



Corporate  
Social Responsibility Report

2009

**aqualia.** Reflected in you

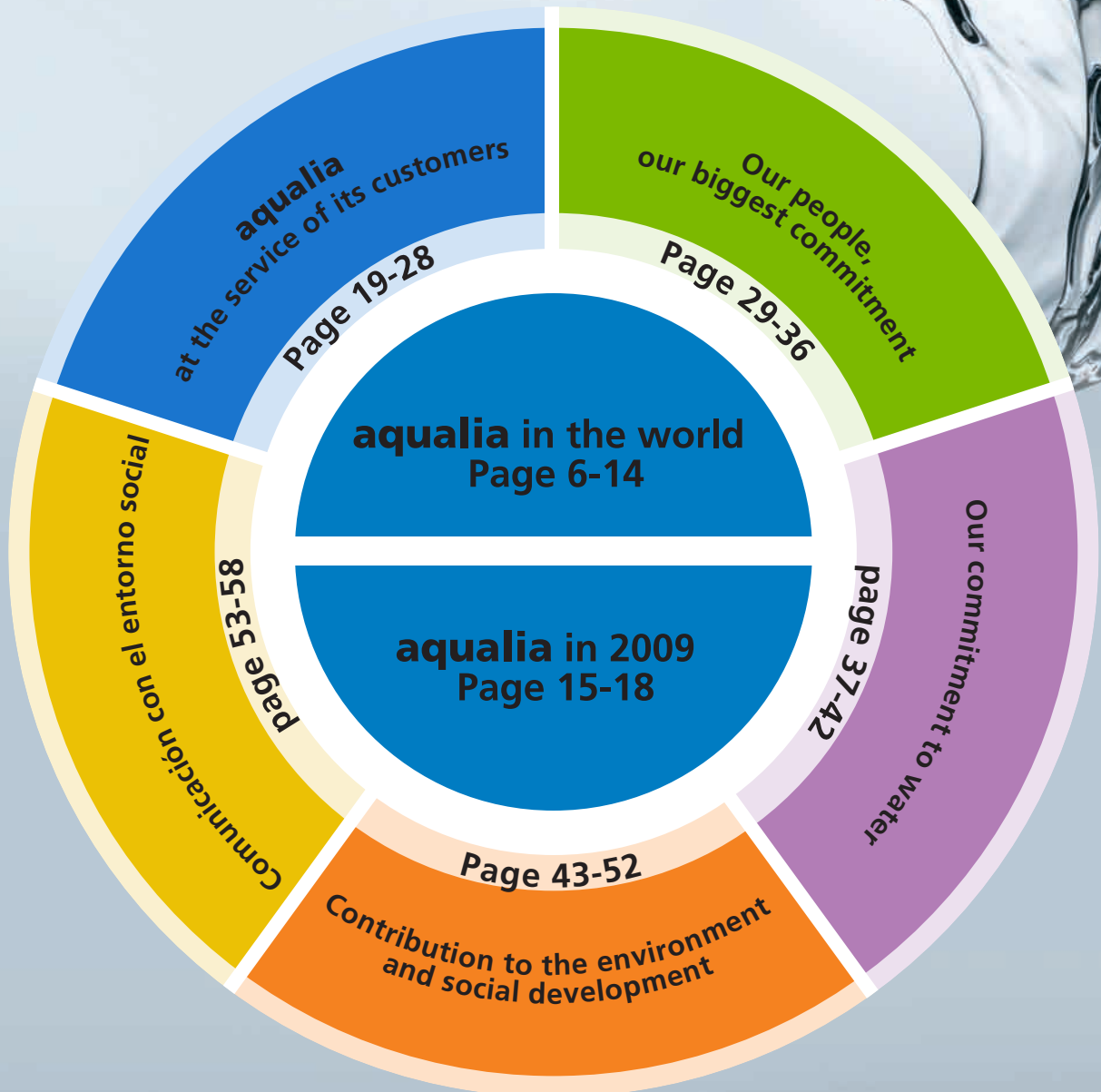




**aqualia**

# INDEX

	Page
Message from the General Manager	4
<b>aqualia in the world</b>	6
<b>aqualia in 2009</b>	15
<b>aqualia at the service of its customers</b>	19
<b>Our people, our biggest commitment</b>	29
<b>Our commitment to water</b>	37
<b>Contribution to the environment and social development</b>	43
<b>Communicating within a social context</b>	53
<b>aqualia's value chain</b>	59
<b>Key indicators</b>	60
<b>Annexes</b>	
Annex I: Verification report	64
Annex II: GRI index	66
Annex III: GRI Statement	71



## Customers and users

### **aqualia at the service of its customers.**

Water quality - reflecting our commitment.	21
Security in the supply.	22
Main indicators.	24
Customer satisfaction. Quality of service and transparency.	25
New tools – better service.	27
Responsible consumption. Our objective – everyone's objective.	27

## Employees

### **Our people, our biggest commitment.**

Skills management.	31
Diversity and equality.	33
Communication.	34
Work-life balance.	34
Health and safety at work.	35
Internationalization.	36

## Public administrations

### **Our commitment to water.**

Management of responsible and sustainable tariffs.	38
Management of the supply and sanitation networks.	39
R&D – Improving the future.	41

## Consumer organizations and NGOs

### **Contribution to the environment and social development.**

<b>aqualia</b> in the community.	44
Cultural activities.	44
Sports activities.	47
Collaboration with universities and business schools.	48
Management of environmental impacts.	49
Waste management.	51
Climate change.	51

## Media

### **Communicating within a social context.**

Direct marketing.	54
Sponsorships and collaborations.	55
Quality Charter.	56
Local websites.	56
Marketing campaigns.	57
Trade fares.	57
Social marketing.	58



## Message from the General Manager

Once again, and for the fourth year, I have the pleasure of presenting you our report on Corporate Social Responsibility. Through our contribution to development and progress we have aimed to highlight our commitment to society, the environment and sustainability according the FCC corporate responsibility model that included on its Director Plan 2009-2010.

As in the previous year, the global financial situation has had a major impact on 2009. The governments of different countries have made advances on several fronts, but the markets and the economy in general still show a significant degree of uncertainty and distrust.

The water sector needs to meet its own challenges on top of those posed by the economy and these are not trivial challenges. Companies managing this precious resource must address these challenges without hesitation. We are running out of time for excuses. Integral water management requires continuous investment to guarantee supply systems, improve the quality of supplied water, ensure the availability of new resources and improve efficiency in water consumption. Technological advances make it easier to overcome these obstacles, although pressure from population growth and increasing industrialization means that the issue of pollution in water systems is becoming more and more complex. Consequently, it is crucial to ensure cooperation among all stakeholders involved in the integral management of the water cycle, and not only to achieve technological advances or a more efficient management of water resources.

At **aqualia**, we are collaborating with different associations, with the long term view of understanding, digesting and disseminating the latest trends, advances and solutions as they emerge. In 2009, it is worth mentioning the development -together with AEAS- of the Guide on Corporate Social Responsibility in the Water Supply and Sanitation Sector. This guide, which mainly addresses small and medium-sized businesses, describes corporate social responsibility from a theoretical point of view and, from a practical point of view, outlines the specific actions needed to achieve responsible business management. In addition to this, we are also a member of the Water and Sanitation Cooperation Fund in Latin America.

This fund intends to help over 85 million people in Latin America and the Caribbean who do not have access to drinking water and 115 million people who do not have basic sanitation services. We are trying to support an initiative which aims at contributing to the universalization of the fundamental human right of access to clean water.

Despite the global economic environment, our turnover increased by 3.1% in 2009, our staff increased by 1.7% and our company now incorporates more than 6,700 professionals. These figures are the direct result of our hard work and our business model, which have enabled us to maintain positive results even when the economic situation in which we find ourselves has been less than ideal.

Training has been one of the main pillars of our continuous improvement. 2009 saw the first edition of the Advanced Course in Management Development. During this Course, professors of the Universidad de Nebrija, representatives from other companies and **aqualia**'s own executives have given the students a general picture of business management. Given current circumstances, it is obvious that this sector will have to develop in the medium and long term. Therefore, the main objective of this Course is to train innovative professionals with a global business vision. This is a cutting-edge initiative which we will continue in the following years.

Finally, in the following pages you will find additional information and what we believe constitutes a balanced view of our performance with respect to corporate social responsibility. This report has been prepared in accordance with the recommendations and principles contained in the G3 Guidelines of the Global Reporting Initiative. Moreover, for the third consecutive year we have submitted our report for analysis by an independent third party. This way, we hope to find areas for improvement and present the results to our stakeholders in a reliable manner.

I hope the reader is able to see his or her own views and queries reflected in this report - that has been our main objective. We have tried to provide an answer to all those important questions which require our commitment. At the same time, we have also moved forward in our interaction with the stakeholders - which I hope will also be apparent in the following pages.

Finally, I would like to finish by thanking all those people who make up **aqualia** for their efforts, commitment and talent. It is because of them that **aqualia** reaches greater heights each day, and continues to contribute to the improvement of all those societies in which it is present. Thank you.

**Fernando Moreno García,**  
**Chairman of the CSR Committee**

**General Manager of aqualia**  
**gestión integral del agua s.a**



# aqualia in the world



- Public water services management.
- Construction and management of recreational-water facilities.
- Design and construction of treatment plants.
- Hydraulic infrastructures contracts.
- Solutions for the use of water in industry.
- Irrigation infrastructures.
- Commercial delegation.

\* Environmentally proactive  
(50% FCC-50% Veolia).



## The value of water

### Increase in turnover as compared to 2008

# 3.1%

Economic	2007	2008	2009
Turnover (million €)	838.80	845.50	872.00
Distributed economic value (million €)	822.80	837.90	780.13
# of municipalities served in Spain	970	1,100	+1,100
Total length of managed networks (Km)*	42,472	44,504	51,232
Investment in infrastructures (million €)	101.50	83.00	47.74

\*2009 – inclusion of SmVak

### Growth in staff

# 1.7%

Social	2007	2008	2009
Total number of employees	6,907.0	6,640.9	6,756.4
Salaries and remuneration to employees (million €)	198.60	204.40	208.07
Number of participants in trainings	3,549	2,650	2,523.00
Investment in training (€)	279,625	278,103	261,941
Investment in the community (€)	527,605	822,110	617,000
Frequency index	20.04	14.54	13.30

### Increase in renewable energy production

# 12.9%

Environmental (Integral water management)	2007	2008	2009*
Total water captured (m <sup>3</sup> )	617,703,313	609,847,774	682,844,322
Electricity consumption (kWh)	436,684,103	422,403,699	477,639,025
Consumed energy per generated €	-	499,590	547,751
Electricity produced with biogas (kWh)	8,740,969	13,606,378	15,368,142
Produced energy per million € generated	-	16,092.70	17,624.02
Total direct and indirect emissions (Tn CO <sub>2</sub> e)	183,694	237,726	397,164
Emission per generated €	-	281.17	469.74

\* inclusion of SmVak

## Our relationship with water every drop matters

Through its companies, **aqualia** gestión integral del agua S.A. is involved in all the stages of the integral water cycle. It is the global brand of the FCC Group that covers all water-related business of FCC, which is one of the four big areas of business of FCC.

Because of this genuine diversification, **aqualia** is the only Spanish company which can offer the market all the solutions that private companies, institutions and local and public entities need, in all stages of the entire water cycle and for all uses: human consumption, agricultural or industrial use.

The Company's strong local commitment, working philosophy and focus on close-knit and personalised customer services increase its ability to provide solutions to the needs of public and private organisations and bodies in any part of the world.

**4<sup>th</sup> water management company in the world, gaining one position from 2008.**

**20.4% increase in international turnover.**

**27 million customers worldwide.**



**Public water services management.**  
Hydraulic infrastructures contracts.  
Maintenance and operation of irrigation infrastructures.  
Design, construction and management of recreational-water facilities.



**Global solutions for the use of water in industry.**



**Design and construction of hydraulic infrastructures.**



## Business areas aqualia

			
<ul style="list-style-type: none"> <li>• 27 million people served worldwide.</li> <li>• 34% market share in Spain.</li> <li>• 51,232 km of network managed.</li> <li>• 47.74 million invested in infrastructures.</li> <li>• 572,395 analyses of drinking water.</li> <li>• 99.6% positive results.</li> </ul>		<ul style="list-style-type: none"> <li>• 43 installations designed for public tenders (32 nationally and 11 internationally)</li> <li>• 6 installations built.</li> </ul>	<ul style="list-style-type: none"> <li>• 136 companies served.</li> <li>• 14 installations managed.</li> <li>• 2,725,179.33 m<sup>3</sup> of water supplied.</li> </ul>
<p><b>Maintenance and operation of irrigation infrastructures</b></p>	<p><b>Hydraulic infrastructures contracts</b></p>	<p><b>aqualia</b> infraestructuras specializes in the design and construction of all types of water treatment facilities for the many Spanish public authorities and, in general, for any public or private customer. Its main business areas are:</p> <ul style="list-style-type: none"> <li>• Drinking Water Treatment Plants (DWTPs).</li> <li>• Wastewater Purification Plants (WWTPs).</li> <li>• Wastewater Reuse Plants (WWRPs).</li> <li>• Sea Water Desalination Installations (SWDIs).</li> <li>• Water pipeline infrastructures.</li> </ul>	<p><b>aqualia</b> industrial's main objectives are the improvement of water quality, process reliability and to demand a better performance in the plants which work 24 hours a day. For that purpose it provides global solutions: design, implementation and development of "turnkey" processes and installations for all industries and processes. <b>aqualia</b> industrial consists of:</p> <ul style="list-style-type: none"> <li>• Chemipur: operation and maintenance.</li> <li>• Graver: solutions for process water.</li> <li>• Hidrotec: equipment and technology.</li> <li>• Nilo: Solutions for effluent treatment.</li> </ul>
<p><b>aqualia</b> provides effective, innovative and future solutions for the renovation of irrigation systems. Its know-how, resources and management abilities are essential for irrigation activities and translate into a specific solution for the optimal use of resources. SIDGRE, the irrigation management system, is the result of the company's clear orientation towards innovative solutions and irrigation modernization through sustainable development. The SIGRE system makes it possible to consult intelligent cartography and provides access to simulations, historical analyses, thematic maps or infrastructure images.</p>	<p><b>aqualia</b> cooperates with the Public Administration, providing technical assistance and professional teams for consultancy work while guaranteeing an effective use of public resources. The Company has acquired extensive know-how of maintenance and operation of infrastructures. Its experience in all areas related to integral water cycle management helps it to consolidate its position as a contractor, Including: Consultancy with multidisciplinary teams, construction of works and supply of property and equipment, provision of financial resources, maintenance and operation of infrastructures.</p>		

## Sustainable business approach

Water is considered essential for the development of society. High quality water for everyone is essential for people's well-being. Water is a public service which should be managed with responsibility, ethics and according to strict environmental criteria.

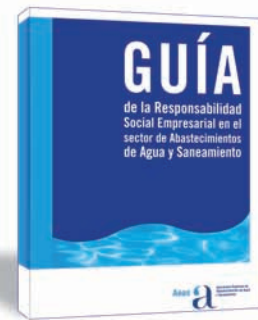
Discussions in the international arena are currently focusing on efficient water management. Firstly, meteorological phenomena –such as droughts and floods- pose serious challenges and risks for the optimal management of infrastructures and create consequences for the provided service. Moreover, there is a demographic pressure on water sources, and treating wastewater is becoming increasingly complex.

**aqualia** understands and accepts its role within the water cycle. It believes that its role is to efficiently manage a scarce resource in such way that it maximizes its value for society. The organisation would like to make corporate social responsibility part of its daily work to continuously improve processes and services.

For this purpose, all of **aqualia**'s employees work in the same direction in order to deliver the best water management services while respecting the water resources available.

**15% of our customers believe the services provided by aqualia are very good or excellent.**

**€ 50.7 million on the maintenance of the supply network.**



### Guide on Corporate Social Responsibility in the Water Supply and Sanitation Sector

**aqualia** has taken part in the creation of this guide, collaborating with AEAS, which aims at becoming a model for other companies in the same sector. This guide describes corporate social responsibility from a theoretical point of view and the specific actions to achieve responsible business management from a practical point of view.

Its main contents answer this question: what is a socially responsible company? This is how the guide introduces the reader into the framework of the historical relationship between water and social responsibility. Subsequently, it describes the type of actions a responsible company can undertake together with its stakeholders. It concludes with an explanation about how to implement socially responsible corporate strategies.

With this guide, AEAS cements its commitment to sustainability when approaching small, medium and big companies in the sector from the awareness of the importance and necessity of implementing a sustainable business management model.

