the accident rate in subsequent years. During 2018, seven visits were carried out.

Road safety campaign

In line with the road safety campaign, the Employee Awareness and Information Programme has continued. Among the activities of this area is the preparation of a Mobility Plan model for workplaces with more than 50 employees, which will be implemented in 2019.

A pilot programme has also been launched in relation to the project to install geolocators in vehicles of Aqualia's fleet.

Psychosocial risk evaluation

In 2018, progress was made on the project to improve the emotional well-being of employees, following the completion of the general psychosocial risk assessment for the entire workforce.

The result of this indicated controlled exposure levels, in general, for all psychosocial aspects, although relevant improvement actions were required in aspects such as the workload to which workers are exposed and in participation and supervision. Likewise, the study and the need for improvement proposals for

topics such as the company's concern for the worker or compensation and role performance were also raised.

As a result of these conclusions, the Human Resources Department prepared a proposal with more than 20 improvement actions that include actions at the central level and another series of actions that will be implemented in a staggered manner from the regional departments.



Members of Aqualia's management team during the presentation of the Be Aqualia project

Aqualia, a healthy company that cares for the well-being of its employees

Campaigns to promote healthy habits

Through different types of campaigns, Aqualia seeks to improve the health of its staff by promoting healthier habits, always advised by medical professionals.

A series of campaigns have been launched on issues of dietary health and the benefits of physical exercise, developing habits among all workers (even transcending their family/social environment) that are capable of modifying unhealthy or dangerous behaviours for their health.

To this end, it is necessary to resort to intervention strategies and specific procedures for learning and acquiring behaviours, among which the most important in 2018 included:

- Design of the Healthy Business Action Plan for Aqualia.
- Countrywide training campaign given by Quirónprevención on first aid.
- Back School Plan 2018-19. FCC Medical Services and Quirónprevención.
- Fitting out of facilities at the Las Tablas corporate headquarters (Madrid) to facilitate the promotion of physical activity, the use of bicycles, etc.
- Participation of Aqualia personnel in sporting challenges.
- Participation of workers in popular races.
- Implementation of a healthy app.
- Inclusion in Sportsnet, an external platform that will be implemented at Group level.

Best practices HEALTHY COMPANY PROGRAMME IN LLEIDA

The Lleida Healthy Business Programme is aimed at all workers in the province of Lleida who have voluntarily joined the programme. The initiative aims to help improve the quality of life of workers by identifying and evaluating unhealthy habits and risk factors

that may affect the health of the individual, not only in their working environment, but also considering all those external elements that are related to their personal routines and activities outside the workplace. The activities carried out in 2018 have been distributed in the

area of food, with the weekly distribution of fruit, healthy habits, the promotion of sport and physical exercise and solidarity activities and collaboration with the community, such as the blood donation campaign.



Participation in Health Challenge

Taking advantage of the widespread use of mobile health applications, workers voluntarily participated in a series of competitions with objectives to be achieved (minutes of physical activity, steps taken...), measured through apps that counted those parameters

and through the use of wearables (smartphones, bracelets and activity watches). All this for the sake of physical improvement of those workers who had voluntarily joined the programme.

CREATION OF **VALUE** IN THE SUPPLY CHAIN



In relations with suppliers, partners and contractors, Aqualia understands that practices based on integrity, transparency and mutual trust generate stable relations over time.

Thus, in the contracts signed, the suppliers or contractors undertake to assume, in their relationship with Aqualia, the ten principles of the Global Compact. Therefore, they declare

that they know and state that they comply with all their legal obligations in environmental matters and make an anti-corruption commitment.

They are also informed of the Company's Code of Ethics and Conduct, by which they must be guided in their commercial relations with Aqualia.

Supplier evaluation

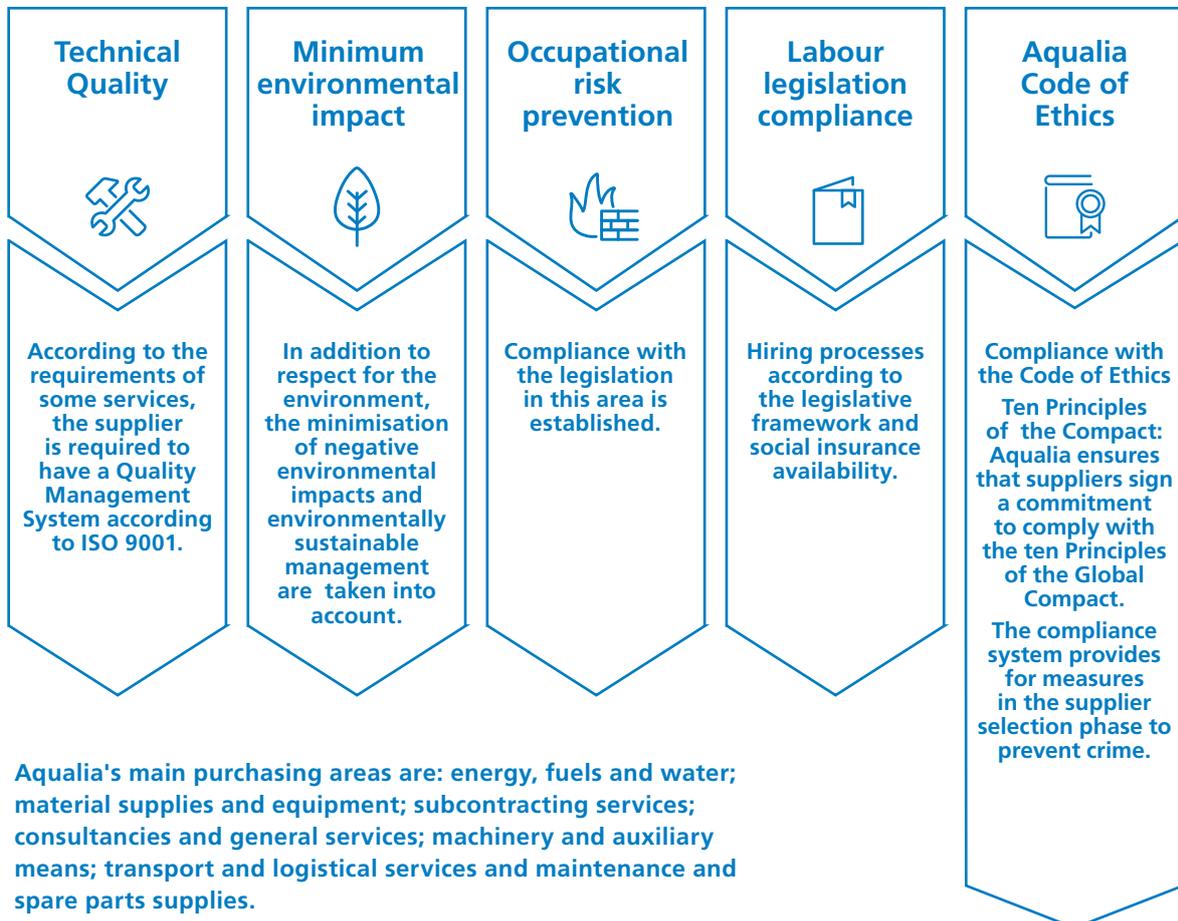
Supplier evaluations take into account the volume of the operation and prior knowledge about the supplier. Aqualia therefore demands total comprehensiveness in all important operations with new suppliers, including, where applicable, visits to facilities. For supplier follow-up evaluations, Aqualia conducts satisfaction surveys to obtain information about the performance of all suppliers and take it into consideration for future purchasing processes.

In addition, the supplier approval system, channelled through the GlobalSuite tool, that requires all suppliers to be assessed an-

nually by the production centres and, based on these assessments, especially monitored suppliers are established and vetoes may even arise.

The FCC Group's Central Services are currently designing a new supplier approval system, which will improve the current system and will include the possibility of carrying out due diligences for those suppliers considered necessary, because of the entity that owns the good or service to be contracted or due to the potential presence of some risk.

ACTIONS IN THE SELECTION OF SUPPLIERS



Aqualia's main purchasing areas are: energy, fuels and water; material supplies and equipment; subcontracting services; consultancies and general services; machinery and auxiliary means; transport and logistical services and maintenance and spare parts supplies.

CREATION OF ECONOMIC VALUE



Aqualia's efficient management contributes to the economic development of society through the generation and distribution of value, through the payment of taxes, salaries to workers, payments to suppliers in the different regions in which activity is carried out, as well as through social investment and investments in innovation and infrastructures. All of this has a direct economic impact on society of 1,006.23 million euros.

The economic value generated by the company increased by 8% over 2017, with the increase in turnover being particularly noteworthy. Income from financial investments also increased due to the new terms of the loans granted to Fomento de Construcciones y Contratas, S.A.

In the economic value distributed to society, the increase in the item of payment to suppliers, contractors and other commercial creditors (11% in 2018), as well as personnel costs (4%), or investments in the community (15%) and investments in infrastructure (25%) stand out. In particular, social investment focused on cultural and awareness-raising issues. The increase in investments in infrastructures was mainly due to the fact that the Aqualia Group, through its specialised companies, executes investment plans and infrastructure improvements attached to water contracts.

International turnover grew by 22.2% in the last year, from 259.77 to 317.48 million euros. This growth occurs mainly in water infrastructure projects being carried out in Egypt and Colombia.

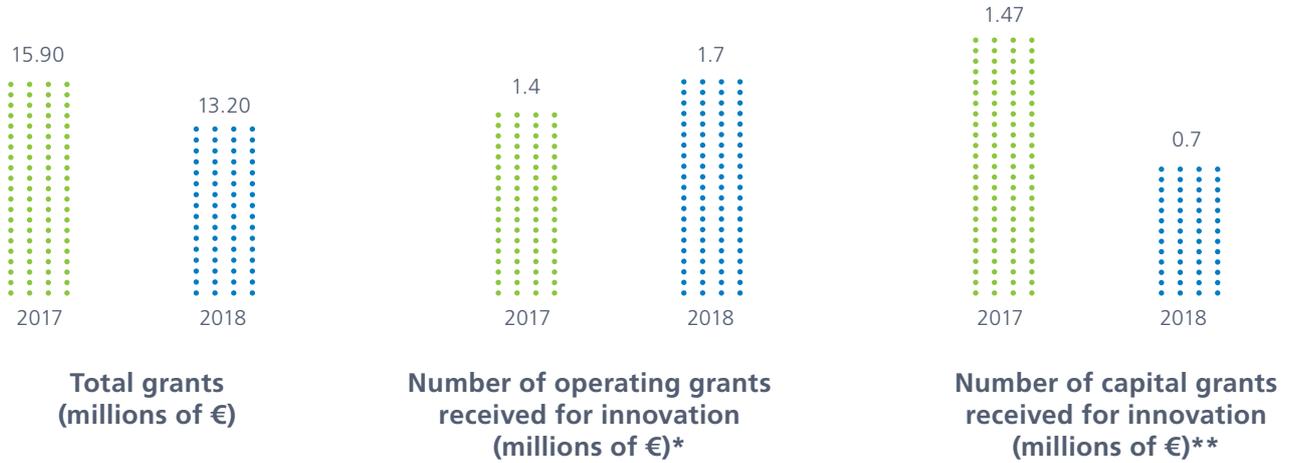
Specifically, in 2018 the performance is broken down into the following main items:

Millions of €

Direct economic value generated	2017 Consolidated Group Total	2018 Consolidated Group Total
Revenue	1,035,210	1,106,112
Income from financial investments	20,277	30,958
Sale of assets	303	421
TOTAL DIRECT ECONOMIC VALUE GENERATED	1,055,790	1,137,491

Economic value distributed	2017 Consolidated Group Total	2018 Consolidated Group Total
Payments to suppliers, subcontractors and other trade payables	555,838	617,177
Total operating costs	555,838	617,177
Staff costs	255,043	265,317
Total salary and remuneration to employees	255,043	265,317
Dividends paid to shareholders	413,463	0
Interest paid on loans	29,571	37,488
Other interest paid	3,356	3,534
Total payments to capital providers	446,390	41,022
Corporate income tax	37,288	19,422
Other tax payments (except VAT)	26,437	28,473
Total payments to governments	63,725	47,895
Donations and other investments in the community	830	951
Infrastructure investments	27,046	33,867
Total investments in the community	27,876	34,818
TOTAL ECONOMIC VALUE DISTRIBUTED	1,348,872	1,006,229
TOTAL ECONOMIC VALUE RETAINED (GENERATED-DISTRIBUTED)	-293,082	131,262

Grants received in 2018



Innovation stands out as a value for Aqualia and its international expansion. The construction of infrastructures and equipment goods with the latest technologies and with our own R&D&I developments means the creation of value for shareholders, partners, customers and end users.

As indicated in the Financial Statements, the most important subsidies are those involving Operations (€11.55 million), which correspond to the subsidies granted by the local gover-

nements of the municipalities in which Aqualia provides the service of the comprehensive water cycle and in recognition of the concessionary's operating deficit in said concessions, in accordance with the terms and conditions and the respective contract.

Aqualia has also obtained capital grants amounting to €1.3 million, the most important of which are the €0.7 million obtained in Spain and the €0.6 million obtained in Italy.

+21%

.....

Operating subsidies for innovation increased by 21%, thanks to projects such as H2020-MIDES.

* Operating subsidies for R&D projects: Those other than those defined above that do not relate directly to an asset or group of assets. They are deemed to be operating income at the amount received when granted.

** Capital grants transferred to the profit for the year for R&D projects: Capital grants are those intended for the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.



**AN INNOVATIVE
PERSPECTIVE
TO PROTECT THE
ENVIRONMENT**



ENVIRONMENTAL FOCUS AND INNOVATION

Aqualia 2020's CSR Plan, in its "Smart Services" strategic line, encompasses all those actions aimed at making a significant contribution to the fight against climate change, the reduction of energy consumption and

the impact of the company's activity on the environment and society. Also, boost innovation in sustainability and the company's role in the new circular economy model.

<p>Projects and highlights in 2018</p>	<ul style="list-style-type: none"> • Presentation of the carbon footprint in MITECO • 18 innovation projects underway in 2018 • Development of projects for energy efficiency
---	--

ENVIRONMENTAL*

INNOVATION



Consumption

130,635
 +56.31%
 Increase in renewable energy produced

130,635
 + 67.80%
 Increase in renewable energy consumed

+ 3,150
 Supply points
> 467GWh
 Anual consumption

1M€
 Cost savings in terms of excess contracted energy power, operation periods, etc.



Climate change

499,171.50
 Tn CO₂ eq.
 Carbon footprint 2018
 (Scope 1, 2 and 3)



Lack of resources

842K m³
 Water collected

752K m³
 Water treated



4.10 M€
 Total amount 2017

3.76M€
 Total amount 2018

ODS

6 CLEAN WATER AND SANITATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

* The environmental data is given on those farms where Aqualia has operational control and that the activity is the management of the water cycle.

Aqualia's commitment to actively contribute to caring for the environment is present in the values and commitments that Aqualia takes on as a company, both in its Code of Ethics and Conduct and in its policies, plans and the culture of innovation that typifies it.

This commitment is materialised through the different actions that the company carries out, directly or in collaboration with the associations in which it is present.

All of them, in short, represent decisive actions for the company's contribution against climate change, which are aimed at reducing emissions due to the lower consumption of electricity, the reduction of water consumption or the protection of the ecosystem.

Climate change impacts the environment, people's quality of life and the economy. Therefore, the commitment of companies in this area is necessary and urgent, while being aware that they are an essential part of the solution.

The implementation of environmental management systems makes it possible to be aware of, measure and minimise environmental impacts and, through different improvement measures, create economic and environmental value that has an influence on the sustainability of the company and a positive impact on the climate.

Innovation and technology offer viable solutions in energy efficiency that minimise the economic impact and make a change towards a low emission society possible.

Aqualia, embodies its commitment:

ISO 14001 Implementation %

	2017	2018
Spain Total	94.30%	95.00%
International Total	73.50%	54.70%
Aqualia Total	89.50%	83.50%

At Group level, the level of implementation decreased by 6.1%. This difference is due to the international area, where production increased and hardly any new contracts were signed.

Aqualia has improved its sustainable management and process efficiency, integrating audits of quality, environmental, energy and carbon footprint management systems.

ISO 50001 Implementation %

	2017	2018	
Spain total	82.80%	83.90%	1.33%
International Total	39.20%	30.90%	-21.17%
Aqualia Total	72.80%	68.80%	-5.49%

Likewise, to act against climate change, it has implemented the Energy Management System (ISO 50001), developing various measures to improve respect for and protection of the environment, efficiency in the management of energy resources and economic efficiency.

.....
81.09%
 reduction of fines for
 environmental performance,
 for the good work of the
 company

2017
51,623€

2018
9,764€

Aqualia's innovation at the basis of its contribution to the environment

Aqualia promotes innovation and technological transition, aware of the company's active role in the development of the circular economy and in the fight against climate change. For this reason, it is working on research into its proprietary technologies that make the water cycle sustainable and minimise impacts on the climate.

From the dialogue with the environment and the different stakeholders and, thanks to the collaboration of Aqualia's personnel, the different lines of R&D&I activity aimed at making the processes sustainable, the reuse of regenerated wastewater, the obtaining of renewable energies from water and the valuation of the waste generated in the management are extracted.