### SUSTAINABLE APPROACH

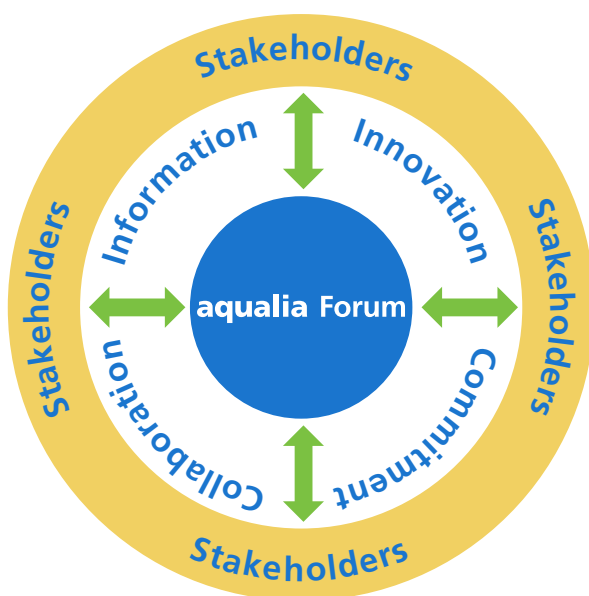
SUSTAINABLE APPROACH		
To provide access to quality supply and sanitation services.	To guarantee environmental respect by efficiently managing resources and protecting biodiversity.	Continuous innovation and development of applied process technologies for more efficient integral water management.
<ul style="list-style-type: none"> <li>• Use of rational water-use criteria.</li> <li>• Encouragement and awareness-raising on responsible water use.</li> <li>• Service delivery improvement and customer service.</li> <li>• Constant monitoring of supplied water quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of advances in technology and process.</li> <li>• Management of environmental impacts.</li> <li>• Implementation of externally certifiable environmental management systems.</li> <li>• Dissemination of effective and environmentally-friendly practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Efficiency and innovation when devising solutions for each of the water cycle stages.</li> <li>• Investment in the improvement of existing infrastructure.</li> <li>• Construction of new infrastructure.</li> <li>• Implementation of advances in water treatment technologies and processes.</li> </ul>

## Liaising with stakeholders

The main objective for **aqualia** with respect to its stakeholders is to create stable and reliable relationships. The points of view of different stakeholders allow the company to introduce new ways of looking at different issues.

Following the trend set in the previous year, **aqualia** has continued to open new systematic opportunities for participation. The main tool in the hands of the organisation is the **aqualia** Forum. The objective of the Forum is to enhance consultation with stakeholders and create an environment conducive to innovation in the value chain by ensuring commitment, cooperation and information sharing.

All relevant people as well as participants are informed of the conclusions drawn from these activities. The organisation's commitment is to be able to follow up the process to adequately address expectations, and simultaneously set clear and measurable objectives that enable further improvement and optimisation of the products and services marketed by **aqualia**.



### Constant and fluent communication with stakeholders enriches the company's understanding of the implications of water on society.

#### The Forum: institutional customers and their relationship with aqualia.

Topics addressed:

- Setting and updating water tariffs.
- Decrease in consumption.
- Debate on public vs. private management.
- Urban water services in time of crisis.

Objectives:

- To strengthen relationships with institutional customers.
- To identify areas for improvement that can lead to improvements in service provision.

Main conclusions:

- Municipalities should deal with the recommendations put forward in the Water Framework Directive.
- The establishment of joint ventures for water management creates synergies with economies of scale.
- It is necessary to correctly draft the terms of contract including a clear description of all required services.
- All the stakeholders should collaborate for better management when setting the most appropriate rates which reflect the real costs.
- To improve communication and awareness-raising on the value of water and how to make responsible use of it.
- Better communication of the different activities related to investment in better infrastructures.



Forum participants "suppliers in **aqualia**'s value chain".

## Objectives 2010

- Participation of end users and environmental journalists in the **aqualia** Forum so that we can continue to be aware of the expectations of all the main stakeholder groups.
- Assessment of this report and the different activities of the company related to corporate social responsibility by an external advisory group created for that purpose.
- Elaboration of a research on the overall stakeholders' satisfaction.

### The Forum: Suppliers in **aqualia**'s value chain.

#### Addressed topics:

- **aqualia**-supplier: assessing the relationship.
- Positive aspects of **aqualia**'s relationship with its suppliers.
- Negative aspects of **aqualia**'s relationship with its suppliers.
- Identification of common areas for innovation.
- Proposals for improvement.
- Strategies during crises.

#### Objectives:

- To strengthen existing relationships with suppliers.
- To identify areas for joint work and to improve activities.

#### Main conclusions:

- There is a need for stronger efforts to align customer-supplier strategies.
- To innovate and find new ways of improving customer-supplier relationships.
- To set up supplier training processes in specific areas.
- To create working groups to research and analyse added value solutions.
- To include Corporate Social Responsibility criteria when assessing, selecting and managing suppliers.
- To improve R&D&i projects on water-related energy.
- To communicate and follow-up actions proposed in **aqualia** Forums.



## Sectoral and professional partnerships -an essential channel

**aqualia** collaborates with sectoral and professional partnerships in order to improve the general understanding, assimilation and promotion of the most recent trends and improvements in the water cycle. Investment from industries within this sector must concentrate on capacity-building and in finding new solutions for increasingly serious water-management issues.

Engaging in different partnerships with different backgrounds contributes to a wider and more complete perspective, since they:

- Improve communication between all parties involved in the entire water cycle, facilitating knowledge exchange on research, training and management of technical, human, legal, administrative and economic issues.
- Develop links with Authorities and Governments in areas such as legislation, regulations and the latest technical developments.
- Help companies to foresee normative changes and progressively adapt to new requirements and promote research and development of new technologies.
- Promote and support the interests of partner companies.

**aqualia** has joined the following partnerships:

- Spanish Association for Water and Sanitation Supplies.
- Spanish Water Reuse and Desalination Association.
- Association of Water Supply and Sanitation of Andalusia.
- Technological Association for Water Treatment.
- Water Services Association of Catalonia.
- Forum PPP Infrastructure.
- Spanish Association Management Companies of Public Water Service to Municipalities.
- IMDEA-Water: Madrid's Institute for Advanced Studies.
- Water Alliance.
- World Committee for Water Rights.
- Water and Sanitation Cooperation Fund Advisory Committee.



## aqualia in 2009

### Agreement with the National Water Company from Saudi Arabia

This agreement includes such aspects as: the training of Saudi Arabian employees in customer service and key aspects of the technical management of water services; **aqualia**'s participation in privatization processes of the Saudi Arabian water purification plants; and cooperation for the development and implementation of new techniques for the management of Saudi Arabia's entire water cycle.

This agreement was signed during the Saudi Water and Power Forum 2009 in Jeddah and it is particularly important for the Spanish company as it gives it access to the exclusive group of companies collaborating with NWC. NWC was created a year ago with the objective of managing the use of water at a national level in Saudi Arabia. It is also responsible for the ambitious privatization project which is taking place in Saudi Arabia with the aim of modernizing all aspects of water management in the country. The most important national companies within this sector, including **aqualia**, are participating in this project. These projects include: the privatization of water treatment plants, the training of Saudi Arabian employees, water management in the most important cities, such as Riyadh, Jeddah, Medina or Damman.

### Restoration of the Lakes of Medina del Campo. 2009 ECOInnova Award

**aqualia** has been awarded the 2009 ECOInnova Award in the categories "Regional Castilla y León" and "Provincial Valladolid" for its project for the restoration of the Lakes of Medina del Campo. The aim of this Project is to improve the Lake's habitat and ecosystem. In order to do that it technically improves the purification plant in the area and carries out awareness raising campaigns to inform citizens about how to correctly eliminate grease and oil from wastewater flowing to the plant. One of the direct outcomes of this environmental project has been a significant increase in the species and numbers of birds, which in turn has boosted the number of visitors from Medina del Campo coming to see the wastewater treatment plant. Moreover, the open days in the facilities have contributed to an appreciable reduction in the amount of oil and grease reaching the plant from the inhabitants of Medina del Campo.

## International



Signature of the agreement with Saudi Arabia's NWC.

## Awards



Pools in Medina del Campo.



Open day in the treatment plant of Medina del Campo.

## The “Trámite Parlamentario” environmental award

In the course of a ceremony chaired by José’ Bono, President of the Lower Chamber, the magazine “Trámite Parlamentario y Municipal” granted the awards for the best political initiatives of the year. In the environmental category, the awards have endorsed a project organising workshops in local schools on sustainable water use, which was implemented by the city council of Segovia in collaboration with and supported by **aqualia**.

More than 400 children in their second year of primary education from 11 schools have participated and attended lessons about the integral water cycle and water management. The objective was to raise awareness about the importance of preserving nature and the environment by explaining in a simple, clear and engaging way the water cycle and why it should be used in a responsible manner. The workshops were complemented with the distribution to each school of two copies of **aqualia**’s interactive game “Water at home”.

The magazine “Trámite Parlamentario y Municipal”, which specialises in information about the parliament, awards prizes every year to the best political initiatives in the European Parliament and the Spanish Lower Chamber, regional parliaments and municipalities. The objective of these awards is to treasure and encourage those initiatives that foster welfare among citizens.

## 1st “Superior Course of Management Development”

During this Course, professors from the Universidad de Nebrija, representatives of external companies and aqualia’s executives have given the students a general picture of business management. The subjects ranged from financial analysis to legal framework and innovation, including time management, effective presentations, marketing, customers and strategic planning. The main objective of this Course is to train innovative professionals with a global business perspective and who are able to innovate within a sector which is very likely to evolve in the short and medium term as a result of the current environment.

This first programme, which will be repeated in the coming years, creates a pool of employees within the company who have a multidisciplinary training and a global approach and who are able to undertake and perform all manner of tasks.

## Awards



Sustainable water use workshops in a school from Segovia.

## Training



Superior Course of Management Development.

## Fifth World Water Forum

The Fifth World Water Forum took place last March in Istanbul. This Forum is organised every three years by the World Water Council in close collaboration with the authorities of the host country. It is the most important event concerning water. Its main objectives are:

- To advance the importance of water in the political agenda.
- To support debates which contribute to solve water related problems in the XXI century.
- To find specific solutions and disseminate them across the world.
- To achieve political commitment.

The Forum represents an opportunity for the water community and its political representatives to share recommendations that guarantee water resources in different regions of the world.

**aqualia** also attended the latest Forum in order to share with all participants its knowledge of climate adaptation from a business perspective, as well as innovations in the water supply sector –as a member of the Spanish Association of Water Supply and Sanitation (AEAS).

## aqualia new europe is born

**aqualia** and the European Bank for Reconstruction and Development (EBRD) have reached an agreement establishing the company “**aqualia** new europe”, which will channel joint investments for water projects in the areas of influence of the Bank, which extends from Central Europe to Western Asia. This includes the joint participation in calls to tender for the management of public water services, concessions for water infrastructure or the takeover of companies in countries such as Poland, Slovakia, Hungary, Ukraine, Russia and Georgia.

The Bank will grant € 80m to **aqualia** with the purpose of participating in calls to tender for public water services management, concessions of water infrastructure or takeovers.

## International



Fifth World Water Forum (Istanbul).



Signing of the agreement for the creation of **aqualia** new europe.

## EOI's Plan 2020

**aqualia** has collaborated with the "Escuela de Organización Industrial" (EOI) in the creation of its Plan 2020. The collaboration was based on mixed workshops to analyse and explore the ideas and programmes put forward.

The Plan is based on three main development strategies:

- To develop and promote a differentiated training and service proposal, focusing on sustainability, technologies, entrepreneurship and business internationalization.
- To reinforce the Digital School with a highly specialized scholarship field, state of the art technical support and the procurement of adequate infrastructures allowing for the intensive use of IT.
- To build a model of sustainable management, proactive when it comes to the strategic priorities of the Ministry of Industry, Tourism and Trade and similar, and based on stable partnerships with a clear international focus.

## Collaboration



# aqualia at the service of its customers

Your trust - our source of inspiration



## We want to go one step further

Relationships based on trust and dialogue with customers are the key aspect when it comes to the growth of a service company such as **aqualia**. Without trust, the company's mission would be much more difficult. This is the reason why companies organise institutional media campaigns, open days, debate forums, and awareness raising initiatives, as well as other public relations events adapted to the specific services provided.

**aqualia's** commitment is to go beyond this and to address contemporary water management through innovation and adaptation of its day-to-day business to achieve sustainable development – the keystone of its strategy. The company continues to make progress by improving its processes and services with the aim of increasing efficiency and competitiveness by allocating more resources for R&D&i.

The company is currently facing significant challenges arising from the market where it conducts business, both at a local and global level. Inadequate environmental, social and economic management, potential risks of water quality, water availability, adequate water resources management and constant increase in demand can have a decisive impact on **aqualia's** reputation.

In order to overcome these challenges, the company is adapting all processes and measuring its impact on the environment and society in order to study how to improve them through service-specific action plans, such as the Strategic Quality Plan.

Indicators have been classified into four main categories in order to conduct effective and adequate monitoring:

- Quality of supplied and treated water.
- Quality of service.
- Technical performance of the network.
- Level of customer service

### Strategic Quality Plan - Objectives

Regular meetings with Quality Committees	Internal audit of facilities
Processes of constant improvement	Introduction of management indicators

**aqualia** helps its customers to manage water in an environmentally friendly manner and commits to reducing leaks and developing a more efficient network.

**Integral water management services in Spain:**

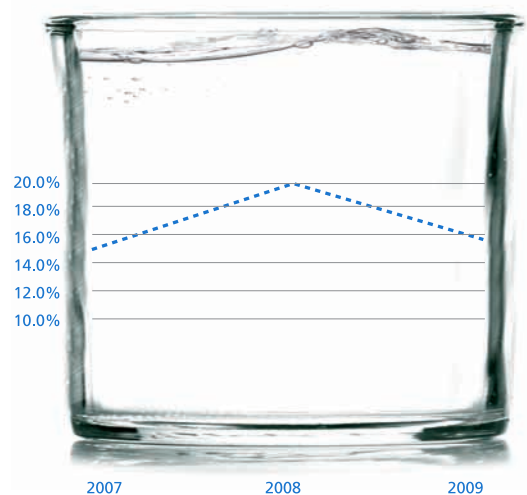
**6,878,763 citizens on the supply side.**

**2,515,001\* customers on the sanitation side.**

**34% market share.**

\*SmVak included.

### Evolution in customer satisfaction Index (Integral water management services in Spain)



Note: Answering "Very Good" or "Excellent".

## Water quality - reflecting our commitment

Given the importance of a sufficient quantity and quality of the water supply, as well as its impact on the population's health and welfare, this activity is highly regulated and supervised.

**aqualia** and all stakeholders involved in supplying water for human consumption must report data on water management to SINAC (National Information on Drinking Water System). The objective is to have a computer based system to monitor sanitary water quality and the infrastructure of supply systems, from water collection to distribution, as well as the laboratories in charge of water quality control.

This initiative comprises a number of working groups, including one created to improve the transparency of information on water quality for final users, which is headed by **aqualia**. Citizens can access public information on quality checks and standards on SINAC's website (<http://sinac.msc.es>) and the sites of those municipalities where **aqualia** operates, available at [www.aqualia.es](http://www.aqualia.es).

The SmVaK website ([www.smvak.cz](http://www.smvak.cz)) shows the basic parameters (updated once a week) of drinking water supplied from the main production centres of the Registered Water Supply Department (PWTPs of Nov. Ves, Vyönì Lhoty, Podhradì).



A new prefiltration system will improve water quality even further in the areas of Sa Carroca, Sant Jordi and Sa Caleta.

**aqualia**, which holds the concession of the management of the entire water cycle in Sant Josep de Sa Talaia, upgraded the desalination plant of Pou de Ses Eres in 2009. The Works consisted in the fitting of a new prefiltration system that will improve water quality.

The fitting of a new prefiltration system will not only improve water quality, but also reduce the length of the shutdown for filter maintenance, resulting in increased production of drinking water.

### aqualia LAB

4 ISO 17025 certified laboratories and one in the process certification.

Water testing laboratories perform a key role in ensuring and fulfilling all requirements set by existing laws. Consequently, **aqualia** has ensured they are equipped with the latest technology and staffed with highly qualified personnel, as well as all checks that guarantee they are environmentally friendly.

#### SPAIN DATA:

4,019 sampling points.  
45% related to the distribution network.  
572,395 analytical tests.  
33% related to the distribution network.  
2,481 non-compliances.  
99.6% positive results.

147 DWTPs managed.  
1,777 storage tanks managed.  
20,477 km of networks managed according to SINAC.

Data related to supply-water quality	2007	2008	2009*
Total volume of drinking water produced (m <sup>3</sup> )	387,595,107	385,134,715	656,152,667
Number of tests	450,338	505,194	597,314
# of Failed tests	3,535	3,494	2,517
% of non compliance	0.78%	0.69%	0.42%

\* Reach extended to SmVaK

## Security in the supply

Supplying water to certain areas is becoming increasingly difficult and this has given rise to new debates, showing the importance of the economic value of water, notwithstanding its extraordinary environmental, social and cultural value. The unequal distribution of drinking water and the difficulty to properly purify it are just some of the main challenges water management companies face.

**aqualia's** approach is determined by the guidelines set in the Water Framework Directive, where water is considered less a resource and more a basic element of the water system, essential to maintaining optimal environmental quality.

Therefore, **aqualia** promotes the rational, effective and sustainable exploitation of resources with the aim of achieving the sustainability of water resources and guaranteeing long-term supply.

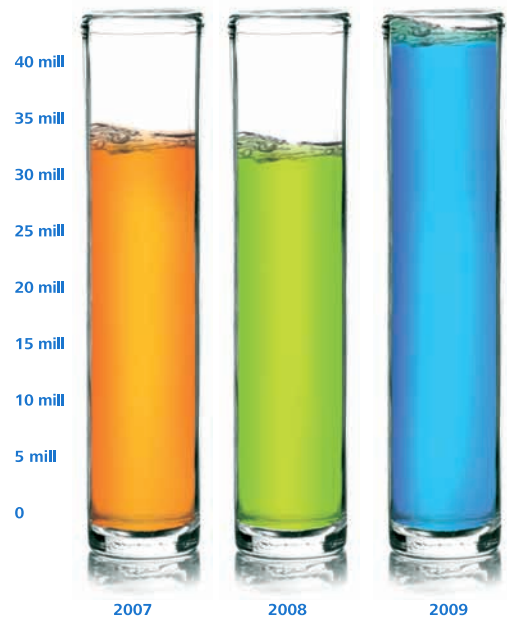
Since 2006, **aqualia** has invested over 100 million Euros in infrastructure updates and maintenance. Compared to 2008, it has increased its investment by 48%, reaching 50.7 million Euros. These investments are focused on the optimization of water supply, achieving a more effective and responsible use of water, reducing losses and lessening the risks of faults or breakdowns in the transporting infrastructure.

**aqualia's** program for sustainable development tries to adapt business management to the market requirements and trends.

In order to fulfil these goals, the company has developed a methodology based on an individualised study of each area. This working method covers the campaigns and actions to be implemented and the expected outcomes, as well as the direct costs and benefits of the Program and the effects, both positive and negative, it might have on the financial/economic balance of the service.

**aqualia's** program for sustainable development PROaqua tries to adapt business management to market requirements and trends.

Maintenance cost (€)



FRAMEWORK			
	Optimising the use of water for urban consumption	Maintaining the quality and regularity of the supply	Fulfilling emerging needs
	Transparency of the information provided to people	Contributing to sustainability	Reducing environmental impacts
OBJECTIVE	Improving the conditions under which the service is provided	Financial/economic balance of the service	Minimising the total cost for the public
PROGRAMMES	Infrastructure programs		
	Saving programs		
	Efficiency programs		
	Substitution programs		
	Management programs		
	Communication programs		
Economic-financial programs			

## Desalination

In recent years, desalination has become one of the most popular alternatives to supply problems. Desalination of sea water is an important method of obtaining drinking water, particularly in those areas where there is a significant lack of water.

Through the companies in the group, **aqualia** builds and operates desalination plants (7 are currently in operation and 4 more are under construction, 2 of them in Algeria) with an overall capacity of 456,091 m<sup>3</sup>/day.

This method of obtaining drinking water is important and has a future; however it also includes several environmental risks or impacts, since from one litre of water only half can be desalinated.

The effects of brine on marine fauna and flora where the water is returned to the sea can be significant. Therefore, **aqualia** is working to reduce this impact as much as possible and it is also carrying out research on the sensitivities of local marine life.

The company is producing research in order to identify, classify and evaluate the impact of desalination plants in the physical, biotical and socio-economic environment. This will provide it with useful information in order to reduce as much as possible the negative impacts associated with desalination. Once the impacts have been identified, the necessary protection measures will be established, as well as the follow up processes.



Desalination plant in Santa Eulalia (Ibiza).

**7 desalination plants in operation, and 4 plants under construction.**

**Overall capacity 456,091 m<sup>3</sup>/day.**

**Plants in Spain and Algeria.**

**1.3% of produced water comes from desalination plants.**

### World Congress on Desalination and Water Reuse.

*Under the theme "Desalination for a Better World" this convention, which took place in Dubai, attracted over 1,800 professionals.*

Its theme "Desalination for a Better World" is a clear example of the importance given to desalination processes for satisfying the world's increasing demand for drinking water.

Experts from all over the world came together to find answers to the questions posed by the global scarcity of this resource and to identify possible solutions, such as using desalinated water as a source of drinking water or finding new uses for recycled water. Moreover, discussions have been held on the environmental impact and energy demands of desalination and reuse; new technologies in this area; and, most importantly, the importance of these techniques in order to guarantee the future supply for the world's population.

As part of its expansion strategy, **aqualia** attended this convention, with the aim of exchanging and learning best practices on the management of desalination processes and their environmental impacts.



World Congress on Desalination and Water Reuse (Dubai).

## MAIN MANAGEMENT INDICATORS (Production and distribution of water)

Captured/purchased water (m <sup>3</sup> )	2007	2008	2009*
Gross captured water for purification	617,703,313	609,847,774	682,844,322
Gross water purchased for purification	167,847,424	135,813,401	246,193,783
Mains drinking water purchased (for distribution)	220,314,291	202,432,171	199,058,062
<b>Total</b>	<b>1,005,865,028</b>	<b>948,093,346</b>	<b>1,128,096,168</b>

\* SmVak included

Management indicators	2007	2008	2009*
# of people served supplied	6,052,449	6,045,793	6,878,763
Total volume of drinking water produced (m <sup>3</sup> )	560,211,099	559,262,697	656,152,667
m <sup>3</sup> / person	92.6	92.5	95.4
Length of the supply network (km.)	28,832	29,696	34,979
Drinking water production capacity (m <sup>3</sup> /day)	3,762,531	4,821,942	4,593,160
Number of Drinking Water Treatment Plants (DWTP)	148	159	176
Number of Drinking Water Treatment Plants (DWTP)	547	587	825
Number of drinking water deposits	2,032	2,003	2,482
Number of Seawater Desalination Installations (SWDI)	6	6	7

\* SmVak included

Quality of the drinking water	2007	2008	2009*
Number of tests during production	389,058	384,119	597,314
Number non-complying tests during production	3,535	3,494	2,517
Percentage of non-compliance	0.91%	0.91%	0.42%
Number of tests to distributed drinking water	382,205	413,760	474,647
Number of non-complying tests of distributed drinking water	3,319	3,183	4,408
Percentage of non-compliance	0.87%	0.77%	0.93%

\* SmVak included



## Customer satisfaction

### Quality of service and transparency

**aqualia**'s main strategy is to provide a high quality service, tailored to each user's needs and at an optimal price. **aqualia** has always sought its own niche, consolidating its market position thanks to an active customer service policy based on excellence and the implementation of genuine initiatives in the sector. In order to better serve and accommodate their needs, four different target-users have been identified. The best way to understand and fulfil our users' needs involves establishing channels for communication and dialogue.

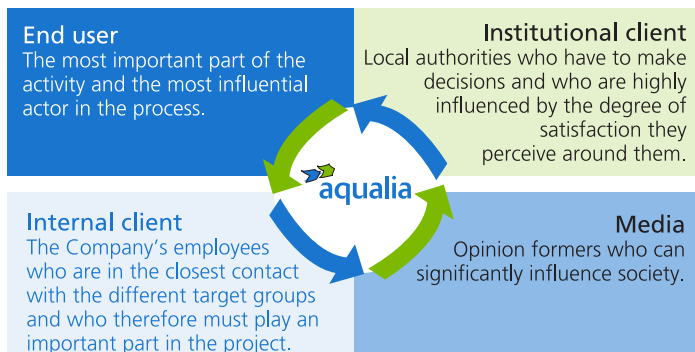
In order to do that the company has set up the **aqualia** Forum, where different stakeholder groups can have their voices heard and collaborate with the company to uncover new opportunities for improvement. Furthermore, **aqualia** has a virtual office for its users, **aqualiaOnline** -a point of contact where every requirement they have can be dealt with at any moment wherever the client is based, together with **aqualiaContact**, a tool which measures the customer satisfaction level of **aqualia**'s customers.

One of the factors measured in satisfaction surveys in Spain relates to the quality of service during the maintenance works **aqualia** performs to improve the network. The different aspects taken into account are:

- notice periods for supply disruptions,
- works duration,
- maintenance staff,
- street conditions once the works are over, and
- water quality after the works.

7% of surveyed users believe the company's performance has been very good or excellent when improving the existing network.

Additionally, we have assessed the user's awareness of **aqualia**'s cultural, educational, social and environmentally-friendly activities, as well as those to promote responsible consumption. 66% of surveyed users think the implemented activities were good, very good or excellent; however, we still have to improve our reach, as 56% of the citizens are unaware of the existence of these activities.



In **aqualia**, our relationship with our customers is based on transparency, quality of service and proximity.

## aqualiaOnline

**aqualiaOnline** is **aqualia**'s virtual community. Included within the framework of activities to bring our customer service forward and offer an excellent service wherever our clients are. Wherever they are, users can access a diverse range of options related to water supply services. Services offered by this portal include requests for a new supply, invoice settlement, access to the user's information held by us, a de-registration request, access to metering information or the possibility to submit complaints and suggestions.

**569% increase in online billing.**

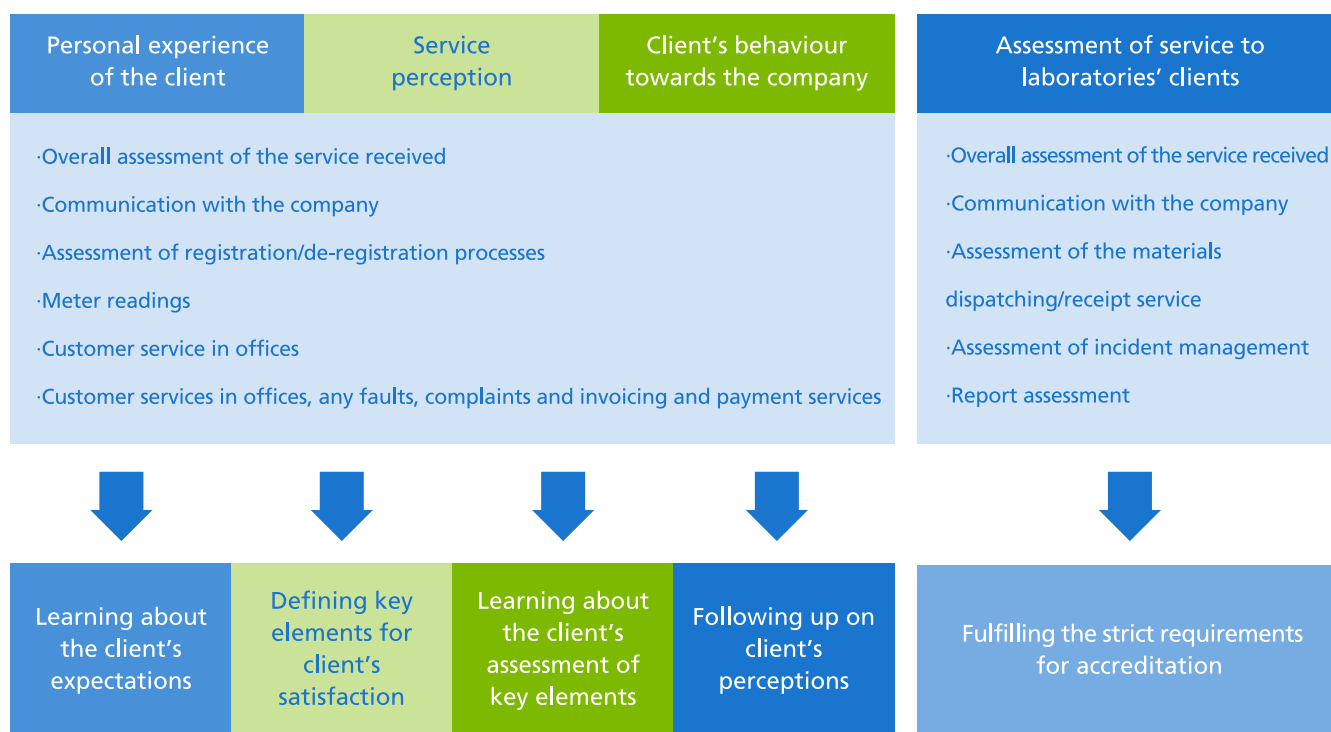
**10,583 contacts, mostly:**

- **Data modification.**
- **Meter reading.**
- **Questions and suggestions.**
- **Online billing.**
- **Online payment.**
- **Billing and payment claims.**



Institutional Client Forum (June 2009).

## Satisfaction survey (Integral water management in Spain)



## Degree of satisfaction with aqualiaLAB's services

	2007	2009
Ease of contacting the staff of aqualiaLAB	8.83%	8.65%
Information received	8.42%	8.53%
Service provided	8.61%	8.53%
Solutions provided	8.15%	8.22%
Overall assessment	8.57%	8.49%

During 2008 we did not carry out a satisfaction survey.

## Level of satisfaction with aqualia's services

With excellent or very good results	2007	2008	2009
Overall assessment	15.4%	18.8%	15.0%
Communication	14.3%	15.3%	3.2%
Service registration/de-registration	22.1%	19.4%	20.0%
Meter reading	15.2%	11.9%	10.2%
Faults service	6.5%	7.1%	6.6%
Billing and invoicing	14.7%	10.2%	9.5%
Online management*	-	-	26.2%

Satisfaction levels reflected in the table are used for management purposes throughout the indicated year and correspond to the satisfaction level given to aqualia's services during the previous year.

\* Included for the first time in 2009.

## New tools -better service

**aqualia** is always looking out for new solutions that will result in increased and better services. The implementation of the electronic invoice is a new product joining the services offered by **aqualiaContact** and **aqualiaOnline**.

The service is totally free, safe and environmentally friendly. The e-invoice allows invoicing through e-mail, hence reducing the impact of paper consumption. It is also fast and easy. Moreover, the electronic invoice is an advantage for customers: more security, promptness and certainty in delivery and receipt of invoices. Furthermore, since the original documents are always available, there will be higher confidentiality, simplicity filing and checking and guaranteed accessibility.

## Responsible consumption

**aqualia** is aware of the importance of promoting responsible water use among its users. They are the most important element when it comes to the effective and intelligent use of water because society and the activities it carries out can have a larger impact on the preservation of water and its quality. **aqualia**'s priority is to promote responsibility in its customers' water consumption.

For that reason, it is constantly trying to renew its reading and metering systems so that users can effectively manage their own consumption.

**aqualia**'s strategy to promote responsible consumption among its clients is focused on three specific areas: (i) disseminating recommendations related to water saving and responsible consumption via its website, (ii) taking advantage of invoices in order to inform clients about their consumption habits, and (iii) renovating the supply network with innovative control systems aimed at increasing consumption management.

## aqualiaOnline



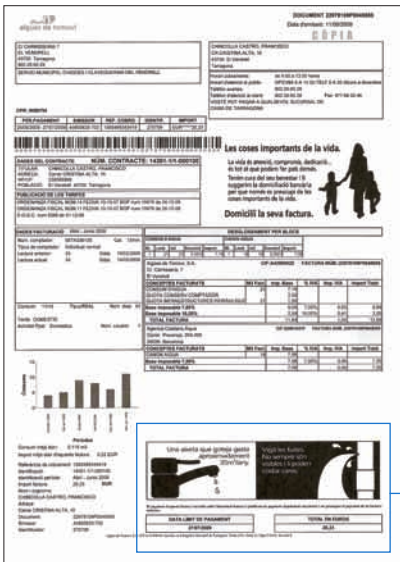
**438 operations where the e-invoice has been implemented.**

**43,377 clients receive e-invoices.**

**€ 50.7 million to maintain the supply network.**

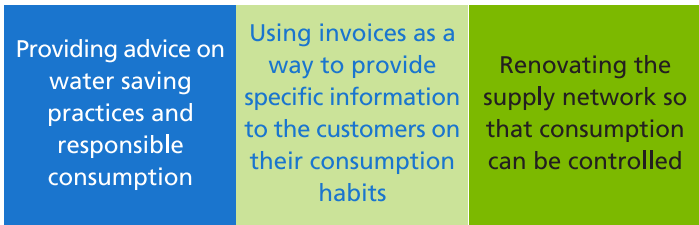


Responsible consumption recommendations at [www.aqualia.es](http://www.aqualia.es).



Advice concerning consumption best-practices on the invoice.