The SDGs contributed to by innovation at Aqualia and its topics are interconnected:





Lines of R&D action: Projects and their relationship with the SDGs



Smart management

H2020 RUN4LIFE – 2012
Zona Franca de Vigo (Vigo)

LIFE ICIRBUS – 2020
Lobón (Badajoz)

VIRTUAL CSIC/UAB - 2019



Sustainability

H2020 SABANA – 2021
El Toyo (Almería)

FP7 ALL GAS – 2019
Chiclana (Cádiz)

H2020 INCOVER 2019
Chiclana (Cádiz) and El Toyo (Almería)

LIFE BIOSOL -2019
El Toyo (Almería)



Eco-efficiency

H2020 REWATERGY – 2023

H2020 SCALIBUR – 2022
Estiviel (Toledo) and Moraia-Silesia (Czech Republic)

VALORASTUR – 2019
Grado (Asturias)

LIFE ANSWER – 2019
Alovera (Guadalajara)

H2020 MIDES - 2020
Denia (Alicante)

CIEN SMARTGREENGAS – 2018
Seville, Jerez (Cádiz), Aranda de Duero (Burgos), Lérida and Huesca



Quality

LIFE METHAMORPHOSIS (FCCMA) – 2020
Ecoparc Besos (Barcelona)

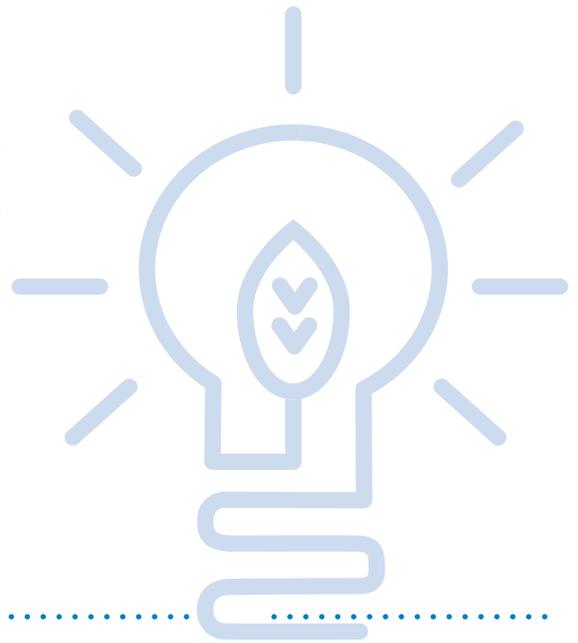
LIFE MEMORY – 2018
Alcázar de San Juan (Ciudad Real)

WATER WORKS PIONEER – 2018
Valdebebas (Madrid) and Guillarei (Pontevedra)

CONECTA PEME MEDRAR – 2018
Mos (Pontevedra)

BESTF2 BIOWAMET – 2018
Tortosa (Tarragona)

AQUALIA AGAINST CLIMATE CHANGE



Reduction of emissions from energy consumption

Use of renewable energies

1. PPA projects for the acquisition of renewable energy with Green Certificate.
2. Profitability studies for the installation of photovoltaic solar energy panels for use on existing surfaces in facilities.
3. Installation of micro turbines in distribution systems.
4. The use of biogas produced in the wastewater treatment process to generate electricity or heat.

Generation of energy in water cycle management

1. Hydroelectric operations in hydrographic basins.
2. Installation of micro turbines in distribution systems.
3. The use of biogas produced in the wastewater treatment process to generate electricity or heat.

Reduction in electricity consumption at the WWTP

1. Replacement of existing equipment with more energy-efficient equipment.
2. Development of low energy waste water treatment technologies for small and medium sized towns.
3. Electrodialysis: energyefficient desalination processes.

Transformation of the vehicle fleet

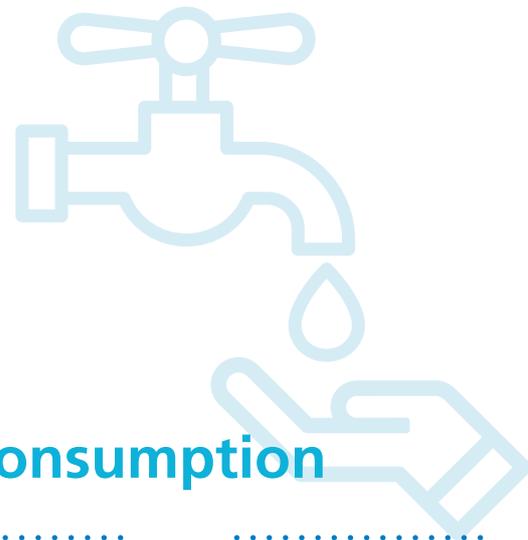
1. Incorporation of LPG (liquefied petroleum gas) vehicles in the fleet of sewer cleaning trucks.
2. Incorporation of vehicles powered by the biogas generated in the WWTPs.
3. Incorporation of electric vehicles.

ECOSYSTEM PROTECTION AND RECOVERY

Recovery of the key ecosystem in the water cycle



1. Identification of the protected spaces within the perimeters where Aqualia operates as manager of municipal services.
2. Establishment of specific programmes or agreements with environmental associations (e.g. Lagunas de Medina del Campo).
3. Recharge of aquifers for use as an alternative resource.



Reduction of water consumption

Promotion of responsible consumption in citizens

1. Public awareness-raising campaigns.
2. Student visits to the facilities.
3. Drawing contest for schoolchildren.
4. Smart metering to provide users with online information about their consumption.
5. Adaptation of the drought plans of contracts, in accordance with those of the Hydraulic Administration.

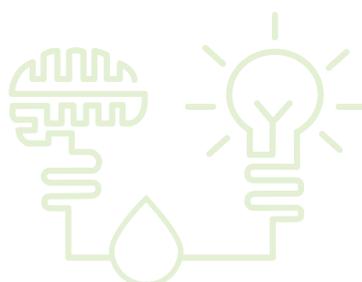
Non-revenue water reduction

1. Improved hydraulic performance of drinking water distribution networks.
2. Elimination of fraud.
 1. Control and reduction of municipal consumption.

Use of alternative resources

1. Wastewater reuse.
2. Desalination of seawater and brackish water.
3. Recharge of aquifers for use as an alternative resource.

Obtaining value added products in the water treatment process



1. Biofuel production process in wastewater treatment.
2. Biofertilisers production process in wastewater treatment.
3. Bioplastics production process in wastewater treatment.
4. Metals and reagents from the brine of the desalination plants.

REDUCTION OF EMISSIONS FROM ENERGY CONSUMPTION

Performance

In 2018, the electricity consumption of the entire company decreased by 2.49% compared to 2017 and also reduced fuel energy consumption by 6.59%. These decreases in the consumption of non-renewable energy and fuel are due to the usual dynamic of renewing equipment in favour of other more efficient

and performing adequate maintenance of machinery, which results in reduced consumption. On the other hand, the renewable energy produced and consumed increased considerably, thanks to the fact that WWTPs are being managed with electrical and thermal energy generation equipment from biogas, with high power.



Energy consumption	2017	2018	%
Electricity consumed GJ	3,347,591.2	3,264,176	-2.49%
Combustible energy GJ	227,871.3	229,878.6*	0.88%
Renewable energy produced GJ	83,576.0	130,635	56.31%
Renewable energy consumed GJ	77,850.0	130,635	67.80%
Total energy	3,653,312.6	3,494,054.5	

* In 2018 the gas and diesel consumed in installations is included in this calculation.

It also seeks to optimise its consumption, which in 2018 was 100%. The energy intensity ratio per employee was 429.35 GJ/employee. 93% of the energy consumed in the company is electricity, the objective being to reduce emissions.

The generation of energy in the management of the water cycle is key to saving emissions, so that in 2018 it significantly increased the production of renewable energy from biogas in three WWTPs:



Installation	Indicator	2017	2018	%
Ranilla WWTP	kWh Energy produced in cogeneration	1,587,138	2,812,250	77.19%
La Gavia WWTP	kWh Energy produced in cogeneration	2,958,386	7,189,676	143.03%
Burgos WWTP	kWh Energy produced in cogeneration	2,299,668	7,617,749	231.25%

In addition, for the company as a whole, the biogas production of the 24 plants in 2018 amounted to 130,635 GJ. Of these, almost half generate electricity with biogas.

This represented an increase of 56.31% over 2017 in 2018, reaching 17.5 million m³. The po-

tential of this energy generation would be sufficient to supply a fleet of 10,000 vehicles.

Aqualia manages the WWTPs, which are not owned by the company, trying to achieve the best performance for them, producing energy in cogeneration when the facilities allow it.



Aqualia was the first company in the sector in Spain to register its carbon footprint in 2014 in the MITECO Register. In 2018 this calculation was carried out for the preparation of the Greenhouse Gas Emissions Report, which was audited and certified by AENOR.

Aqualia Carbon Footprint	2017*	2018	%	Emission intensity
CO ₂ emissions from the comprehensive cycle (Mt) (Sum: Scope 1+2+3)**	472,985.5	499,171.50	6%	61.34
Emissions, scope 1 (MtCO ₂ eq)	43,000.8	47,539.7	11%	5.84
Emissions, scope 2 (MtCO ₂ eq)	395,669.0	410,285.3	4%	50.42
Emissions, scope 3 (MtCO ₂ eq)	34,316.4	41,346.5	20%	5.08

The study of the footprint shows that scope 2 is the most polluting. In addition, as far as processes are concerned, in 2018 supply and sanitation emissions were balanced; the latter, which involves sewerage and treatment, accounts for 50% of GHGs.

Although energy consumption decreased across the company, GHG emissions increased by the conversion factor. They further increased the CO₂ emissions, from Scope 2, this is mainly due to the fact that the conversion factor of CO₂ emissions of electrical energy in 2017 was 0.150 kg CO₂/kWh, while in 2018 from 0.280 kg CO₂/kWh, and electricity produces more than 55% of Aqualia's CO₂ emissions.



Energy	2018	Spain
Electric (GJ)	3,264,175.9	1,641,002.4
Gas (GJ)	30,977	30,977
Diesel installations (GJ)	3,756.8	3,651
Diesel fleets (GJ)	191,494.7	108,738
Petrol fleets (GJ)	3,650.3	3,650
Total energy consumption	3,494,054.5	1,788,018.8

* In 2017 the figure changes compared to that published in the previous report due to the updating of the emission factor to its corresponding year and the results of the audit carried out in October 2018.