**aqualia framework for action**



**Strategic lines of work**

- Performing studies on stakeholder’s overall satisfaction.
- Obtaining key indicators and creating satisfaction questionnaires.
- Adding more functions to the customer website and extending it to the rest of the activities.
- Promote consultation among stakeholder groups, including all relevant areas of the company.
- Implementing an integrated control panel for client management.
- Plan for the implementation of integrated remote reading in the most important contracts.

**aqualia and the town council of Almeria have implemented a new remote control system for its Municipal Water Service in the city.**

*With over 3 million euro invested, this system exhaustively controls the monitoring of the infrastructure performance.*

In order to work, several electronic systems must be installed. These systems monitor the facilities and provide immediate information about the performance of the basic infrastructure of the water system (in terms of quality and quantity) using a remote GPRS signal. All data sent by the installed receptors are captured by the management centre.

This modern technology brings along several benefits, namely the exhaustive control of the water production, distribution, sanitation and purification systems. This will contribute to a higher effectiveness, helping to quickly detect all anomalies in the system and reducing their potential damage.

This optimizes the entire management of the water cycle, as there is broader and better information about the facilities’ condition. As a consequence, **aqualia’s** professionals are better organised and act faster whenever they have to face any event, which means that leaks are avoided and response times are shortened.

This all can be summarised as an optimization of water resources and a better use of available water, allowing total control of the distributed water and the water losses in the water network and deposits. This remote control not only promotes environmental preservation but as also provides assurance of the quality of the water supplied as it instantly detects the presence of wastewater and hazardous material and alerts to the presence of drinking water and wastewater leaks.

Our people, our biggest commitment

Believing in you



## You are our biggest asset

The organisation is aware that it has achieved its reputation and position thanks to the talent and commitment of these people, who have dedicated and continue dedicating themselves to the common endeavour of contributing to the development of a responsible and long-term sustainable business model.

Our People management follows the guidelines of the FCC Group, whose Corporate Social Responsibility Master Plan 2009-2010 has made employee care one of its core principles.

The objectives and policies which come from the Plan are:

- Talent management to ensure career development.
- Diversity and equality, encouragement of equality plans and improvement of working conditions.
- Communication, promoting employee participation and motivation.
- Work-life balance.
- Health and safety at work, with the specific goal of a zero accident rate.
- Internationalization.

**Its people are the engine that drives aqualia; its main asset.**



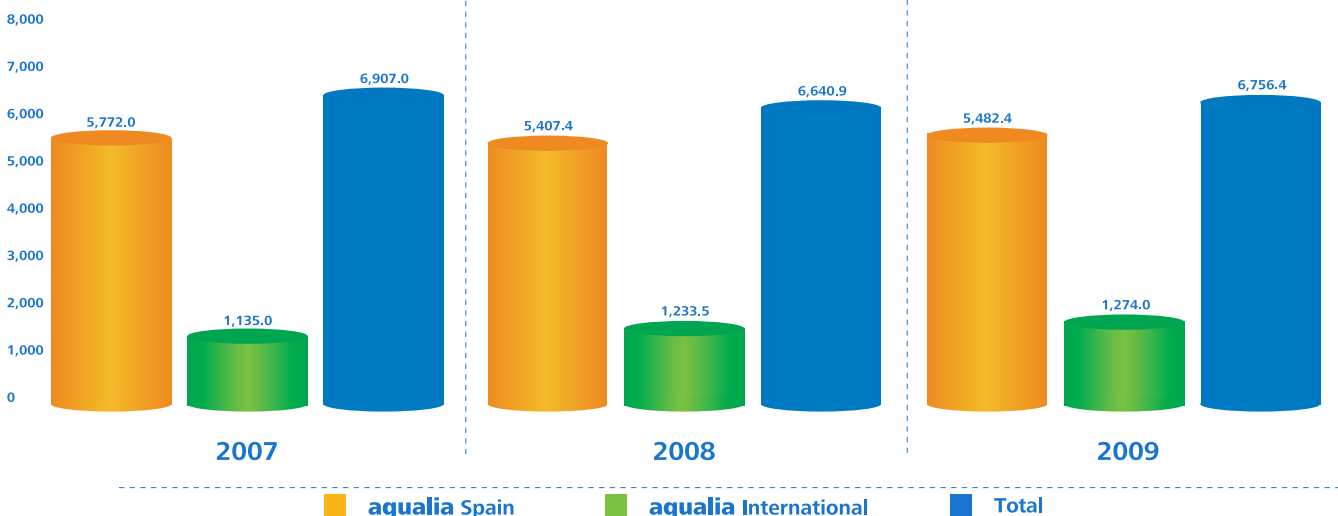
Employees of **aqualia**.

	2007**		2008**		2009**	
	Total	Women*	Total	Women	Total	Women
<b>aqualia Spain</b>	5,772.0	-	5,407.4	1,080.5	5,482.4	1,104.6
<b>aqualia International</b>	1,135.0	-	1,233.5	336.5	1,274.0	332.5
<b>Total</b>	<b>6,907.0</b>	-	<b>6,640.9</b>	<b>1,417.0</b>	<b>6,756.4</b>	<b>1,437.1</b>

\*Data not available.

\*\* Decimal numbers represent consolidated employees in companies where **aqualia** has a share.

### Number of employees



## Skills Management in aqualia España

Career development and the ability of the company to attract and maintain people's skills are key areas where the company and the FCC Group are hoping to make the most progress. **aqualia's** human resources policy focuses on developing the career of its employees.

**aqualia** believes that continual training plays an essential role, as it helps the organisation create a highly qualified work force, endowed with the required technical knowledge and skills which are crucial to obtaining the appropriate level of achievement of its business objectives.

Therefore, the company's development plans help employees to develop and prosper within the company.

These development plans include four types of training, which depend on the employee's profile, and eleven different training areas to address the employee's needs.

Despite the current economic situation, **aqualia** has made all possible efforts not to cut the training budget. This means that expenditures per trainee remain at the same level as in 2008, though as expected, tighter internal budget control means that the total number of trainees has decreased (-19%), as well as the number of training courses (-13%).



Management training programme.

**24,480 hours of training.**

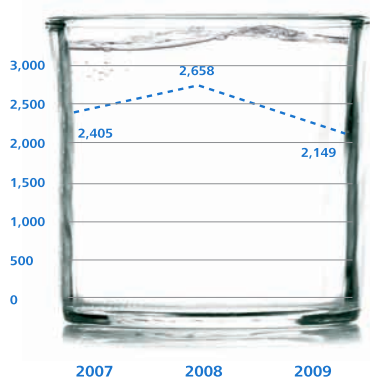
**2,149 trained employees.**

**206 courses completed.**

**€ 261,941 invested.**

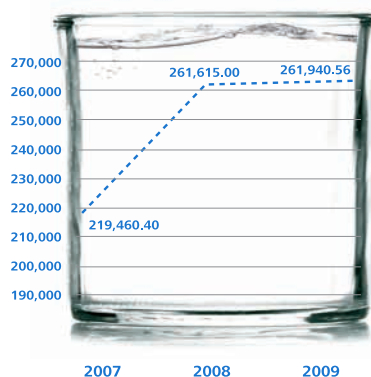
Types of training		Training areas
Welcome training	Management training programme	Management
Basic training		Administration
Retraining		Quality
Executive training		Customer
		Law
		Marketing
		Prevention
		Technical
		Corporate Social Responsibility
		Sport centres management
		IT

## Total trainees



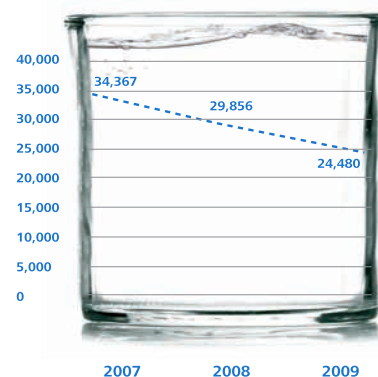
----- Total trainees

## Total budget (€)



----- Total budget (€)

## Hours of training (h)



----- Hours of training imparted (h)

## Actions per training area 2009

	Actions approved	Actions performed	Fulfilment
Quality	5	5	100.0%
Customers	4	4	100.0%
Marketing	3	3	100.0%
Prevention	8	8	100.0%
Technical	15	14	93.3%
Management Skills	3	3	100.0%
Certified Laboratories	13	9	69.2%
Sport center management	0	0	0.0%
Equality	1	0	0.0%

## Training trends

	2007	2008	2009
Total trainees	2,405	2,658	2,149
Number of training sessions	215	238	206
Total budget (€)	219,460.40	261,615.00	261,940.56
Executed budget (€)	261,669.55	278,103.00	235,843.94
Social security bonuses (€)	171,186.13	243,169.20	165,843.08
Rate bonus/executed budget (€)	65.4%	87.4%	70.3%
Executed budget per trainee (€)	108.80	104.63	109.75
Executed budget per employee (€)	55.29	58.76	49.83
Hours of training imparted (h)	34,367	29,856	24,480

## Diversity and equality

Equality and diversity are broad terms for **aqualia**, which include respect, equal opportunities and non-discrimination. The company is positive that diversity and equality create innovation and it wants to translate this into an enriching working environment that promotes multiple approaches. The FCC Group actively promotes equal opportunities in the hiring process as part of its human resources policy. Consequently, all internal and external applicants are assessed on the basis of their qualifications, skills and aptitude.



**aqualia**'s General Manager, Fernando Moreno, in the signing of the first Equality Plan in the Water sector.

### **aqualia, CC.OO. and UGT sign the first Equality Plan in the water sector.**

The Equality Plan, debated and agreed with the major trade unions at a country level, consists of an "ordered set of steps that will effectively and clearly achieve equal treatment and opportunities for women and men at a global level, the level for which the plan has been designed. It will also eradicate any trace of gender discrimination".

**aqualia**'s General Manager, Fernando Moreno García, signed on behalf of the company. The Plan has been signed by representatives from the trade unions at the highest level. Both the National Directors for women and equality, as well as both Secretary Generals.

Through this convention **aqualia** would like to contribute to raising awareness about the individual rights of all people within the organisation, protecting and empowering them. **aqualia** especially aims to protect people's dignity within the company, setting healthy behaviour guidelines and eradicating all behaviours that illicitly invade personal privacy or encroach upon people's dignity

**6,756 employees.**

**21.3% women.**

### Specific Strategic Actions on Equality and Diversity

Equality		Diversity	
To increase the number of women in the company and senior positions.	To introduce exclusion principles for all measures which are detrimental to the reconciliation of family and professional life.	To increase integration among minority groups.	To facilitate change towards a culture open to minorities.
To promote the protection and mainstreaming of gender equality among men and women.	To guarantee equal opportunities for men and women to access training.	Recruitment programmes for disable people.	To identify and explore the wealth in talent and creativity resulting from diversity.
To prevent discrimination on grounds of gender.			

## Communication

The relationship between **aqualia** and its employees is one of the key principles which sustains the company's concept of corporate social responsibility. Internal communication tools are an important instrument for achieving cultural cohesion when facing the company's expansion process.

The company's intranet is a digital tool for exchanging information, and it creates a meeting point for everyone in **aqualia**. It is a tool for disseminating the company's values and internal policy, as well as an open communication channel between the company and its employees. **aqualia**'s intranet is already up and running in Spain, Italy and the Czech Republic.

It is a portal for the exclusive use of employees and it contains daily updates as well as management documents, handbooks and guidelines, activities, a knowledge manager and internal debate forums.

The company's intranet is a tool that enhances the relationships among employees.

524 press releases in 2009.

150 news flashes for employees.

76 press conferences via different media.

97,034 intranet visits.

## Work-life Balance

The company endeavours to make available a number of initiatives and programmes that improve flexibility and allow each employee to choose those that better reinforce the work-life balance. The activities include:

- Multiple work opportunities within the organisation.
- Support for each individual's needs.
- Assessment of professional interest and preferences when allocating projects.



aqualia's website.



News flash.

## Health and safety at work

For companies like **aqualia**, one of the main priorities is to continuously improve health and safety at work.

The company concentrates on the continuous improvement of the working environment and the effective mainstreaming of Occupational Risk Prevention programs. **aqualia** has a specific health and safety policy as well as its own accident prevention department, consistent with the general objectives of the FCC Group. This policy applies to all employees in addition to the activities undertaken with business partners and transitory business alliances.



### Communication campaign for the prevention of accidents at work.

The Occupational Risk Prevention department has devised a communication campaign to encourage a positive attitude towards accident prevention among employees.

The objective is to reduce accidents by 30% in the period 2009-2011 through three specific operational targets:

- To increase the visibility of the occupational risks department using signs in the prevention area.
- To raise awareness through persuasion, making employees internalize the importance of prevention at work.
- To implement channels for internal communication.

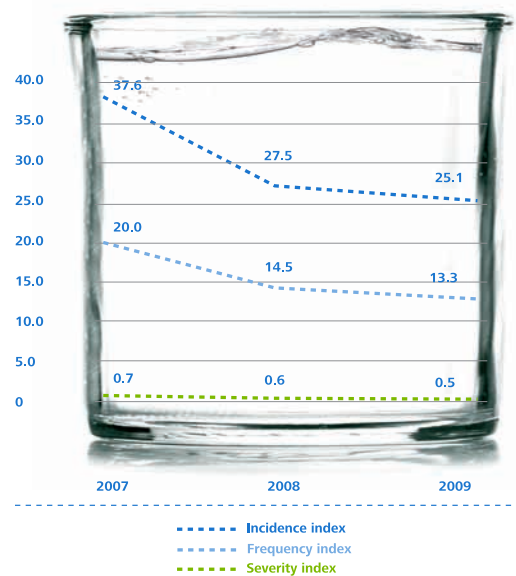
**273 specific training actions.**

**817.5 hours of training.**

**21 Health and safety committees.**

**2,352 represented workers.**

### Trends in accident rates



Poster of the communication campaign.

## Internationalization

Both **aqualia** and the FCC Group have undergone extraordinary international growth over the last few years.

The company is aware that it possesses an excellent team of professionals who are interested in enhancing their careers by taking part in international projects. Simultaneously, **aqualia** is making a steady effort to promote the international profile of these professionals.

As a consequence, the company has set up a project called "International Mobility", available on the intranet, where all employees can participate in and find all relevant information. This project will detect those candidates with the required profile and potential to perform activities abroad.

## Strategic working lines

- To continue with the implementation of an integrated information system to manage human resources both at national and international level.
- To reinforce motivation and commitment of key employees within the organisation.
- To increase the sense of belonging to **aqualia** at the international level.
- To conduct regular opinion polls among employees, in order to improve satisfaction and motivation.
- To manage knowledge in order to increase, share and disseminate current knowledge and specialization.
- To properly structure and channel worker management at the international level.
- To implement training management software.
- Action Plan for recruiting disabled people in line with FCC Group's CSR policy.

**12 workers posted abroad through the programme.**

**67 applications for international mobility.**

**12 countries where **aqualia** has employees.**

# Our commitment to water

Quality in every drop



## Fully committed to the strictest quality control

**aqualia**'s social objective is to obtain and prepare water for human consumption under strict quality controls; distributing it and subsequently treating that water, in order to return the appropriate quantity and quality of water to the natural environment; during these processes we guarantee the efficient and sustainable use of all resources and materials. All these processes are implemented within a common framework of ethics and transparency.

**aqualia** is aware that procurement contracts for water management are subject to intense public scrutiny. For that reason, it has the necessary tools and controls to guarantee that it carries out business in compliance with these criteria.



**1,191,451 water quality controls.**

**34,979 km of supply network managed.**

**16,252 km of sanitation network managed.**

**13.8 m<sup>3</sup>/km/day losses in the supply network.**

## Management of responsible and sustainable tariffs

One of the challenges society has to face is the sustainable management of water and one of the elements to guarantee that sustainability must be rate setting.

In order to provide an optimal service and to raise awareness on the responsible use of water, we must consider the real costs of the service.

**aqualia** promotes a pricing structure whereby all related social and environmental costs are taken into account as a way of promoting the responsible use of water and to decouple pricing from any political cycle, as set out in the Water Framework Directive.

In its invoices, the company describes the services it provides in great detail, including information on the costs of the service. These invoices include three different fees: (i) a service fee, (ii) a consumption fee and (iii) an investment fee. Infrastructure maintenance costs and investments are included in the latter.