Projects carried out in 2018

IT tools for efficient energy management

The start-up in 2017, and subsequent development during 2018, of an IT tool for managing the group's e-billing, enabled cost savings of close to one million euros to be managed in terms of excess contracted power, operating periods, etc.

This consumption is expected to continue to fall, as Aqualia is in the process of acquiring another tool to replace it and to further improve its functionalities and scope of use at all levels of the organisation (up to service/plant managers). This tool will allow, in addition to permanent control through control panels and statistical analysis of operation periods, the following:



1. Manage

Manage the inventory of supply points from which bills are received, with potential for improvement of those not retained under the framework agreement.



2. Review and validate

Review and validate invoiced concepts detecting deviations from invoiced prices and applicable consumptions.



3. Present

File complaints quickly and with little additional manual analysis.



4. Simulate

Simulate bills by the tool for all electricity tariffs based on:

- Real-time consumption telemetry data.
- Invoice data received against agreed prices.
- Accruals/deferrals by the user according to the data entered by the user.



5. Optimise

Optimise power according to an automatic process, on a mass basis or individually, to minimise the cost of the power output.



6. Telemetry

Different graphs displaying consumption data and instantaneous power consumed in real time.



7. Generate

Generate automatic warnings for programmable events: power thresholds and registered consumption, etc.



8. View

Display the prices and schedules of electricity on the daily market for a planning of the next day's facilities as efficiently as possible.



In 2018 the transformation of the fleet began

Transformation of the current vehicles to LPG

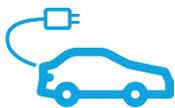
The trend towards transformation in Aqualia's fleet takes the form of measures such as the implementation of LPG-fuelled sewer cleaning trucks or the acquisition of electric vehicles.

Vehicles powered by biogas

Those vehicles where biogas is generated will run on biofuel generated by the biogas.

The Climate Project of the Carbon Fund for a Sustainable Economy (FES-CO₂)

Aqualia signed this project with the Spanish Government, which is aimed at reducing greenhouse gases and aims to contribute to building a low-carbon national production system. With this three-year project, 2018-2020, Aqualia is committed to changing a certain number of vehicles within the company's fleet, with the aim of reducing CO₂.



33

Electric Vehicles



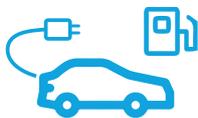
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Petrol/CNG Hybrid Vehicles



3

Electric scooters for meter readings in El Penedés



2

Petrol/electricity Hybrid Vehicles



1

Petrol/LPG Hybrid Vehicles



22

Dustbin lorries transformed to be alternatively powered by diesel and LPG. "ECO" Rating.

Projects under development for next implementations

Power Purchase Agreement

With the objective of reducing the impact of the electric energy emission factor and achieving economic savings by investing in efficient equipment, in 2018 the project to find a partner to enter into a PPA (Power Purchase Agreement) and purchase 76 Gwh/year of energy directly from a "green" energy producer over the next 10 years was launched, in order to have a significant amount of electrical energy with "zero emissions".

Renewable energy installations

In addition, a profitability study has been carried out on the installation of photovoltaic panels on the surfaces of the company's facilities.



Innovation projects to combat climate change

Among the main innovation projects the aim of which is, among other things, to reduce the carbon footprint, the following stands out:

Project FP/-All-gas

IN THIS WAY, THE CONTRIBUTION TO WASTE MANAGEMENT MEANS MINIMISING THE IMPACTS ON CLIMATE CHANGE

It has a clear effect on climate change in that it generates bioenergy from wastewater treatment. And also on the circular economy, since it generates bio-fertilisers.

This project, which entered its final development phase in 2018, represents a change in wastewater treatment and achieves a positive energy balance. Only a small part of the energy inherent in wastewater treatment is used in the internal process, the rest of the biomass produced is available for other uses.

Infrastructures

After the construction of two hectares of algae culture and a digester of 2,700 m³, the world's first algae biofuel plant is

operated with a capacity of up to 2,000 m³/day of tertiary treatment of municipal effluent.

Achievements

Wastewater is converted into a resource instead of being a burden for the public.

It produces reuse water and algae biomass, generating biomethane to move up to 20 vehicles/h with a positive energy balance. The biofuel supplies three test vehicles, which have already travelled 20,000 km each, and also drives three other municipal service vehicles.

Total budget (€)	12,454,932
Aqualia (€)	9,044.500
Project leader	Aqualia
Location	EDAR El Torno, Chiclana de la Frontera (Cádiz)
Duration	From 1 May 2011 to 31 August 2019
Participants	BDI Bio Energy International, Hygear B.V., University of Southampton, Fraunhofer – Gesellschaft

Project LIFE Biosol

Also having an effect on climate change, the LIFE Biosol project stands out, which generates bioenergy from wastewater treatment. The French SME Heliopur has obtained a one-year period, until the end of 2019, to demonstrate the solar disinfection of reuse water combined with biological processes (algae cultures).

In addition to the first demonstration stage at the facilities of the CENTA Foundation (Seville), a larger scale facility has been built (3,000 m² of cultivation) at the El Toyo treatment plant in Almería, where biomass recovery is also demonstrated.

Total budget (€)	2,322,837.00
Aqualia (€)	798,531.00
Project leader	HELIO PUR TECHNOLOGIES
Location (Phase 1)	CENTA Carrión de los Céspedes (Seville)
Duration	From 1 July 2014 to 31 December 2019
Participants	Aqualia, CENTA, COLDEP

Project H2020 MIDES

Through a new technology, the Microbial Desalination Cell (MDC), developed between Aqualia and IMDEA Water, reduces the energy cost of desalination tenfold compared to traditional reverse osmosis as it takes advantage of residual organic matter from effluents to activate bacteria that transport salts through membranes without

external energy input. The project mobilises eleven partners from seven countries to implement the technology and set up three demonstration units. The Denia Water Service plant, managed by Aqualia, is now up and running, and there is another planned implementation in the Canary Islands.

Total budget (€)	8,069,593.57
Aqualia (€)	2,852,604.29
Project leader	Aqualia (Coordinator)
Location (Phase 1)	1 st phase: Denia (Alicante) 2 nd phase planned: Túnez, Chile
Duration	01 April 2016 to 31 March 2020
Participants	FUJIFILM, IMDEA, SGL CARBON, LEITAT, MIKROLIN HUNGARY, ONCONTROL TECHNOLOGIES, SIMTECH SIMULATION TECHNOLOGY, UNESCO-IHE, UNIVERSITY OF GABÈS

Project LIFE ANSWER

A new configuration of the microbial fuel cell technology developed by Aqualia in collaboration with the University of Alcalá de Henares is demonstrated at the brewery where the consortium leader Mahou produces beer in Guadalajara.

The main objective of the project is to save energy in the process and to recycle the residual aluminium from cans, by combining the process with a pre-treatment based on electrocoagulation.

Total budget (€)	973,408.00
Aqualia (€)	265,172.00
Project leader	Mahou San Miguel
Location (Phase 1)	Mahou Alovera Plant (Guadalajara)
Duration	3 years: 1 September 2016 to 31 May 2019
Participants	Aqualia, Recuperaciones Tolón, University of Alcalá
Objetives	To reduce the current energy consumption of the plant of 2.8 kWh/m ³ to 1.8 kWh/m ³ ; Obtaining an energy surplus of approximately 2.0 kWh/m ³ to be used in the brewery's existing biogas boilers.

Project PIONEER

STP (in the European programme ERA-NET Cofund Water Works within the WATER JPI Initiative): led by Universidad de Santiago de Compostela (USC) in a network of prestigious Universities (Verona/Italy, DTU/Denmark and KTH/Sweden), the project develops processes that improve the elimination of microcontaminants. Aqualia's activity demonstrates the

ELAN technology (autotrophic nitrogen removal) in a water line in a treatment plant of the Canal de Isabel II (Valdebebas, in Madrid). This in-line sludge technology has also been perfected, combining it with struvite precipitation in the WWTP of Guillarei (Pontevedra), to achieve a lower environmental impact in the treatment process.

Total budget (€)	1,805,245.00
Aqualia (€)	183,106.00
Project leader	University of Santiago de Compostela
Location (Phase 1)	Guillarei WWTP (Tui, Pontevedra)
Duration	2 years: 1 May 2016 to 31 August 2018
Participants	Danmarks Tekniske Universitet (DTU, Denmark), Università degli Studi di Verona (UNIVR, Italy), Royal Institute of Technology (KTH, Sweden), Aqualia (Spain)
Objetives	Challenges related to the valuation of wastewater from a holistic perspective. Integration of new concepts such as resource recovery and optimisation of the energy balance, stricter quality requirements that take into account emerging pollutants and greenhouse gas emissions.