**aqualia promotes a pricing structure where all related social and environmental costs are taken into account.**

The screenshot shows the 'aqualia' website interface. At the top, there are language options: Castellano, Galego, Català, and English. Below that is a search bar with the text 'Buscador' and a 'Buscar' button. The main content area is titled 'aqualia Explicación de la factura' and includes a sub-header '¿QUÉ PAGA UN CLIENTE EN SU FACTURA?'. The text explains the different components of the water bill, such as 'El conjunto de procesos y recursos (captación del agua en el medio ambiente, su transformación en agua potable, la distribución a su domicilio y su devolución a la naturaleza) que hacen posible que usted disponga de agua de calidad, comprenden toda una serie de factores que aparecen reflejados en la factura a través de sus distintos conceptos (agua, depuración, canon de mezcla, saneamiento y labora)'. It also lists '¿Qué paga un cliente en su factura?' and 'Mucho más que un producto, un servicio.' and 'La factura que cada cliente recibe consta de tres cuotas:'. The page includes a video player with a water tap icon and a 'Reproducir animación' button. At the bottom, there is a footer with 'Centros Deportivos' and a logo.

Invoice explanation.

**aqualia** will maintain its efforts to improve the quality of supplied and purified water and will put in place an ambitious plan for infrastructure upgrading in order to optimise available resources and minimise network leaks.

**aqualia**'s main objective is to reflect real costs in its invoices and to use those invoices to promote a responsible use of water resources and to maintain an optimal investment level, guaranteeing a high quality service.

## Management of the supply and sanitation networks

**aqualia** is characterised by its soundness, know-how and broad presence, as well as its capacity to operate throughout the entire water cycle. Companies such as **aqualia** constitute the best guarantee for the effective and timely solution of every possible incident. Advanced control systems and substantial investments are needed in order to manage and maintain the optimal conditions of the extensive pipeline networks and water infrastructures.

Supply networks are essential to provide enough water of optimal quality. For that purpose, the company has an annual budget for the renovation of infrastructures (deposits, networks, connections, meters...) so that the optimal quality and quantity of water is guaranteed. It also has a computerised system (**aqualiaGIS**) where all data related to supply networks can be easily found. Moreover, the company includes a leak detecting program in its contracts, contributing to the intelligent, effective and sustainable use of water.

As a result of that, maintenance works are unavoidable as they are part of the continued effort to renew and maintain the infrastructure. **aqualia** actively manages these works in order to minimise disruptions in the supply and the inconvenience caused by works on public roads.

**aqualia** also carries out maintenance works of sanitation networks. **aqualia**'s employees possess extensive experience and know-how allowing them to design and build the necessary infrastructures and manage wastewater. **aqualia**, in turn, can produce significant technological advances which have a positive impact on the effectiveness of the management and the quality of the treated water.

### Social rates.

In some of the municipalities where **aqualia** operates, pricing structures have been developed which respond to the needs of specific sectors of the population: non-profit organizations, large families or people with limited financial resources. Together with the municipalities, **aqualia** tries to provide a service for everyone, offering people a fundamental service no matter what their economic situation is.

### 119,490 tests of the sanitation network.



With an investment of €11.8 million, the company monitors and manages 16,253 km of sanitation networks, guaranteeing their optimal maintenance. As part of this monitoring process, the company carries out several tests to establish the quality of the treated water.

	2008	2009
<b>Infrastructure maintenance (€)</b>	53,493,109	62,485,118
<b>Incidences in the supply network (nº/km)</b>	1.41	1.67
<b>Incidences in the sanitation network (nº/km)</b>	2.28	2.14
<b>Losses in the supply network (m³/km/day)</b>	19.6	13.8
<b>Linear metres cleaned in the sanitation network (Lm)</b>	4,267,282	4,422,562
<b>Percentage of network cleaned (%)</b>	26.2%	27.2%
<b>Clients' complaints (#)</b>	13,241	11,780
<b>Customer satisfaction in Spain (%)</b>	18.8	15.0

**Campaign for effective water management in Valdepeñas.**  
*Thanks to intelligent consumption on the part of the stakeholders and the improvements to the water infrastructure -consumption has reduced by over 2 million litres a day.*

The Plan for the effective management of water demand in Valdepeñas is composed of several aligned sectoral programs ("programs enabling commitments") which aim at the same objective –optimising the resource.

First of all, 14 projects have been implemented within the infrastructure program, with an investment of over 75 million euro which will result in a 10-year supply in water reserves. Moreover, the Plan has also included an awareness-raising program, including a rate policy which has promoted the responsible use of water, penalising excessive consumption. Finally, as part of the effectiveness program, this last year municipal consumption has reduced by over 30%, thanks to the optimisation of water consumption in public parks, street washing and sports facilities.

Thanks to intelligent consumption by all the stakeholders and the improvements to the water infrastructures, consumption has reduced by over 2 million litres a day. In Valdepeñas, the sustainable use of water resources, economic growth and future progress are a reality.



Explanatory leaflet.



Valdepeñas' campaign press conference.

## Research and development - improving the future

The management of innovation in **aqualia** is developed as put forward in its Master Plan -through responsible innovation. In this sense, the company will be at the forefront of actions which foster technological innovation and process optimisation, including all other relevant corporate functions.

Therefore, **aqualia**'s corporate management will promote R&D&i as a strategic and competitive factor. Compared to 2008, the company has continued increasing the budget allocated to R&D&i in the operations department by 6%, demonstrating its commitment. The company, however, is not walking this path alone. A significant number of projects are developed in collaboration with universities such as: Universidad de Santiago de Compostela, Universidad de Vigo, Universidad de Cantabria, Universidad de Almería, Universidad de Murcia, Universidad de Salamanca, Universidad de Valladolid y la Universidad de Extremadura

**aqualia** is currently in the process of implementing a research and development business model. Its main working areas are:

- **Improving the quality of processes** – Especially desalinization, reuse of effluents and sludge, supplied water, and detection elements; monitoring and data transmission devices.
- **Sustainability** – Working on reducing energy costs, use of water treatment sludge and alternative treatments.
- **Integrated management** – which has the optimization of management systems as its main target.

In order to manage all activities in a more efficient way we have created a working group with the following responsibilities: Evaluating programs for technological innovation and developing recommendations in key areas, engaging in the annual policy review and strategic planning of the Management System, contributing to the dissemination of information as well technology transfer and monitoring. The working group will draft a recommendation for each of the projects, where it will assess the project and its alignment with the objectives and strategic plan, as well as its importance when compared to other proposals.

The public elements of each of the drafts will be then made available for consultation by all the employees of the organization via our internal portal.

**6% more investment in operation when compared to 2008.**

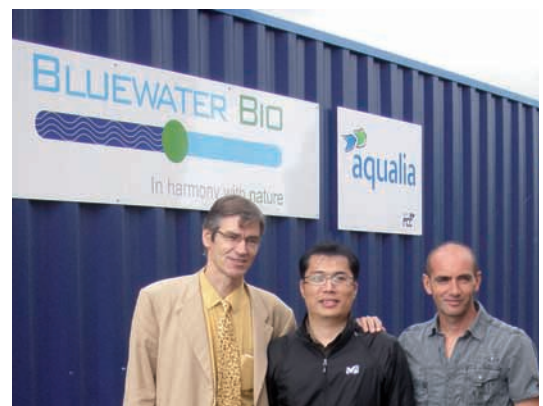
**14 implemented projects.**

### Hybacs is **aqualia**'s new project for R&D&i in Ávila.

*Developing a new and advanced purification system for wastewater which can be used in environmental sensitive areas and which clearly improves the quality of returned water.*

The pilot plant in Ávila is the first one opened in Spain and it is expected to serve as a flagship for the future use of this system in other plants. This technology is based on a high concentration of bacillus (that's where its name, "Hybacs", comes from). During the purification process, it eliminates nitrogen and phosphor. This is a new requirement for environmentally sensitive areas in Spain. It helps to prevent algae growth in slow-flowing estuaries, lakes and rivers, having a directly positive impact on the quality of water. The system occupies a smaller area, when compared to common purification plants, allowing the reduction of energy costs by up to 30%.

The Spanish Ministry of the Environment and Rural and Marine Affairs has backed **aqualia infraestructuras**' Hybacs project with more than € 80,000 subsidy. The project is being implemented thanks to the faculty of pharmacy of the University of Salamanca.



Members of the team responsible for the Hybacs project .

## Implemented or future R&D&i projects

Development of new technologies for industrial water treatment.

The project consists of several research lines:

- Developing purification technologies with low operational costs (sequential biological reactor).
- Advanced oxidation process -treatment of toxic water with difficult biodegradability.
- Zero leaks or effluents through membranes - development of technologies for the total reuse of water within the industry.

MBBR: Nutrient removal technology by means of bacteria fixed to mobile carriers.

Development of new bioreactors, adapting existing WWTPs to new quality requirements in order to reduce maintenance investments and operational costs. Implementation in Avila's pilot plant of the WWTP.

Sustainable valorisation of sludge and energy production.

The project seeks the optimization of the anaerobic digestion of sludge from purification so as to obtain disinfected waste and maximize the production of biogas from sludge.

MBR: Research and development of high-load membrane bioreactors for water purification and reutilization.

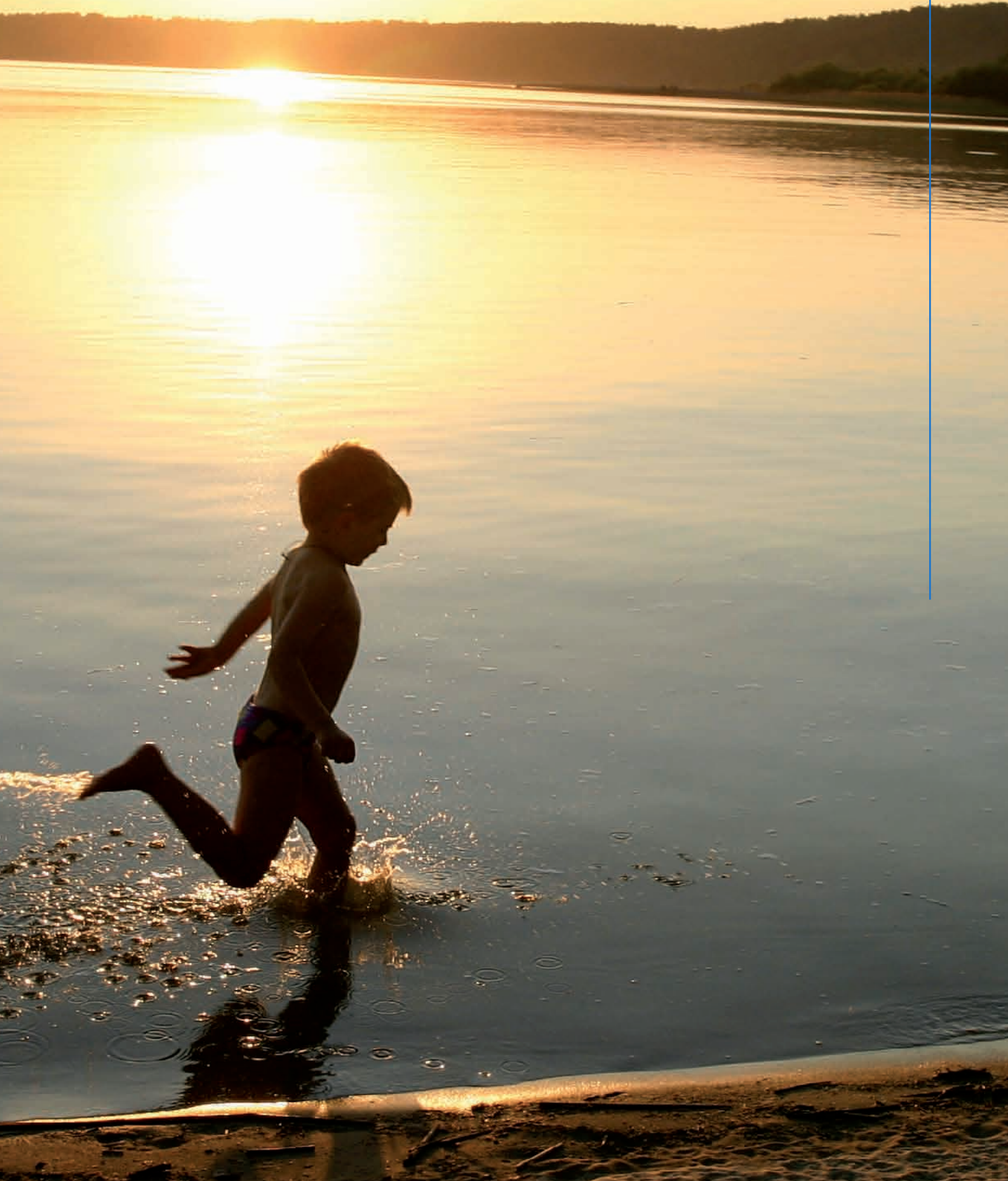
Pilot plant in Vigo for the biological elimination of nitrogen and phosphorus. The project's objective is to optimise working parameters from a technical and economical point of view, to evaluate the options for the reutilization of effluents and to increase the number of existing plants.

Management of irregular supply.

This project focuses on intelligent supply measurement and a rate simulation in order to achieve the sustainable management of water demand.



# Contribution to the environment and social development



Community investment (€)	2007	2008	2009
Culture	229,187	349,669	141,969
Sport	133,830	348,394	92,995
Other (society, environment, etc.)	164,588	124,046	347,046
Total*	527,605	822,109	617,010

	2007	2008	2009
Electricity consumed through integral water management (kWh)	436,684,103	422,403,699	477,639,025*
Renewable energy production (kWh)	8,740,969	13,606,378	15,368,142
Total indirect emissions through integral water management (CO <sub>2</sub> tonnes)	183,694	171,793	188,332
Sludge production (tonnes)	322,369	290,746	301,538*
Solid waste production (m <sup>3</sup> )	70,090	24,750	182,027*

\* includes SmVaK

## aqualia in the community

**aqualia** considers involvement in the community an important element in its corporate social responsibility strategy. This reflects the company's long term commitment and contributes to social development and, simultaneously, the group's integration in the community.

The actions adopted by the company are divided into three big groups according to their individual objective. Through these actions **aqualia** translates into practice its clearest contributions to the community. The company supports sports, culture and citizens' participation in leisure and educational activities. There is also a fourth group of actions focusing on cooperation with universities and business schools, though training actions, research and grants.

The objective is to continue making breakthroughs which have a positive impact on responsible and efficient water management, and by extension on society. In 2009, the company has conducted a total of 161 community activities in which it has invested over 600,000, a 24% decrease due to the economic circumstances of this year.

## Cultural activities

Every year **aqualia** designs and implements public-awareness actions, campaigns and educational activities aimed at raising awareness about sustainable water use. In this regard, the company starts by using interchangeable and adaptable tools to devise actions that maximise the benefits for society.



Summer educational days in Oviedo.

€ 141,969.15 invested.

82 cultural actions implemented.

## Educational actions

In 2009, **aqualia** has embarked on educational activities aimed at increasing knowledge about the integral water cycle.

We emphasize the following:

- Educational activities about the integral water cycle for children staying in Jaen's Children's Hospital during World Environment Day.
- Celebration of the World Water Day in Rota with educational workshops for children.
- Summer activity programme to reconcile working and family life work in Oviedo.
- "We are all water" Vigo.
- Invoice and virtual office explication for neighbourhood associations in Vigo.
- Recreational-education children's workshop about water in Rota during the World Water Day.

## Open Days

As part of its commitment to get more involved in the community, the company is proactive in disseminating its work through open days. In these days, **aqualia** opens its facilities to all stakeholders so they can understand the complexity of water management processes.

- Third consecutive visit of students from the UNESCO-IHE Institute for Water Education to learn amount the different aspects of local water management in the city of Almeria.
- Visit of a delegation from the Moroccan Drinking Water National Office to the wastewater treatment plant of Linares.
- Open days programme for schools at the Salamanca wastewater and drinking water treatment plants.
- School visits to the Pronillo exhibition centre in Santander.
- Open days for neighbourhood associations in Vigo.
- Open days at the drinking water treatment plant of Cassá de la Selva (Girona) on its opening.



Activities in the Jaen Children's Hospital.



"We are all water" Vigo.



Open days at the drinking water treatment plant of Cassá de la Selva (Girona).



Visit of the Moroccan delegation to the Linares wastewater treatment plant.

## Participation in cultural activities

**aqualia** is a part of foundations and associations involved in the promotion of culture. It also contributes to events, fairs and conferences about water management. Its role in these events serves the following objectives:

- Keeping in direct contact with authorities and representatives from city/town councils, official bodies, suppliers, companies from the sector and customers, by creating a closer relationships.
- Informing the public about **aqualia**'s position in the market as one of the main players in integral water cycle management.
- Launching all technological advances **aqualia** has introduced in integral water cycle management.
- Creating social awareness about the activity and improving the company's brand.
- Making clear the effort and investment made by the company to deliver a high quality and environmentally responsible service.
- Making **aqualia** a leader in the sector.
- Understanding the market, current and future trends.
- Taking part in seminars and parallel events which help with assessing market evolution and trends.
- Disseminating the company's advances on R&D&i.

**aqualia's** commitment to municipalities demonstrates the company's ability to address not only the challenges posed by water management, but also cultural promotion and educational activities.



Summer educational days in Oviedo.



Recreational-educational workshops on the World Water Day in Rota.

## Sports activities

In 2009, **aqualia** sponsored several diverse sports activities with the aim of increasing the involvement of the towns it serves. Besides this, it also promoted junior and amateur sports as a means to a healthy life, personal effort and self-improvement.

For example:

- Sponsoring the Línea de la Concepción team in the Local Police National Sport Championships.
- Sponsoring youth teams from the Badajoz women's Basketball Club.
- Sponsoring the Second Summer Indoor Football Championship of the Salesianos in La Línea de la Concepción.
- Sponsor to the Fifth Bike Tour "Javier Ramírez Abeja" in Lora del Río.
- Second "Ciudad de Archidona" small tricycles race.
- Sponsor to Salamanca's basketball team.
- Sponsor to the annual runner's race of Rábade.
- Sponsor to the 2<sup>nd</sup> Mérida Bike Trials, championship of Extremadura.

€ 92,995.35 invested.

34 sport related activities performed.



Fifth Bike Tour Javier Ramírez Abeja in Lora del Río.



Sponsor to the 2<sup>nd</sup> Trial Championship of Merida.

## Collaboration with universities and business schools

**aqualia** is convinced of the power of knowledge. The activities performed by the company reflect its training values in all aspects concerning the management of the integral water cycle and its policy of cooperation with public and educative bodies in supporting R&D&i projects.

The agreements signed with more than 20 universities mainly focus on the following issues:

- Cooperation programs for research and development of new technologies.
- Organization and sponsorship of courses.
- Cooperation education agreements to provide practical training for students.

### Universidad Rey Juan Carlos (Madrid)

In 2009, a number of directors from different departments have taught in the course "Water challenges in the XXI century".

### Universidad de la Laguna de Adeje (Tenerife)

A number of experts from **aqualia** have taken part in the course: "Water: economic growth and sustainability". Participants also had the opportunity to visit the company's laboratories.

### Universidad Autónoma de Madrid

"Water and climate change: a sectoral perspective", for which the main objective is to explore the impact of climate change on water management systems from the point of view of territorial and urban development.

**"Territorial development and water management program in the community of Madrid":** **aqualia** collaborates with Universidad Autonoma de Madrid and Universidad Rey Juan Carlos in this Project of four years. This project involves 22 university researchers, with guidance from **aqualia** as the only participating private company, to organise a working group including all water management experts and organisations related to some lateral aspects (civil society organisations, NGOs, consumers...).

The objective of the research project is to analyse the links between territorial development and the water as a resource. The research project also includes seminars for researchers who are not experts in the water management sector. These seminars are led by **aqualia**.



Students in the Course on Management Development 2009.

#### Superior Course of Management Development.

*The objective of the Superior Course of Management Development is to provide attendees with the knowledge, skills and attitude required to be a part of and to lead a work team capable of achieving the results expected by the company.*

The Universidad Antonio de Nebrija, through the Nebrija Business School (N.B.S.) and **aqualia**, part of the FCC Group, has recently hosted the first Superior Course of Management Development between January and May 2009 in a number of the University campuses.

The program is the result of an agreement reached in 2008 by Nebrija Business School and **aqualia** gestión integral del agua S.A., to jointly create a Superior Course of Management Development adapted to the needs and requirements of the company.

The contents are divided into three units: Unit 1: Strategic planning: management tools- including topics such as strategic planning, project management, team management, marketing of services; Unit 2 relationship management, which addresses issues related to team work, communication, negotiation, and other topics; and Unit 3: water management, where technical management tools, legislative water framework and innovation on water issues are explored in greater depth.

## Management of environmental impacts

**aqualia**'s environmental policy follows the guidelines set by the FCC group, which is based on strict compliance with existing laws on the environment. This line of work requires preventive planning and the analysis of the company's activities from an environmental point of view in order to minimize its impact on the environment.

Every operational unit has to create an environmental plan with the aim of preventing risks. Such plans involve the identification of the environmental impacts of the activities and the relevant legislation in each case. From this point onwards, each unit determines the criteria to evaluate the impacts and the measures that need to be taken in order to meet the requirements and objectives established.

**aqualia** continues to implement and expand the scope of ISO 9001 and ISO 14001 certification throughout its activities.

In general, **aqualia**'s activities do not produce significant amounts of waste. Conversely, **aqualia** tries to eliminate water pollutants and reduce the risk of contaminants produced by its clients' activities. The work of **aqualia** is innovative and effective as it uses the latest technologies to eliminate potential impacts.

The Wastewater Treatment Plants play a vital role in this regard as they process and recycle water before returning it to the natural environment. Both **aqualia infraestructuras** and **aqualia industrial** offer a large number of services to design, build, start up and maintenance of wastewater treatment plants.

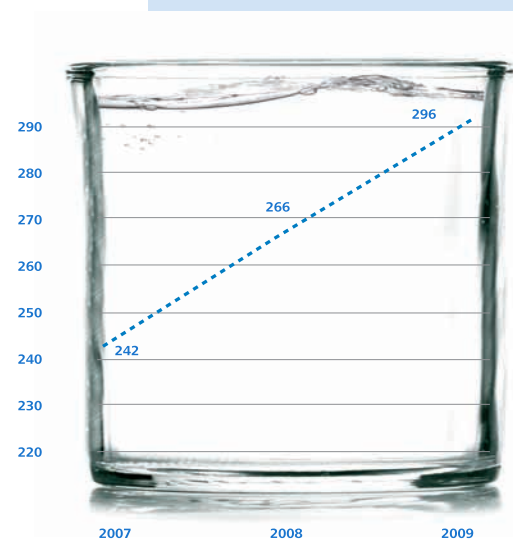
**4,422,562 m of network cleaned.**

**477,639,025 kWh consumed through integral water management.**

**26,774,510 kg of reactives used.**

**93.4% of aqualia Spain systems covered ISO 9000 and 87.8% covered ISO 14001.**

WWTPs managed



----- WWTPs managed



Wastewater treatment plant in Salamanca.

## Ecoefficiency - Consideration of product lifespans

Areas	Improvements introduced
Use of materials	<ul style="list-style-type: none"> <li>• Preference for materials that have an eco-label or environmental certification guaranteeing the absence of toxic elements such as mercury or asbestos.</li> </ul>
Water use	<ul style="list-style-type: none"> <li>• Mounting of a tertiary process in most treatment plants, to reuse processed water in irrigation systems and industries.</li> </ul>
Reduction of emissions	<ul style="list-style-type: none"> <li>• Installation of systems to produce electricity using biogas from the digester systems.</li> <li>• Use of CFC-free cooling systems.</li> </ul>
Waste discharge	<ul style="list-style-type: none"> <li>• Development of a dilution system to manage brine produced during desalination.</li> <li>• Design of wastewater plants with sludge disintegration systems, thus reducing its quantity and increasing the production of biogas for cogeneration.</li> </ul>
Waste	<ul style="list-style-type: none"> <li>• Use of pre-treatment waste compacting systems in wastewater plants in order to reduce waste volume.</li> </ul>
Landscape impact	<ul style="list-style-type: none"> <li>• Use of vegetation layers removed during construction works in the conditioning and subsequent gardening of the building. Landscape improvements in building works: buildings and infrastructures designed to integrate with the environment.</li> </ul>
Energy optimisation	<ul style="list-style-type: none"> <li>• Back-up power systems based on solar panels and wind turbines in desalination plants.</li> <li>• Bioclimatic design of buildings.</li> <li>• Heat production systems based on biogas in all wastewater treatment plants.</li> </ul>



## Waste management

Managing integral water cycles inevitably produces waste. **aqualia**'s objective is to reduce this waste by as much as possible. For this purpose it seeks solutions and new technologies allowing it to:

- Reuse and give value to sludge produced during treatment in wastewater plants. The sludge is subjected to dehydration and composting process so that it can be reused in agriculture.
- Produce biogas from in the digester from bacteria-digested organic-water waste. The biogas is used as fuel for the boilers that power the digester used to dry out the sludge and to produce electricity to power the WWTP.



Night views of the WWTP in El Ejido (Almería).

## Climate change

Fighting climate change is a priority for the entire FCC Group. There are two lines of work within the Strategic Plan that all companies in the group must follow. The strategy requires the analysis of emissions and the public disclosure of data, to subsequently reduce emissions through action plans and specific objectives.

**aqualia** has started to regularly monitor total direct and indirect CO<sub>2</sub> emissions, including all its companies, contracts and international activities.

**301,538 Tonnes of sludge produced.**

**15,368,142 kWh produced from biogas.**

**12.9% increase compared to 2008.**

**aqualia collaborates with Universidad de Cadiz in a research project on the use of algae for water treatment.**

*The 3-year project is funded by the Ministry of Science and Innovation.*

**aqualia**, gestión integral del agua, collaborates in the project "Use of microalgae to remove nutrients from wastewater and produce biofuels". The project was recently reached at the Centro Andaluz de Ciencias y Tecnologías Marinas.

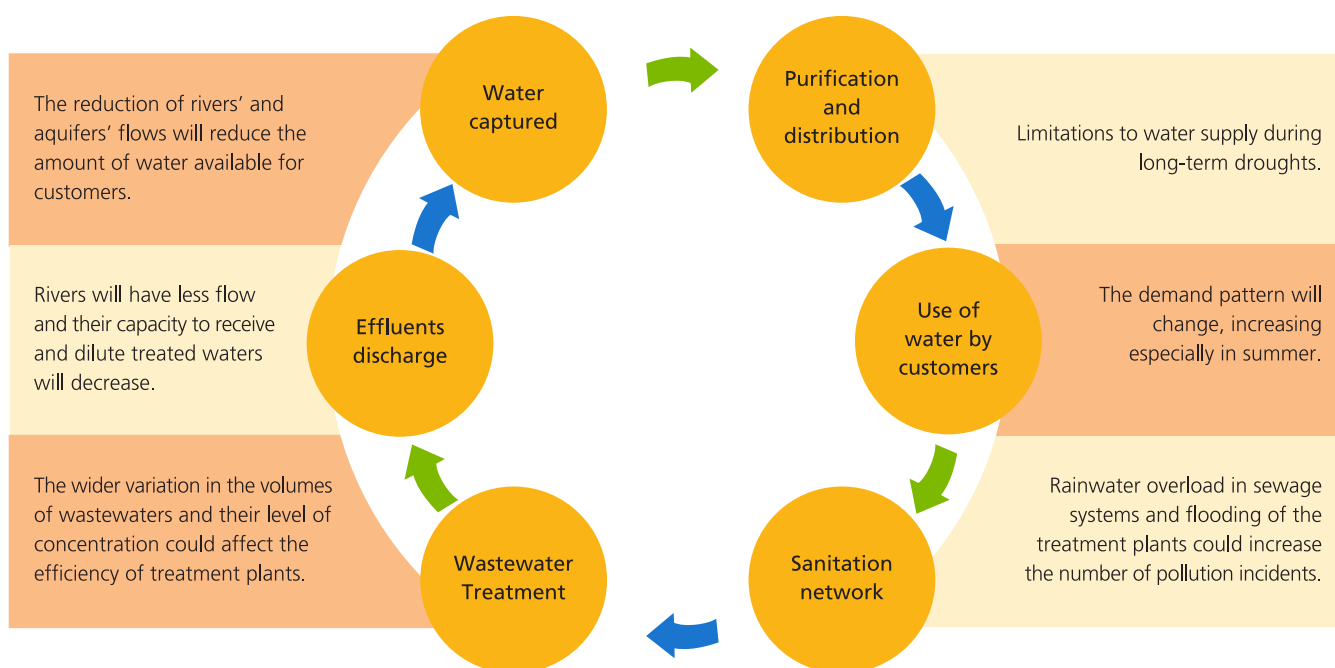
The research focuses on urban wastewater treatment and aims at introducing a nutrient removal process based on the growth of specific species of algae with high oil content in photo bioreactors.

The objective of the project is not only to study the possibility of increasing the performance of the treatment process, but also to reduce treatment costs by using, at a later stage, high value biomass from the algae to produce energy.



Research team working on the project of treatment with algae.

### Climate change impact on aqualia's business



Energy consumption and emissions	2008		2009	
	GJ	TnCO <sub>2</sub> e	GJ	TnCO <sub>2</sub> e
<b>Direct</b>				
<b>aqualia</b>	75,385.0	5,231.7	205,766	15,228
<b>aqualia infraestructuras</b>	660,290.1	45,824.1	1,251,982	92,772
<b>aqualia industrial</b>	0.0	0.0	0.0	0.0
<b>SmVaK</b>	-	-	136,063.0	9,982
<b>Sub-total</b>	<b>735,675.1</b>	<b>51,055.9</b>	<b>1,593,811</b>	<b>117,982</b>
<b>Indirect</b>				
<b>aqualia</b>	1,520,653.3	166,552.9	1,601,957	175,458
<b>aqualia infraestructuras</b>	4,354.0	476.9	107.5	11.8
<b>aqualia industrial</b>	584.1	64.0	464.2	50.8
<b>SmVaK</b>	-	-	117,543.4	12,874
<b>Sub-total</b>	<b>1,525,591.4</b>	<b>167,093.8</b>	<b>1,720,072</b>	<b>188,395</b>
<b>TOTAL</b>	<b>2,261,266.6</b>	<b>218,149.6</b>	<b>3,313,883</b>	<b>306,377</b>

Note: an additional 406,082 GJ consumption came directly from renewable sources (biogas generated through WWTP) which produced 296,099 tonnes of CO<sub>2</sub> emissions.

# Communicating within a social context

A better understanding of **aqualia**



## Understanding water better

Always in keeping with its corporate mission, **aqualia**'s marketing and communication department continually implements initiatives and actions in order to establish the best possible link with the market and its different types of users.

Thanks to our marketing and communication strategies, which are integrated in the day-to-day management of the company, we have tailored our services to the different users and increased their level of satisfaction and as such we are now a strong and well-positioned brand. This is mostly the result of:

- Designing and implementing specific actions focused on the end-user as our Unique Selling Point.
- Maintaining continual contact with the media.
- Developing an internal training program on customer service.
- Designing and implementing actions focused on the institutional user.

The Department produces and offers effective and economical tools in order to achieve these objectives:

- Increasing the recognition of the brand. Being perceived by the client as a company that offers high quality service.
- Becoming the leading example used by the media.
- Training our employees in user-oriented services.
- Exporting the business model supported by a benchmark brand.

This idea also applies to all actions implemented by **aqualia** worldwide, including managing public services or any other activity within the framework of the company's diversification.

## Direct marketing

With the objective of having direct access to the final user, **aqualia** plans, develops and monitors direct marketing activities. These can either be comprehensive activities for all users, or local ones, for the inhabitants of a specific municipality. With this local orientation, **aqualia** achieves a closer relationship with the client as well as a good position as a clearly user-oriented company.

These direct marketing activities help us fulfil the following objectives:



Poster of the campaign Calahorra's Water.

- Informing the public about **aqualia**'s activities in their municipality: implementation of a new service, providing information about new services and infrastructure plans as well as about new rates, etc.
- Training, educating and disseminating the culture of water and sustainable development: campaigns on the responsible use of water, information about how to take good care of the environment, etc.

During 2009, several activities have been implemented in order to achieve these goals of informing and educating. The most important ones were:

- Explanatory leaflets about the e-invoice introduced by the company.
- Leaflets providing information about new services, such as the ones in Ribera Baja del Ebro, Comillas, Albinyana, etc.
- Leaflets containing information about new rates such as "As clear as water", created by Calahorra.
- Leaflets about new services, such as the one published for Piedralaves, giving information about an innovative water treatment service which had been put in place.
- **aqualia**'s Contact leaflets, to promote the use of **aqualia**'s customer service.

## Sponsorships and collaborations

Thanks to different sponsorships, the company intends to:

- Establish an association between the brand and sport, social and cultural activities of the towns where it works.
- Collaborate in ecological initiatives to promote a social and environmental awareness among citizens.

**aqualia** is involved in the interests and daily life of all its users.

Among other activities, during 2009 **aqualia**:

- Sponsored the II Ruta del Coral regatta in Almeria.
- Sponsored the football team Club Deportivo Berja, in Almeria.
- Collaborated in "Social participation and economic sustainability in water management" organised by AEAS in Seville.
- Water purification day, organised by the Catalan Water Agency in Barcelona.
- Sponsored a children's marquee in the festival of San Miguel de Velez - Malaga.
- Alzheimer solidarity car Extremadura.
- Sponsored the weather forecast of Oviedo and Cuencas Mineras' (Aguas de Langreo) TV.
- Sponsored the "premios líricos" and the Opera Foundation of Oviedo.



Explanatory leaflets for the end user.



Poster sponsorship II Ruta del Coral.



Collaboration, social participation and economic sustainability of water management, organised by AEAS.