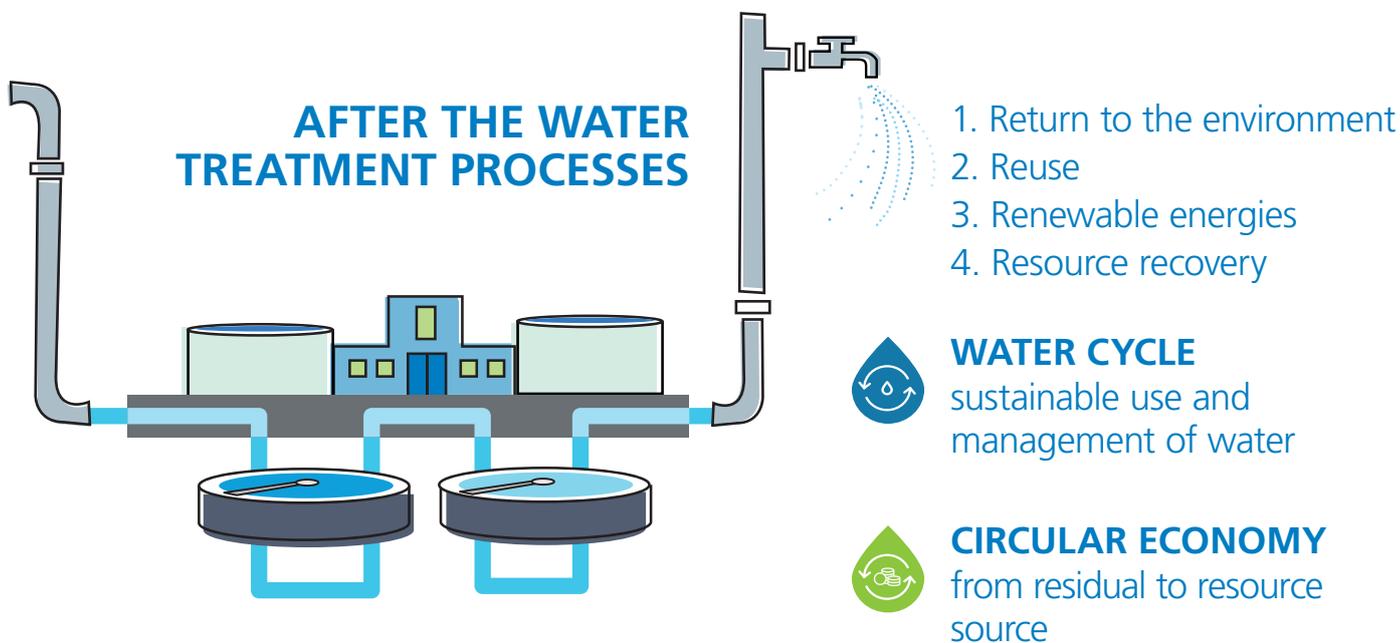


Project ERANET BESTF2 BIOWAMET

Supported by the Universities of Southampton (United Kingdom) and Delft (Netherlands), and in synergy with the Life Memory project on the AnMBR reactors, it has transformed a small real WWTP of the Baix Ebre (Bitem in Tortosa, 20 m³/d) to obtain bioenergy and reuse water.

Total budget (€)	2,107,557.96
Aqualia (€)	686,364.00
Project leader	Aqualia
Location (Phase 1)	Bitem / Tortosa WWTP (Tarragona) / Porto Do Molle Business Park, Nigrán (Pontevedra)
Duration	From 1 January 2015 to 31 December 2018
Participants	University of Southampton, University of Delft

CIRCULAR ECONOMY



Water cycle: sustainable use and management of water



Performance

Aqualia plays an active role in the new circular water economy model. Being aware that it is a limited and scarce resource, only 1% of the planet's water is drinkable and accessible, and its scarcity is one of the main global risks, the company contributes by innovating and implementing the appropriate models to optimise its cycle.

Responsible consumption by citizens, in which Aqualia is involved through its campaigns, has a lot to do with the water cycle and the recovery of wastewater. Irresponsible behaviour can lead to breakages and costs in pipes or contaminate water in large proportions (oil or other spills) and cause negative consequences for the environment or people's health, as in the latter case when medicines are flushed down the toilet.

Development of technologies to optimise responsible water consumption

Aqualia's communication area promotes responsible consumption (indicated in chapter 5.2) and in the technical and innovation areas constant research is carried out and smart metering programmes are developed which are made available to citizens and allow efficient consumption.

These technologies enable the prevention and detection of any loss of water to achieve energy efficiency of the facilities and move towards the digitalisation of the comprehensive cycle and industry 4.0.

This is the case for the 64,524 smart meters installed in 2018, which allow for comprehensive remote reading, 24 hours a day, 7 days a week, 365 days a year, and remote access via app to all customers.

Water balances by hourly distribution in the distribution network make it possible to be aware of non-revenue water every hour, optimising the performance of the network and making it possible to detect possible fraud, as well as providing municipalities with the necessary tools for the correct control and consumption of water.

Information technology systems and data intelligence for centralised control and energy and water management, which contribute to the reduction of water consumption, optimise the cycle and act on climate change:

Platforms for energy and water management

For the management and control of the facilities, Aqualia has the centralised Scada Platform, capable of storing information from remote recorders with multiple technologies and connecting with the computer tools of the technical area (such as Aqualia GIS, Aqualia GESRED, etc.), with the aim of optimising the entire water cycle.

Other systems, such as the TaKaDu Platform for hydraulic management and network performance improvement, were installed to improve performance by searching for the best technologies on the market. TakaDu analyses the hydraulic balance of each sector and, according to a demand curve that it foresees for each sector, warns if there are deviations from it. It has been in operation since 2016 in Almería and since 2017 in Ibiza.

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Pilot experiences of the Scada Platform in 2018

The functional design and installation were carried out in two pilot services (Talavera de la Reina and La Puebla de Montalbán, in Toledo) for the management of the comprehensive water cycle.

Once the results of the pilot are

obtained, the installation will proceed for the control of an entire delegation (Castilla La Mancha) and begin to provide it with intelligence reports, whose objective will be to support the technical management of services and the optimisation

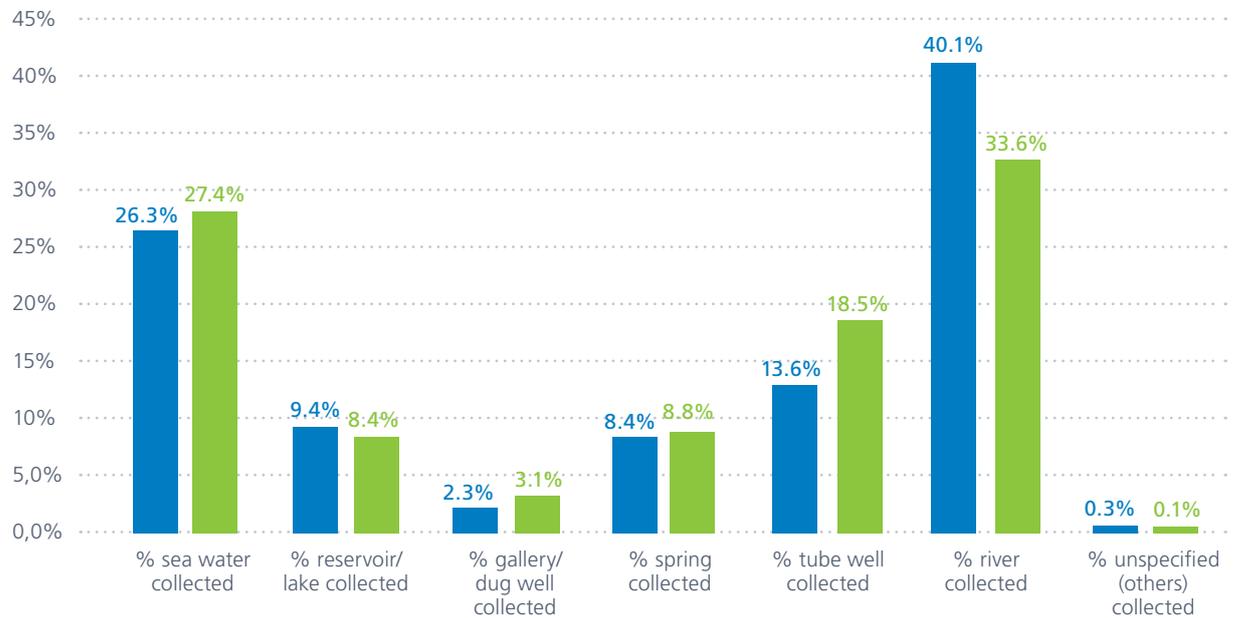
of operations and consequently hydraulic efficiency.

This project began in 2018 and, after this first pilot phase, will be deployed nationally and internationally providing intelligence to the system through global data analysis.

Key data on water conservation

Water collection

■ 2017 ■ 2018



Total water collected

	2017	2018
Volume of raw water collected for management (m ³)	840,340,866	842,207,759
Total water distributed (m ³)	661,526,891	646,416,310
Water consumed in the purification and desalination process (m ³)	140,846,235	145,063,259

Water collection, distribution and reuse	2017	2018
Volume of raw water collected for management (m ³)	840,340,866	842,207,759
Amount of water distributed	661,526,891	646,416,310
Drinking water produced (m ³)	634,890,955	626,778,319
Purchased raw water (mill. m ³)	225.04	219
Purchased treated water (m ³)	258,350,436	240,998,886
Number of treatment plants	807	855
Treated water (m ³)	674,382,704	752,295,856

Innovation projects to reduce water consumption

Through the H2020 Incover project, the Chiclana and Almeria WWTPs are working on several smart irrigation options for the reuse of wastewater. The H2020 Sabana project also includes the construction of a five-hectare biorefinery in an Aqualia WWTP to obtain alternative products from microalgae, as a model of aquaculture that is respectful of the environment and safer for the consumer.



Of the total water treated by WWTPs at present

93.2%

returned to nature

6.68%

Reused
At an international level, most of it is used for irrigation

Circular economy: the transition from wastewater to a source of resources



Main Projects

Within the Life Programme there are several projects aimed at innovation in the circular economy. These are in the development phase:

Project LIFE METHAMORPHOSIS

Led by Aqualia, it has built two plants: in the Ecoparque del Besós (Barcelona), managed by the FCC Group, which integrates three technologies recently developed by Aqualia (AnMBR, ELAN and biogas cleaning) to convert leacha-

tes from urban waste into biomethane and a second in which Naturgy works on the conversion of liquid manure into biofuel. In both cases, biomethane is tested for injection into the natural gas grid and for use in cars.

Total budget (€)	3,642,167
Aqualia (€)	837,049
Project leader	Aqualia
Location (Phase 1)	Barcelona Ecoparc2
Duration	From 16 June 2015 to 30 March 2020
Participants	<p>The project will contribute to the transition towards an economy that uses resources efficiently and also environmental quality protection and improvement.</p> <p>Decrease of 70% of energy demand for the treatment process and 80% of associated CO₂ emissions.</p>

Project H2020 RUN4LIFE

Led by Aqualia, it emerges from a consortium with fourteen partners from seven different countries. The project implements in four locations (Sneek/Holland, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain), new concepts of nutrient recovery from the separation of grey and black waters. The Sneek and Vigo facilities are already in

service, the first with new depopulation with minimal water consumption, and the second with an AnMBR to produce bioenergy and water for irrigation. The project includes dialogue with users of new services and by-products and optimisation of water and energy consumption through decentralised management of these systems.

Total budget (€)	7,720,900.61
Aqualia (€)	1,219,827.24
Project leader	Aqualia
Location (Phase 1)	Ghent (Belgium), Vigo (Spain), Sneek (Netherlands) and Helsingborg (Sweden)
Duration	1 June 2017 to 31 May 2021
Participants	Efficiently recover nutrients from wastewater for use as fertilisers, within a Circular Economy approach. Recovery of up to 100% of nutrients (NPK). 90% water reuse.

Project ICIRBUS

Led by the Intromac technology centre, it brings together eight companies to demonstrate the reuse of sewage treatment plant waste in construction materials and

biofertiliser generation. The prototype is under construction in a plant managed by Aqualia in Extremadura.

Total budget (€)	2,287,270.00
Aqualia (€)	288,980.00
Project leader	Technological Institute of Ornamental Rocks and Construction Materials (INTROMAC)
Location (Phase 1)	Extremadura
Duration	5 years: From 16 July 2015 to 16 December 2020
Participants	National Agrifood Technology Centre Extremadura (CTAEX), Aqualia, S.A., ENCE Energía Extremadura, S.L., DISAIM Ingeniería, S.L., Agencia de Energía Extremeña (AGENEX), Estructuras y Placas Extremadura, S.L. (Grupo Manzano), Gabinete de Gestión Integral de Recursos S.L. (GLOBAL MANAGEMENT).
Objectives	<p>100% reduction of ash discarded in landfills, suitable for its recovery as an absorbent of heavy metals.</p> <p>100% of the sewage sludge suitable for use as fertilisers.</p> <p>90% of the fly ash suitable after the adsorption process for recovery as an inert agent in recyclable construction materials.</p> <p>15% reduction in emissions from the transport of waste and landfills.</p> <p>10% energy, water and other resources saved in the production of building materials and fertilisers, compared to current practices.</p>

Project H2020 SCALIBUR

It started in 2018, made up of 21 partners from ten countries under the leadership of Itene's technology centre. The project will cover pilot waste reduction and recovery plants in the regions of Madrid, Lund (Sweden) and Rome

(Italy). The FCC Group participates through FCC and Aqualia, the two with complementary actions in Spain and the Czech Republic, to convert organic matter into by-products and bioenergy.

Project H2020 INCOVER

In a project led by the Aimen technology centre, which brings together eighteen entities from seven countries, the use of algae biomass in higher-value products, such as biofertilisers and bioplastics, is expanded and reuse water production is improved.

Aqualia's activities are divided between the Chiclana and Almería WWTPs, including, in addition to washing biogas with algae to adsorb CO₂, various treatment options with plant filters, solar disinfection and smart irrigation.

Total budget (€)	8,431,385.00
Aqualia (€)	903,625.00
Project leader	Northwest Metallurgical Research Association (AIMEN) (Coordinator)
Location (Phase 1)	El Toyo WWTP (Almería) and El Torno WWTP (Chiclana de la Frontera, Cádiz)
Duration	3 years: 1 June 2016 to 31 May 2019
Participants	To transform wastewater into a source of value-added products, primarily biomethane, bioplastic, biofertilisers and quality water for reuse.

Project H2020 SABANA

Led by the University of Almería, Aqualia is one of the three industrial partners in the project, along with Westfalia (Germany) and the Italian food group Veronesi, in a consortium of eleven entities from five countries (including the Czech Republic and Hungary). The project has already built facilities for the cultivation of microalgae, optimising

the production of new biofertilisers and biopesticides. Subsequently, a five-hectare biorefinery will be built in an Aqualia WWTP, which will enable alternative products to be obtained from microalgae, as a model of aquaculture that is respectful of the environment and safer for the consumer.

Total budget (€)	10,646,705.50
Aqualia (€)	2,552,812.50
Project leader	University of Almería (Coordinator, Spain)
Location (Phase 1)	Demo 1 - Almeria and Demo 2 to be defined in an Aqualia facility
Duration	4 years: 1 December 2016 to 30 November 2020
Participants	To develop an industrial scale microalgae-based bio-refinery for producing biostimulants, biopesticides, food additives, biofertilisers and biomass for aquaculture through the use of seawater and nutrients from wastewater (sewage, pig manure).

Project RIS3 VALORASTUR

This project, which started in 2018, is part of the RIS-3 programme of the Ministry of Employment, Industry and Tourism of the Principality of Asturias, and brings together Aqualia with two large public companies, Cogersa and

Hunosa, and the SME Ramso, with the aim of achieving eco-efficient treatment in which energy consumption and waste production are reduced, while generating new resources.

Total budget (€)	430,772.58
Aqualia (€)	159,340.61
Project leader	Aqualia
Location (Phase 1)	San Claudio WWTP, Grado WWTP (Asturias)
Duration	1 September 2016 to 28 September 2019
Participants	Cogersa, Hunosa, Ramso, University of Oviedo
Objetives	Reduction of waste generation in water treatment processes (mainly sludge) and its recovery. Improving the quality of WWTP sludge by monitoring heavy metals in wastewater and sludge. Use of sludge as fuel in Hunosa's furnaces.

Project LIFE MEMORY

It has demonstrated, in a 50 m³ industrial reactor in Alcázar de San Juan (Ciudad Real), the technical and economic feasibility of an innovative technology; an anaerobic membrane bioreactor (AnM-BR), which allows the direct conversion of the organic matter contained in the wastewater into biogas. The elimination

of the conventional stages of primary decanting and aerobic secondary treatment, make it possible to achieve a reduction in energy consumption and CO₂ emissions up to 80%, 25% of the required space and around 50% of the sludge production.

Total budget (€)	2,102,327.00
Aqualia (€)	955,899.00
Project leader	Aqualia
Location (Phase 1)	Alcázar de San Juan (Ciudad Real, España)
Duration	1 July 2014 to 31 December 2018
Participants	Koch Membrane Systems, Inc., University of Valencia, Polytechnic University of Valencia

ECOSYSTEM PROTECTION AND RESTORATION



Macrostigma Insect, Alcázar de San Juan (Ciudad Real) and Lagunas de Medina del Campo (Valladolid)



Aqualia carries out its activities with respect for the natural habitats in which it carries out its activities. Respect for biodiversity is essential to ensure the survival of fauna and flora, as well as natural ecosystems and, ultimately, to protect the natural ecosystems that contribute to people's health.

Performance

In the different countries in which the company operates, we distinguish between owned, leased or managed operations centres located within or adjacent to protected areas or areas of high biodiversity value outside protected areas.

Operational sites

.....
141 / 6,174
 National*

.....
2 / 526
 International*

.....
+9
 in the Czech Republic**

* Of the total facilities (6174) in Spain, only 141 are located within or adjacent to protected areas or areas of high biodiversity value outside protected areas.

** 9 landscape park installations which is a type of protected area in the Czech Republic, Poland, Slovakia, Ukraine, Hungary and Slovenia. Its status is lower than that of a national park and it has less strict restrictions on its development and economic uses. Landscape parks are generally classified as category V by the International Union for Conservation of Nature (IUCN).

Experience of success at the Alcázar de San Juan

Beyond compliance, as part of its commitment to biodiversity, in 2018 the company contributed to environmental sustainability from wastewater that generates biodiversity hotspots.

Biodiversity and treatment hotspots of waters

The environmental awareness programme of Aguas de Alcázar, which has been running since 2016, and through in more than ten thousand users have participated and more than 400 different activities have been carried out, is committed to going beyond the possibility of environmental sustainability based on treated wastewater as a generator of biodiversity hotspots.

The proper functioning of a wetland recovered with these waters can also become a system that absorbs GHGs (greenhouse gases) and results in the presence of multiple living beings, some of them microscopic.