Sponsorship of Juan José's memorial tournament in Badajoz.

## Quality Charter

This is a commitment made voluntarily by **aqualia** in a number of municipalities. It guarantees the company's fulfilment of a number of defined management parameters in its daily work. They refer to delays in administrative tasks, repair of breakdowns, etc. If **aqualia** fails to fulfil any of its commitments, it must transfer a fixed sum to the clients according to existing rates.



Launch of Lleida's Quality Charter.

## Local websites

This tool opens another communication channel with its customers, increasing the number of channels already available.

The 20 local websites set up by the company allow a better understanding of water services in these towns, as well as the constant flow of information about innovations in its day-to-day running.

Through this tool, **aqualia**:

- Provides customers with all information about the services **aqualia** performs in their municipality.
- Enables a more direct contact with customers.
- Improves customer service through the use of new technology.
- Tailors content according to each citizen's preferences for water services in their town.



Press article about the Sant Vicenç dels Horts' Quality Chart Aigües.



Website of San Lorenzo de El Escorial.



Website of Puerto de la Cruz (Tenerife).

## Marketing campaigns

They are conducted at a specific time and around specific actions to promote the company's image among different audiences.

**aqualia** is therefore perceived as a capable and forward-looking services company. Target audiences show a greater confidence in, relationship with and certainty about the company.

The objectives are:

- To portray **aqualia** as a leading company in the water sector.
- To create a direct link between **aqualia** and improvements in its customers' welfare.
- To consolidate the public image of the company, increase its relevance and make it better known, and differentiate it from the competition.

Noteworthy examples include corporate advertisements in magazines and local media from a number of towns, Barcarrota, Zalamea and Sanlúcar de Barrameda.



Advert for China.

## Trade fairs

In 2009, **aqualia** has taken part in trade fairs and other events where it estimated that the company's participation could contribute to make its services better known and consolidate its brand image.

Participating in trade fairs pursues the following objectives:

- To keep in direct contact with representatives from its various stakeholders.
- To disseminate advances in R&D&i and the technological innovations implemented by **aqualia** in the management of the integral water cycle, thus helping to make it a state-of-the-art company in the water sector.
- To raise social awareness about the work of **aqualia** as a high-quality and environmentally responsible service provider.

In 2009, we have participated in several events such as:

- SOVAK days (Association of water companies of Czech Republic) Czech).
- Ceske Budejovice No-Dig Days (No-dig technologies).
- Beskydy; Presentation in the University of Bratislava (SK).
- Wod-Kan International World Fair in Bydgoszcz (Poland).
- 29th AEAS Technical Conference (Gijon).
- Aqua-Tech Lleida, Water, Technology and Irrigation.



Fair of Poleko, Poland.



1st Merida's Multi-sector Forum.

## Social marketing

Little by little our society is improving its water culture and everyday more people increasingly appreciate **aqualia**'s responsible attitude. It is therefore crucial to continue implementing social marketing actions aimed at citizens and green-minded members of the community.

With these actions **aqualia** wants to:

- Raise awareness about the need to have a responsible attitude towards water consumption and educate young people and children about the value of water.
- Brand **aqualia** as a responsible company committed to sustainable development and environmental protection.

Among the actions implemented in 2009 it is worth mentioning:

- 7th Annual Drawing Contest with the motto: "when it comes to water, you really matter" students from Spain, Italy and Portugal were invited to participate. Almost 200,000 have been submitted since the contest was first launched in 2003. It has become an example for all social marketing actions within the sector, at the same time as allowing the company's interaction and involvement with all stakeholders: employees, institutional customers, end-users -embodied in all the children taking part in the contest- and the media -through reports about and dissemination of the event.

This year the event becomes more international as it includes services managed by **aqualia** in Italy and Portugal. Other activities include:

- Summer activities with children in Oviedo.
- Launch of the Virtual Office and e-invoice among neighbourhood associations in Vigo.
- "we are water": activity performed in Vigo. Children were weighed and the total weight was translated into savings in water use, which the local provided committed to save through improvements.
- Recreational-educational water workshops in Rota.
- World Environment Day in Jaen's Children's Hospital.
- Summer course in Adeje, offering a global approach with specific proposals, alternatives, examples and policies aimed at achieving efficient and sustainable water management.



Poster of 7th Annual Drawing Contest.



Summer activities in Oviedo.



"When it comes to water you really matter" drawing contest award ceremony.



Drawing contest award ceremony in Badajoz.

## aqualia's value chain

### Effectiveness and coordination

As a group with diverse interests in international markets, managing the supply chain is a critical aspect. In 2008, FCC reinforced its supply operations, with the aim of seizing existing opportunities to achieve better coordination, integration and collaboration. The implemented measures have focused on achieving greater effectiveness in purchasing activities, strengthening the information systems and in the actions aimed at minimising operational, environmental and reputational risks on the supply chain.

**aqualia's** norms and criteria for the recruitment of suppliers and contractors are in line with the standards established by FCC for all its subsidiaries. **aqualia** has a catalogue of relevant suppliers who have to comply with specific rules, ensuring the fulfilment of all commitments along the entire value chain. Therefore, it requires its suppliers to make sure that their workers comply with all obligations included under the labour, social security and Occupational Risk Prevention legislations and subscribe the Group's Code of Ethics.

### Health and safety

Health and safety are not merely concepts applied to its own employees. **aqualia** is also concerned for the well-being of their suppliers and contractors. Whenever preventive management is **aqualia's** responsibility, the company provides all the subcontractors' employees with the "basic rules for risk prevention at construction sites".

Moreover, all subcontractors are provided with a copy of the Health and Safety plan for constructions sites, so that they are aware of all risks and preventive measures they should implement.

It also requires all subcontractors to guarantee that all the employees have received appropriate training to fulfil their jobs.

Finally, **aqualia** also organises training seminars about a range of relevant activities which the working team considers especially important to preserve safety conditions in the working sites.

€ 533,850,000 paid to suppliers.

### Ethics and compliance

The FCC Group's Master Plan has the following objectives: promoting and encouraging good governance inside the company, integrity and transparency as well as the implementation, acknowledgement, awareness-raising and enforcement of the Code of Ethics.

The FCC Group has a series of rules which regulate the performance of the group, its subsidiaries and affiliates. The normative and integrity framework was recently updated with the Code of Ethics, which has been approved for all countries, employees, managers, contractors and suppliers.

This Code expressly forbids using non-ethical behaviour in order to influence third parties with the aim of obtaining some benefit for the Group.

Furthermore, every contract between the FCC Group and its affiliates includes a clause for contractors and suppliers, informing them about the Code of Ethics and committing them to the fulfilment of the 10 principles of the Global Compact.

Since 2009, 21 managers from **aqualia** have completed a course on Ethics and Integrity. The objective was to make employees aware and increase their understanding of the company's commitment to ethics and integrity and provide them with the necessary training about how to best perform in their daily work.

## Key indicators

Direct economic value generated (€)	2007	2008	2009
Net turnover	827,800,000	847,883,000	872,009,000
Income from financial investments	8,900,000	10,994,000	14,983,000
Non-current assets	-	1,330,645,000	1,378,281,000
<b>Total</b>	<b>836,700,000</b>	<b>2,189,522,000</b>	<b>2,265,273,000</b>

Distributed economic value (€)	2007	2008	2009
Payments to suppliers	476,700,000	479,601,000	533,850,000
Staff expenses	155,500,000	189,370,000	208,065,000
Dividends	-	27,931,000	42,865,000
Interests paid for loans	28,400,000	28,643,000	22,567,000
Corporation tax	16,500,000	5,864,000	13,727,000
Other payments	-	3,758,000	4,774,000
Donations and other investments in the community	500,000	810,000	617,000
Investments in infrastructure	101,500,000	63,206,000	47,743,000
<b>Total</b>	<b>779,100,000</b>	<b>799,183,000</b>	<b>874,208,000</b>

Employees per type of contract	aqualia Spain			aqualia infraestructuras			aqualia industrial			SmVaK		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Indefinite contract	802	895	883	104	82	93	-	52	50	971	987	987
Temporary contract	488	404	470	25	81	132	-	8	7	0	0	0
Other employed	4,223	3,815	4,071	28	27	24	-	43	39	0	0	0
University graduates	507	478	590	71	86	98	-	28	27	132	148	152
% of university graduates	9.2%	9.3%	10.9%	45.2%	45.3%	39.1%	-	27.2%	28.1%	13.6%	15.0%	15.4%
<b>Total personnel</b>	<b>5,513</b>	<b>5,114</b>	<b>5,424</b>	<b>157</b>	<b>190</b>	<b>249</b>	<b>-</b>	<b>103</b>	<b>96</b>	<b>971</b>	<b>987</b>	<b>987</b>

Staff-Turnover	aqualia Spain			aqualia infraestructuras			aqualia industrial			SmVaK		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
<b>Woman</b>												
Total number of employees	1,038	1,015	1,075	28	44	50	-	22	24	290	299	289
Turnover (employees leaving the company)	434	73	38	8	2	5	-	3	0	29	36	5
Turnover rate	41.8%	7.2%	3.6%	28.6%	4.5%	9.0%	-	13.6%	0.0%	10.0%	12.0%	1.7%
<b>Men</b>												
Total number of employees	4,475	4,098	4,350	129	147	199	-	81	72	681	688	698
Turnover (employees leaving the company)	1,418	137	107	47	12	7	-	9	6	6	81	1
Turnover rate	31.7%	3.3%	2.5%	36.4%	8.2%	3.3%	-	11.1%	8.3%	0.9%	11.8%	0.1%

Structure of the staff	aqualia Spain				aqualia infraestructuras				aqualia industrial				SmVaK			
	2008		2009		2008		2009		2008		2009		2008		2009	
	women	men	women	men	women	men	women	men	women	men	women	men	women	men	women	men
Category 1	87	173	91.4	173.5	13	32	14.5	39	5	21	4	18	10	29	10	29
Category 2	98	336	99.8	345.6	8	26	9.5	41.5	3	16	3	17	175	131	169	133
Category 3	690	368	683.7	381.8	23	34	20.6	37.1	12	17	15	15	15	0.0	15	0.0
Category 4	140	3,216	199.9	3,449	0.0	55	5.5	81.7	2	27	2	22	99	528	95	536
Total personnel	1,015	4,093	1,074.8	4,349.9	44	147	50.1	199.3	22	81	24	72	299	688	289	698
% Total no. of women	19.9%		19.8%		23.0%		20.1%		21.4%		25.0%		30.3%		29.3%	

Health and Safety	aqualia Spain			aqualia infraestructuras			aqualia industrial			SmVaK		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Total number of working hours	10,278,104	9,905,481	9,922,461	168,592	248,439	255,611	-	273,473	234,457	1,553,882	1,589,041	1,624,700
Lost days	75,149	72,495	67,544	446	703	1,190	-	650	852	20,148	14,881	8,598
Deaths due to occupational accident	1	0	0	0	0	0	-	0	0	0	0	0
Absences due to occupational accidents	206	148	132	1	1	1	-	3	0	22	21	2
Absences due to severe occupational accidents	1	2	2	-	0	0	-	0	0	-	0	0
Total of severe occupational accidents	2	2	3	0	0	0	-	0	0	0	0	0
Days lost to occupational accidents	6,780	6,146	5,006	9	47	15	-	9	0	650	426	30
Days lost to common illnesses	68,390	66,349	62,538	437	636	1,175	-	641	852	19,498	14,445	8,568



Material used	2007	2008	2009*
<b>Water for Human Consumption (m<sup>3</sup>)</b>			
Gross captured water for purification	617,703,313	609,847,774	682,844,322
Gross water purchased for purification	167,847,424	135,813,401	246,193,783
Drinking water bought for distribution	220,314,291	204,432,171	199,058,062
<b>Total</b>	<b>1,005,865,028</b>	<b>950,093,346</b>	<b>1,128,096,168</b>

<b>Volume of treated and purified water (m<sup>3</sup>)</b>			
Volume of treated water for supply	560,211,099	559,262,697	656,152,667
<b>Total volume of water purified in WWTP</b>	<b>430,216,986</b>	<b>434,231,135</b>	<b>487,374,286</b>

<b>Reactives for water treatment (Kg)</b>			
Disinfection-production reactives	5,736,080	4,979,138	5,263,364
Flocculation reactives	9,412,262	7,236,647	10,032,742
Polyelectrolyte	181,965	159,398	101,056
Other reactives for water treatment	2,505,944	2,316,295	2,755,165
<b>Total</b>	<b>17,836,251</b>	<b>14,691,478</b>	<b>18,152,777</b>
Reactives (kg) per m <sup>3</sup> of water treated	0.032	0.026	0.028

<b>Reactives for water treatment (Kg.)</b>			
Reactives for physicochemical treatment	7,297,861	3,604,667	3,912,827
Reactives for dehydration treatment	456,608	459,265	530,083
Other reactives for purification	5,087,850	5,726,734	4,178,823
<b>Total</b>	<b>12,842,319</b>	<b>9,790,666</b>	<b>8,621,733</b>
Reactives (kg) per m <sup>3</sup> of water treated	0.030	0.023	0.018

\* Including SmVaK



Waste produced	2007	2008	2009*
Hazardous waste (Tn)	-	14	4,984
Non-hazardous waste (Tn)	-	224,463	224,581
Total waste produced	-	224,477	229,565

Waste from WWTPs	2007	2008	2009
Solid waste production (m <sup>3</sup> )	70,090	24,750	182,027
Sludge production (tonnes)	332,369	290,746	301,538

\* Including SmVaK

Volume collected according to the type of collection	2007	2008	2009
Seawater (m <sup>3</sup> )	7,138,390	6,767,118	8,483,010
Brackish water (m <sup>3</sup> )	449,682	0	0
Dam or similar (m <sup>3</sup> )	333,413,185	312,144,670	304,550,270
Filtration gallery (m <sup>3</sup> )	3,979,560	837,445	946,126
Spring (m <sup>3</sup> )	37,795,379	61,838,180	60,191,407
Covered well (m <sup>3</sup> )	139,801,006	133,236,515	172,796,426
Excavated well (m <sup>3</sup> )	17,366,806	17,529,281	26,752,872
River or similar (m <sup>3</sup> )	76,082,213	68,365,362	85,103,131
Not specified (m <sup>3</sup> )	1,677,092	9,129,203	24,021,080
Total (m <sup>3</sup> )	617,703,313	609,847,774	682,844,322

Percentage valued according to their use in working sites (aqualia infraestructuras)	100% national			50% national			>50% national			50% international			Total		
	Total	Valued	%	Total	Valued	%	Total	Valued	%	Total	Valued	%	Total	Valued	%
rock obtained from site's excavation (m <sup>3</sup> )	1,000	1,000	100%	45,131.2	8,401.9	19%	0.0	0.0	0%	10,000	9,000	90%	56,131.2	18,401.9	33%
of ground obtained from excavation apt to fill or form embankments (m <sup>3</sup> )	4,800	4,800	100%	174,028.1	157,219.2	90%	51,625	42,765	83%	0.0	0.0	0%	230,453.1	204,784.2	89%
m <sup>3</sup> of ground with high contents of material	0.0	0.0	0%	77.5	6.1	8%	995	995	100%	0.0	0.0	0%	1,072.5	1,001.1	93%
m <sup>3</sup> of concrete waste from truck cleaning	345	0.0	0%	218.3	8.0	4%	630	280	44%	0.0	0.0	0%	1,193.3	288	24%
m <sup>3</sup> of waste from pavement aggregates or similar	20	0.0	0%	341.2	37.0	11%	0.0	0.0	0%	0.0	0.0	0%	361.2	37	10%

Electricity consumed (Integral water management)	2007	2008	2009*
Collection	106,568,024	98,148,716	102,161,153
Treatment (drinking)	85,709,618	70,024,598	73,339,328
Distribution	55,379,923	63,357,266	71,042,047
Sewage	22,181,051	23,267,163	29,455,434
Treatment (waste)	166,845,487	167,605,956	201,641,064
Total	436,684,103	422,403,699	477,639,025

\* Including SmVaK

## Annex I: Verification Report



**KPMG Asesores S.L.**  
Edificio Torre Europa  
Paseo de la Castellana, 95  
28046 Madrid

### **Independent Assurance Report to the Management of Aqualia Gestión Integral del Agua, S.A.**

(Free translation from the original in Spanish.  
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Aqualia Gestión Integral del Agua, S.A. (hereinafter Aqualia) Corporate Social Responsibility Report for the year ended 31 December 2009 (hereinafter “the Report”). The information reviewed corresponds to the economic, environmental and social indicators referred in the chapter entitled Annex II of the Report, GRI Index.

Aqualia management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.0 (G3) of the Global Reporting Initiative as described in the section entitled Annex III of the Report, GRI Statement. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative.