Lestes macrostigma, one hundred years later

Once the presence of a damselfly has been detected, declared a Vulnerable species and which was thought to be extinct in the region,

Aguas de Alcázar is carrying out a phenological monitoring of the insect, of the quality of the water that its habitat receives and trying to protect the population nuclei of this lestidae, which turns out to be genetically different from the rest of the known populations in the world. In 2019, the campaign consists of the detection of aquatic larvae so that, after emergence, adults are marked to test the capacity of dispersion to other wetlands in the region. In this way, the La Mancha Húmeda Biosphere Reserve has a new unique species that is a paradigm of the correct use of treated water.

Mesocosms, microscopic life and climate change

The observation and experimentation with small crustaceans present in the waters of the Alcázar lagoons is also serving to verify a high number of species (copepods, ostracods, cladocerans, etc.) expressed as a hotspot of biodiversity.

In addition, they serve as indicator species of the state of water quality, response and prevention of possible discharges. They also serve to confirm the proper functioning of a wetland, which acts by removing carbon dioxide from the atmosphere and thereby contributes to the fight against climate change.

.....
2018

In the Czech Republic, reservoirs were reconstructed by taking care of native species in the area and a plan was worked out for the promotion of biodiversity in SmVaK facilities for the coming years.

.....
2019

Aqualia plans to collaborate with various initiatives such as the environmental recovery of the surroundings of the Segre river in Rufeá (Lleida), through the implementation of infrastructures that promote biodiversity, and their control and observation.



Projects are being studied to take care of the environment of those spaces in which Aqualia operates. For example in Formentera, the Canary Islands or Nijar.

Innovation with impact

Conecta PEME Medrar

Co-financed by the European Regional Development Fund (ERDF), this project combines Aqualia with two Galician SMEs under the leadership of the University of Santiago de Compostela (USC) in the development of compact and automated modules for wastewater treatment, integrated into the rural environment. The conversion of a small WWTP in Mos (Pontevedra)

into a granular sludge reactor demonstrates the low cost of installation and maintenance, with minimal environmental impact and contribution to biodiversity.

This treatment plant project guarantees the quality of the water discharged and new, more efficient processes that would minimise costs.

3 YEARS OF STUDY UNTIL 30 NOVEMBER 2018



PATENTS

In Spain, despite suffering chronic water stress, Aqualia provides water services with quality and at competitive prices. Quality services that require investment in innovation and infrastructure to

improve technical efficiency and reduce costs. A good example of Aqualia's culture and innovative spirit are its patents and its own technology in water treatment, desalination and

wastewater treatment, as well as the new technologies applied to artificial intelligence for the maintenance of networks and communication and service to users.



ANNEXES



ABOUT THIS REPORT

Aqualia has published its Corporate Social Responsibility report annually since 2005.

This report has been prepared in accordance with the comprehensive compliance option of the Global Reporting Initiative's GRI Standards 2016 Sustainability Reporting Guide, using indicators 303 and 403 of the 2018 version, and has been verified by an independent external entity (AENOR).

The GRI Content Index and Verification Report is available at: <https://www.aqualia.com/en/web/aqualia-en/responsabilidad-social/memorias-rsc> (2018 Report).

With this exercise in transparency, Aqualia conducts a review of its commitments in sustainability from an economic, social and environmental approach.

The report pays particular attention to issues identified as relevant in the materiality analysis, the results of which appear in the chapter on the CSR Master Plan. In addition, a study was carried out on the Sustainable Development Goals to which the company contributes most through its business activity.

The report responds to all material issues identified in the materiality study and is thus indicated in the GRI table. It also covers other sections of GRI Standards that, while not being so relevant for the organisation, nevertheless contribute to the transparency and understanding of Aqualia's activities.

The content of the present report refers to 2018 and encompass all company activities in order of priority yet without omitting any relevant information.

The data provided in the different areas refer to the consolidated information that integrates the dependent entities, 100%, the joint operations (only JVs and EIGs) in proportion to the shareholding and does not integrate the information of those companies in which there is no control.

Changes in calculations or the scope of the information herein compared to previous years are commented upon in each particular case.

AENOR

VERIFICATION OF SUSTAINABILITY REPORT

VMS-2019/0020

AENOR has verified the Report by the organization

FCC AQUALIA, S.A.

TITLE: CORPORATE SOCIAL RESPONSABILITY REPORT 2018. #REALIMPACT

In accordance with: GRI Standards

GRI option applied: Exhaustive

Verification Process: To grant this Verification Document, AENOR has verified that the report complies with GRI requirements and has checked the data and information contained in the report.

Issue date: 2019-05-24



Rafael GARCÍA MEIRO
General Manager

GRI STANDARDS CONTENT INDEX

GRI 102: General Contents

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
1. ORGANIZATIONAL PROFILE		
102-1	Name of the organisation	FCC Aqualia, S.A. In the document, instead of the trademark, Aqualia will be used
102-2	Activities, brands, products, and services	Pages 12-13, 42-43 The local websites can be found in the Aqualia link https://www.aqualia.com/en/web/aqualia-en/localwebsites
102-3	Location of headquarters	Avda. del Camino de Santiago 40. 28050 Madrid. España
102-4	Location of operations	Pages 10-11 and 44-49
102-5	Ownership and legal form	Page 11
102-6	Markets served	Pages 44-49
102-7	Scale of the organisation	Pages 10-11 and 14-15
102-8	Information on employees and other workers	Pages 15 and 76
102-9	Supply chain	Pages 91-92
102-10	Significant changes to the organisation and its supply chain	Pages 4-7 and 18-21
102-11	Precautionary principle or approach	Pages 27-29 https://www.fcc.es/en/informe-anual-de-gobiernocorporativo (Paragraph E. Risk Control and Management Systems)
102-12	External initiatives	Pages 36-37
102-13	Membership of associations	Pages 38-39
2. STRATEGY		
102-14	Statement from senior decision-makers	Pages 4-7
102-15	Key impacts, risks and opportunities	Pages 4-7; 24-25 and 73
3. ETHICS AND INTEGRITY		
102-16*	Values, principles, standards and norms of behaviour	Pages 26-29 
102-17	Mechanisms for advice and concerns about ethics	Pages 26-29

Material topics of the area:



* Refers to issues that were identified as materials in the Analysis conducted between January and March 2019.

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
4. GOVERNANCE		
102-18	Governance structure	Pages 16-17
102-19	Delegating authority	Pages 16-17
102-20	Executive-level responsibility for economic, environmental and social topics	Pages 4-7
102-21	Consulting stakeholders on economic, environmental and social topics	Pages 33-35
102-22	Composition of the highest governance body and its committees	Pages 16-17
102-23	Chair of the highest governance body	Pages 16-17
102-24	Nominating and selecting the highest governance body	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (A. Ownership Structure)
102-25	Conflicts of interest	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (G. Degree of Compliance with Corporate Governance Recommendations)
102-26	Role of highest governance body in setting objectives, values and strategy	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (C. Structure of the Company's Administration)
102-27	Collective knowledge of highest governance body	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (C. Structure of the Company's Administration)
102-28	Evaluating the highest governance body's performance	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (E. Risk Control and Management Systems)
102-29	Identifying and managing economic, environmental and social impacts	Pages 4-7 and 24-25
102-30 *	Effectiveness of risk management processes	Page 25 
102-31	Review of economic, environmental and social topics	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (G. Degree of Compliance with Corporate Governance Recommendations). Economic, environmental and social issues are assessed at least annually
102-32	Highest governance body's role in sustainability reporting	Pages 4-7
102-33	Communicating critical concerns	Pages 4-7
102-34	Nature and total number of critical concerns	Pages 34-35

Material topics of the area:

* Refers to issues that were identified as materials in the Analysis conducted between January and March 2019.

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
5. STAKEHOLDER ENGAGEMENT*		
102-35	Remuneration policies	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (A. Company remuneration policy for the current year)
102-36	Process for determining remuneration	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (A. Company remuneration policy for the current year)
102-37	Stakeholders' involvement in remuneration	2018 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo (B. General Meeting; H. Other Information of Interest)
102-40	List of stakeholder groups	Page 32 
102-41	Collective bargaining agreements	All employees are subject to collective bargaining agreements 
102-42	Identifying and selecting stakeholders	Page 32 
102-43	Approach to stakeholder engagement	Page 33 
102-44	Key topics and concerns raised	Pages 34-35 
6. REPORTING PRACTICES		
102-45	Entities included in the consolidated financial statements	https://www.aqualia.com/en/web/aqualia-en/financialinformation/ annual-accounts Annex I .Page 107
102-46	Defining report content and topic boundaries	Pages 34-35
102-47	List of material topics	Pages 34-35
102-48	Restatements of information	Page 128
102-49	Changes in reporting	Page 128
102-50	Reporting period	Page 128
102-51	Date of most recent report	2017
102-52	Reporting cycle	Annual
102-53	Contact points for questions regarding the report	www.aqualia.com
102-54	Claims of reporting in accordance with GRI Standards	Page 128
102-55	GRI Content Index	Page 128
102-56	External assurance	Pages 130-137

Material topics of the area:



Environmental



Governance



Labour



Social

* Refers to issues that were identified as materials in the Analysis conducted between January and March 2019.

GRI 200: Economic Standards

MANAGEMENT APPROACH

GRI 201: Economic Performance

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 93-95
201-1	Direct economic value generated and distributed	Pages 94-95
201-2	Financial implications and other risks and opportunities due to climate change	Pages 24-25
201-3	Defined benefit plan obligations and other retirement plans	There are no retirement plans
201-4	Financial assistance received from government	Page 95 (Grants)

GRI 203: Indirect economic impacts*



GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 93-95
203-1	Infrastructure investments and services supported	Pages 14 and 93-95. 2018 Consolidated financial statements
203-2	Significant indirect economic impacts	Pages 4-7

GRI 204: Procurement Practices*



GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 91-92
204-1	Proportion of spending on local suppliers	Pages 91

GRI 205: Anticorrupción*



GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGE 26-29
205-1	Operations assessed for risks related to corruption	Page 26-29
205-2	Communication and training about anti-corruption policies and procedures	Page 26-29
205-3	Confirmed incidents of corruption and actions taken	In 2018, a case of fraud and a case of bribery was reported through the ethics channel. Both, once analysed, were dismissed

Material topics of the area:



Environmental



Governance



Labour



Social

* Refers to issues that were identified as materials in the Analysis conducted between January and March 2019.

GRI 300: Environmental standards

ENFOQUE DE GESTIÓN

GRI 302: Energy*

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 98-99
302-1	Energy consumption within the organisation	Pages 104-106
302-2	Energy consumption outside the organisation	This information is unavailable
302-3	Energy intensity	Page 104. Covers consumption within the organisation
302-4	Reduction of energy consumption	Page 104
302-5	Reduction in energy requirements of products and services	Pages 104-109

GRI 303: Water*

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 114-117
303-1	Water withdrawal by source	Page 116
303-2	Water sources significantly affected by withdrawal of water	Aqualia collects water through administrative concessions in which the competent water management authority decides on the collected point and quantities
303-3	Water recycled and reused	Page 117

GRI 304: Biodiversity*

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 123-125
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pages 123-125
304-2	Significant impacts of activities, products and services on biodiversity	There are no significant impacts
304-3	Habitats protected or restored	Pages 123-124
304-4	Species on the IUCN Red List of Threatened Species or national conservation lists whose habitats are in areas affected by the operations	This information is unavailable

Material topics of the area:



Environmental



Governance



Labour



Social

* Refers to issues that were identified as materials in the Analysis conducted between January and March 2019.

GRI 305: Emissions*

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 104-113
305-1	Direct GHG emissions (scope 1)	Page 106
305-2	Indirect GHG emissions when generating energy (scope 2)	Page 106
305-3	Other indirect (scope 3) GHG emissions	Page 106
305-4	GHG emissions intensity	Page 106
305-5	Reduction of GHG emissions	Page 106
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Not applicable

GRI 306: Effluents and Waste (Circular Economy)*

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 114-117
306-1	Water discharge by quality and destination	892,707,507 m ³
306-2	Waste by type and disposal method	Hazardous waste: 1,415.8 Mt (Disposal: 1,336.8 Mt and Recovery: 74.3 Mt) Non-hazardous waste: 565,479.0 Mt (Disposal: 107,742.3 Mt and Recovery: 457,736.7 Mt) Non-hazardous waste: refer to sludge from Spain, Portugal, Italy, Czech Republic, and Egypt No information available for Algeria, Saudi Arabia and United Arab Emirates
306-3	Significant spills	0
306-5	Water bodies affected by water discharge and/or runoff	0

GRI 307: Environmental Compliance

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGES 98-99
307-1	Non-compliance with environmental laws and regulations	Fines: 9,764 €

Material topics of the area:



Environmental



Governance



Labour



Social

* Refers to issues that were identified as materials in the Analysis conducted between January and March 2019.

GRI 308: Supplier Environmental Assessment

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
MANAGEMENT APPROACH		PAGE 92
308-1	New suppliers that were screened using environmental criteria	100%
308-2	Negative environmental impacts in the supply chain and actions taken	Given their activities, Aqualia suppliers have no significant environmental impacts. However, they are required to fully comply with all applicable environmental criteria

GRI 400: Social Standards

MANAGEMENT APPROACH

GRI 401: Employment*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		
401-1	New employee hires and employee turnover	Page 77
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 78 Benefits are independent of the employment arrangement and include the following: subsidised loans, life insurance, accident insurance and family aid
401-3	Parental leave	Data for Spain: Employees with maternity leave: 29 Employees with paternity leave: 151 100% of the affected employees returned after maternity leave. The remaining requested paid leave to care for children and returned to work afterwards. 100% of the affected employees returned after paternity leave. 100% of the affected employees who returned after maternity/paternity leave were retained 12 months after their return

Gri 402: Employee-Company Relations

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		
402-1	Minimum notice periods regarding operational changes	Minimum notice periods are defined by collective bargaining agreement. The valid collective bargaining agreements include conditions for consultation and negotiations

Gri 403: Occupational health and safety*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		PAGES 85-88
403-1	Workers representation in formal joint management-worker health and safety committees	Page 85. 73.36% of Aqualia workers in Spain are represented in health and safety committees. H&S Committees are mainly constituted in Aqualia services
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 85. Aqualia staff: 233 accidents with sick leave, of which (161 in Spain). 106,372 Total days lost due to absenteeism (85,317 in Spain). Number of fatal accidents reported: 0 During 2018 there were 3 fatal accidents involving subcontracted personnel. Breakdown of Frequency Index and seriousness by region: LATAM: FI 21.32/ SI 0.13 MENA: FI 3.09/SI: 0.02 EUROPE: FI 8.97/SI: 0.62 Incidence rate of occupational diseases: there have been three cases
403-3	Workers with high incidence or high risk of diseases related to their occupation	There is only a residual risk of occupational disease. In 2018, however, there were no occurrences thanks to preventive activity
403-4	Health and safety topics covered in formal agreements with trade unions	100%
403-5	Training of workers on health and safety at work	Page 86
403-6	Promotion of worker's health Pages	Pages 87-90
403-7	Systems for the prevention and mitigation of occupational risks directly related to the activity	Page 85
403-8	Workers covered by occupational risk prevention system	100%

Gri 404: Training and Teaching*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		PAGES 82-84
404-1	Average hours of training per year per employee	Page 83
404-2	Programmes for upgrading employee skills and transition assistance programmes	Page 84
404-3	Percentage of employees receiving regular performance and career development reviews	Page 84. The number of people conducting performance evaluations is 86

Material topics of the area:



Environmental



Governance



Labour



Social

* Refers to issues that were identified as materials in the Analysis conducted between January and March 2019.

Gri 405: Diversity and Equal Opportunities*

ESTÁNDAR GRI	DESCRIPCIÓN	LOCALIZACIÓN /CONTENIDO
MANAGEMENT APPROACH		PAGES 79-81
405-1	Diversity of governance bodies and employees	Pages 16-17 and 76-77 In the management team under 35: 0; between 36 and 55: 11 people; over 55: 8 people
405-2	Ratio of basic salary and remuneration of women to men	Page 80

Gri 406: Non-Discrimination*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		PAGES 79-81
406-1	Incidents of discrimination and corrective actions taken	One case was detected and closed on 28/05/2018. It did not require any action

Gri 410: Safety Practices

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		
410-1	Security personnel trained in human rights policies and procedures	Subcontracted staff receives 100% related training

Gri 412: Human rights assessment*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		PAGES 91-92
412-1	Operations that have been subject to human rights reviews or impact assessments.	When dealing with Aqualia's suppliers and subcontractors, they are committed to the ten principles of the Global Compact
412-2	Employee training on human rights policies or procedures	There has been no training related to Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses	100% of contracts with suppliers

Gri 413: Local Communities*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		
413-1	Operations with local community engagement, impact assessments and development programmes	Pages 62-73
413-2	Operations with significant, actual or potential, negative impacts on local communities	There are no operating centres that have or could have significant negative impacts on local communities

Gri 414: Supplier social assessment

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		
414-1	New suppliers that were screened using social criteria	Pages 91-92
414-2	Negative social impacts in the supply chain and actions taken	Aqualia considers that its suppliers have no negative social impact risks, and therefore no assessments were made in this regard

Gri 415: Public Policy

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		
415-1	Contributions to political parties and/or representatives	Aqualia makes no contributions of this sort

Gri 416: Customer Health and Safety*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		
416-1*	Assessment of the health and safety impacts of product and service categories	100%
416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	€540. It is not significant. -97% decrease compared to 2017

Gri 417: Marketing and labelling*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		PAGES 56-59 AND 66-70
417-1	Requirements for product and service information and labelling	Pages 56-59
417-2	Incidents of noncompliance concerning product and service information and labelling	There were no noncompliance incidents concerning service information legislation
417-3	Incidents of noncompliance concerning marketing communications	There were no incidents of noncompliance concerning communications

Management indicators associated with the customer's Experience*

GRI STANDARD	DESCRIPTION	LOCATION /CONTENT
AQ OMN 1	Number of calls received	Page 53
AQ OMN 2	"Number of registered users in the app Procedures in the app"	Page 53
AQ FE 1	Proportion of electronic billing compared to total billing %	Page 59
AQ ICS	CSC Satisfaction Index	Page 53

GRI 418: Customer privacy*

GRI STANDARD	DESCRIPTION	LOCATION/CONTENT
MANAGEMENT APPROACH		PAGE 61
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 61

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