Our responsibility is to carry out a limited assurance engagement and to issue an independent report based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Accountants Institute of Spain (Instituto de Censores Jurados de Cuentas de España). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Federation of Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Interviews with relevant Aqualia staff concerning the application of sustainability strategy and policies.
- Interviews with relevant Aqualia staff responsible for providing the information contained in the Report.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Aqualia.
- Verifying that the financial information reflected in the Report was taken from the annual accounts of Aqualia, which were audited by independent third parties.

KPMG Asesores, S.L., a limited liability Spanish company, is a subsidiary of KPMG Europe LLP and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

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Sec. 8, H. M. 249.460, Insc. 1.<sup>a</sup>  
N.I.F. B-82498650

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Corporate Social Responsibility Report of Aqualia Gestión Integral del Agua, S.A. for the year ended 31 December 2009 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative as described in Annex III of the Report, GRI Statement.

Under separate cover, we will provide Aqualia management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez  
Partner

27 July 2010

## Annex II: GRI index

TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE		
	Reasons for not responding	Page
<b>1. STRATEGY AND ANALYSIS</b>		
1.1	Statement from the most senior decision maker in the organization about the relevance of sustainability to the organization and its strategy.	Message from the General Manager - pages 4 and 5.
1.2	Description of key impacts, risks, and opportunities.	Message from the General Manager - pages 4 and 5.
<b>2. COMPANY PROFILE</b>		
2.1	Name of the organization.	page 9.
2.2	Primary brands, products, and/or services.	Business areas - page 10.
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	<b>aqualia</b> in the world - pages 6 and 7. Business areas - page 10.
2.4	Location of organization's headquarters.	Last page.
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	<b>aqualia</b> in the world - pages 6 and 7. Business areas - page 11.
2.6	Nature of ownership and legal form.	Our relationship with water - page 9.
2.7	Markets served.	<b>aqualia</b> in the world - pages 6 and 7. Business areas - page 10.
2.8	Scale of the reporting organization.	<b>aqualia's</b> value - page 8.
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	No relevant changes during the period.
2.10	Awards received in the reporting period.	<b>aqualia</b> in 2009 - pages 15-18.
<b>3. REPORT PARAMETERS</b>		
3.1	Reporting period for information provided.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.2	Date of most recent previous report.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.3	Reporting cycle.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.4	Contact point for questions regarding the report or its contents.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
<b>SCOPE OF THE REPORT</b>		
3.5	Process for defining report content.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.6	Boundary of the report.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.7	Limitations on the scope or boundary of the report.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.9	Data measurement techniques and the bases of calculations.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	Information available at: <a href="http://www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf">www.aqualia.es/files/aqualia/Principios%20GRI%20aplicados%20a%20I.RSC.pdf</a>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	No relevant changes during the period.
<b>GRI'S CONTENT TABLE</b>		
3.12	Table identifying the location of the Standard Disclosures in the report.	Pages. 66 - 70.
<b>AUTHENTICATION</b>		
3.13	Policy and current practice with regard to seeking external assurance for the report.	Pages. 64 - 65.
<b>4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.

## TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE

	Reasons for not responding	Page
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.	Annual FCC's Corporate Social Responsibility Report, page 395.
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	Its practices, concerning the governing body, are the same as FCC's. See annual FCC's Corporate Social Responsibility Report.	Annual FCC's Corporate Social Responsibility Report, page 396.
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.	Annual FCC's Corporate Governance Report *, page 334.
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>		
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	As <b>aqualia</b> is part of the FCC Group, its management body is the same as FCC's. See annual FCC's Corporate Social Responsibility Report.	Annual FCC's Corporate Governance Report *, page 360.
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		Sectoral and professional partnerships page 14, <b>aqualia</b> in 2009 pages 15-18, Collaboration with universities and business schools page 48.
4.13 Memberships in associations and/or national entities supported by the organization.		Sectoral and professional partnerships page 14, <b>aqualia</b> in 2009 pages 16-19, Collaboration with universities and business schools page 49.
<b>STAKEHOLDERS' PARTICIPATION</b>		
4.14 List of stakeholder groups engaged by the organization.		Liaising with stakeholders pages 12, 13.
4.15 Basis for identification and selection of stakeholders with whom to engage.		Liaising with stakeholders pages 12, 13.
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		Liaising with stakeholders pages 12, 13.
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		Liaising with stakeholders pages 12, 13.
<b>5. PERFORMANCE MANAGEMENT AND INDICATORS APPROACH</b>		
<b>5.1 ECONOMIC</b>		
Information concerning the economic management approach		Sustainable business approach -page 11. New tools -better service - pages 27 and 28.
<b>ECONOMIC PERFORMANCE</b>		
EC1 Direct economic value generated and distributed.		<b>aqualia</b> 's value - Pág. 8.
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.		Climate change pages 51 and 52.
EC3 Coverage of the organization's defined benefit plan obligations.		The personnel has at its disposal subsidized loans for essential medical expenses, purchasing a usual residence or basic furniture, life and accident insurance plans, as well as financial support for relatives with disabilities.
EC4 Significant financial assistance received from government.		<b>aqualia</b> has received €30,912,875 in assistance, €28,841,843 <b>aqualia</b> gestión integral del agua, 1,845,696 <b>aqualia infraestructuras</b> , 225,336€ <b>aqualia industrial</b> .
<b>MARKET PRESENCE</b>		
EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	The current systems for data management do not allow for enough reliability when obtaining this information. <b>aqualia</b> maintains its efforts with the aim of including this information in future reports.	
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		<b>aqualia</b> 's value chain page 59.
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Due to the fact that our international presence is quite recent, <b>aqualia</b> is still coordinating most of its activities from Spain. Therefore, there are no current active policies to recruit suppliers or local managers. <b>aqualia</b> is working towards the development of such tools for their implementation as a medium term priority.	
<b>INDIRECT ECONOMIC IMPACTS</b>		
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		<b>aqualia</b> 's value - page 8, Management of the supply and sanitation networks - pages 39 and 40, Contribution to the environment and social development - page 44.
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.		Main management indicators - page 24.

## TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE

	Reasons for not responding	Page
<b>5.2 ENVIRONMENTAL</b>		
Information concerning the economic management approach		Sustainable business approach - page 11. Management of environmental impacts pages 49 and 50.
<b>ENVIRONMENTAL PERFORMANCE</b>		
<b>MATERIALS</b>		
EN1 Materials used by weight or volume.		Other relevant information - page 62.
EN2 Percentage of materials used that are recycled input materials.		Other relevant information - pages 62 and 63.
<b>ENERGY</b>		
EN3 Direct energy consumption by primary energy source.		Climate change page 52.
EN4 Indirect energy consumption by primary source.		Climate change page 52.
EN5 Energy saved due to conservation and efficiency improvements.		Management of environmental impacts - pages 49 and 50.
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		Research and Development - Improving the future - page 41, Management of environmental impacts - pages 49 and 50, Waste management - page 51.
EN7 Initiatives to reduce indirect energy consumption and reductions achieved.		Research and Development - Improving the future - page 41, Management of environmental impacts - pages 49 and 50, Waste management - page 51.
<b>WATER</b>		
EN8 Total water withdrawal by source.		Other relevant information - page 63.
<b>BIODIVERSITY</b>		
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	aqualia maintains its efforts with the aim of including this information in future reports.	
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	aqualia maintains its efforts with the aim of including this information in future reports.	
<b>EMISSIONS, SPILLS AND WASTE</b>		
EN16 Total direct and indirect greenhouse gas emissions by weight.		Climate change page 52.
EN17 Other relevant indirect greenhouse gas emissions by weight.		Climate change page 52.
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.		Implemented or future R&D&I projects - page 42.
EN19 Emissions of ozone-depleting substances by weight.	The current systems for data management do not allow for enough reliability when obtaining this information. aqualia maintains its efforts with the aim of including this information in future reports.	
EN20 NOx, SOx, and other significant air emissions by type and weight.	The current systems for data management do not allow for enough reliability when obtaining this information. aqualia maintains its efforts with the aim of including this information in future reports.	
EN21 Total water discharge by quality and destination.		407.92m3 discharged after washing concrete barrels, aqualia infraestructuras' activity.
EN22 Total weight of waste by type and disposal method.		Waste management - page 51, Other relevant information - page 63.
EN23 Total number and volume of significant spills.	Given the nature of aqualia's business (water management), there are no discharges with significant impact on the environment.	
<b>PRODUCTS AND SERVICES</b>		
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		Management of environmental impacts - pages 49 and 50.
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	aqualia sells water, which does not include any packaging.	
<b>RULES COMPLIANCE</b>		
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		During 2009, administrative authorities have opened 7 proceedings against aqualia. As a result of alleged infractions in discharges (5 are "minor infractions", 1 is a "less serious infraction" and 1 is a "very serious infraction"). As for those proceedings which had been opened before 2009, 2 have obtained the force of "res judicata", as a consequence of the legal action taken against them One court resolution was favourable and another one confirmed the imposed sanction. There are 15 other sanctions in process, 6 of them are serious infractions. Fines resulting from failure of compliance with regulations concerning environmental laws in 2009 - €11,000.
<b>TRANSPORT</b>		
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		Management of environmental impacts - pages 49 and 50.
<b>GENERAL</b>		
EN30 Total environmental protection expenditures and investments by type.		Security in the supply - pages 22 and 23.

## TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE

	Reasons for not responding	Page
<b>5.3 SOCIAL</b>		
Information concerning the management of internships and working ethics		Our people, our biggest commitment - pages 30 and 31.
<b>SOCIAL PERFORMANCE</b>		
<b>EMPLOYMENT</b>		
LA1 Total workforce by employment type, employment contract, and region.		Our people, our biggest commitment - page 30, Other relevant information - pages 60 and 61.
LA2 Total number and rate of employee turnover by age group, gender, and region.		Our people, our biggest commitment - page 30, Other relevant information - pages 60 and 61.
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	The employees' have at their disposal subsidized loans for essential medical expenses, purchasing a usual residence house or basic furniture, life and accident insurance plans as well as financial support for relatives with disabilities.	
<b>RELATIONSHIP BETWEEN <i>aqualia</i> &amp; ITS EMPLOYEES</b>		
LA4 Percentage of employees covered by collective bargaining agreements.	Since <i>aqualia</i> is part of the FCC Group, its policy is that of the Group. See FCC's 2009 Annual Report.	Annual FCC's Corporate Social Responsibility Report *, page 436.
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Since <i>aqualia</i> is part of the FCC Group, its policy is that of the Group. See FCC's 2009 Annual Report.	Annual FCC's Corporate Social Responsibility Report *, page 436.
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		Health and safety at work - page 35.
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		Other relevant information - page 61.
LA8 Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		Health and safety at work - page 35.
LA9 Health and safety topics covered in formal agreements with trade unions.	Under the 3rd national agreement for the drinking and wastewater sector (Published in the BOE 24/8/2007) a Technical Commission for Security and Labour Health has been created. Its mandate is to enforce all legislation and regulations regarding security and health issues in the working place in the sector, as well as promoting informational campaigns and awareness-raising.	
<b>TRAINING AND EDUCATION</b>		
LA10 Average hours of training per year per employee by employee category.		Skills Management - pages 31 and 32.
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Skills Management - pages 31 and 32.
LA12 Percentage of employees receiving regular performance and career development reviews.	Since <i>aqualia</i> is part of the FCC Group, its policy is that of the Group. See FCC's 2009 Annual Report.	
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>		
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		Other relevant information - pages 60 and 61.
LA14 Ratio of basic salary of men to women by employee category.	Given the nature of <i>aqualia</i> 's business, which is subject to administrative concessions, it has not been possible to have solid data showing the current situation in 2009. However, <i>aqualia</i> maintains its efforts with the aim of including this information in future reports.	
Information on the human rights management approach		Ethics and compliance -page 59.
<b>SUPPLY AND INVESTMENT PRACTICES</b>		
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	<i>aqualia</i> 's contracting criteria and norms are in line with the standards set by the FCC Group. See annual FCC's Corporate Social Responsibility Report.	Annual FCC's Corporate Social Responsibility Report *, page 420.
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	<i>aqualia</i> 's contracting criteria and norms are in line with the standards established by the FCC Group. See annual FCC's Corporate Social Responsibility Report. The protection of human rights is implied as compliance of legislation in force (including labour laws and tax codes, etc) is required whenever signing a contract with suppliers and subcontractors.	Annual FCC's Corporate Social Responsibility Report *, page 420.
<b>NON-DISCRIMINATION</b>		
HR4 Total number of incidents of discrimination and actions taken.		No incidents of discrimination have been identified by the communication channels managing the company in 2009.
<b>FREE ASSOCIATION AND COLLECTIVE AGREEMENTS</b>		
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Being part of the FCC Group, <i>aqualia</i> fulfils all requirements to guarantee that the rights and freedoms of all its employees are respected.	
<b>CHILD EXPLOITATION</b>		
HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	For the moment, the nature of <i>aqualia</i> 's business, including its international businesses, does not involve this kind of risks. However, <i>aqualia</i> maintains its efforts with the aim of including this information in future reports, depending on its degree of expansion.	

TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE		
	Reasons for not responding	PAGE
<b>FORCED LABOUR</b>		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	For the moment, the nature of <b>aqualia</b> 's business, including its international businesses, does not involve this kind of risks. However, <b>aqualia</b> maintains its efforts with the aim of including this information in future reports, depending on its degree of expansion.
	Information on the management approach regarding society.	<b>aqualia</b> in the community -page 44. Understanding water better -page 54.
<b>COMMUNITY</b>		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	At present, <b>aqualia</b> does not have systems for measuring these types of impacts, although <b>aqualia</b> maintains its efforts with the aim of including this information in future reports. For further information, see FCC's Annual CSR report.
		Annual FCC's Corporate Social Responsibility Report *, page 417-420.
<b>CORRUPTION</b>		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	As part of the FCC Group, <b>aqualia</b> follows the practices of the Group. For further information, see FCC's Annual CSR report.
		Annual FCC's Corporate Social Responsibility Report *, page 420.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	As part of the FCC Group, <b>aqualia</b> follows the practices of the Group. For further information, see FCC's Annual CSR report.
		Annual FCC's Corporate Social Responsibility Report *, page 421.
SO4	Actions taken in response to incidents of corruption.	No incidents of corruption have been identified in 2009.
<b>PUBLIC POLICY</b>		
SO5	Public policy positions and participation in public policy development and lobbying.	Not applicable. In Spain, lobbies are not permitted. Thus, <b>aqualia</b> has nothing to report regarding this issue. However, it participates in several associations of the sector, which, among other activities, collaborate with the public administration by reflecting their member's opinions.
		Sectoral and professional partnerships page 14.
<b>RULE COMPLIANCE</b>		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Monetary value of fines and sanctions for non-compliance with laws and regulations- €104,000 in 2009.
	Information regarding the product-responsibility management approach	Sustainable business approach -page 11. Security in the supply -page 22.
<b>USER'S HEALTH AND SAFETY</b>		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	<b>aqualia</b> carries out a series of analysis and tests, guaranteeing the optimal quality of water, after treatment and purification.
		Water quality - page 21.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Total number of incidents of non-compliance with regulations concerning water for human consumption is 525 for all <b>aqualia</b> , out of 572.395 tests. The total number of non-complying tests from WWTPs managed by <b>aqualia</b> is 4,920 out of 95,711 tests.
<b>SERVICES AND PRODUCTS LABELLING</b>		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Water quality - page 21. Security in the supply - page 22.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	No incidents of non-compliance with regulations and voluntary codes during 2009.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customer satisfaction - pages 25 and 26.
<b>MARKETING COMMUNICATIONS</b>		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<b>aqualia</b> follows the FCC Group's policies regarding marketing communications. For further information, see FCC's Annual CSR report.
		Annual FCC's Corporate Social Responsibility Report *, page 490.
<b>USER'S PRIVACY</b>		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	No complaints regarding breaches of customer privacy and losses of customer data during 2009.
<b>RULE COMPLIANCE</b>		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	During 2009, 7 proceedings have been opened against <b>aqualia</b> for service compliancy failures. 2 are related to non-compliance of the original contract and 1 with supply cuts; all these have been classified as serious. Regarding proceedings opened in previous exercises, 5 are being processed, 4 of them regarding the consumers' defence and protection and 1 regarding the general Health Law. 2 of them are minor and 3 are serious.

## Annex III: GRI Statement

This Corporate Social Responsibility Report, issued by **aqualia**, has been prepared in accordance with the guidelines established in the Sustainability Reporting Guide of GRI, which **aqualia** understands and applies as described in the document "GRI Principles applied to CSRR" (1). This document includes **aqualia**'s interpretation of the GRI principles concerning the establishment of contents and quality when drafting the report. Moreover, it includes a general description of the report's scope (i.e.: the entities whose performance is included in the report).

In the different tables and charts we have clearly indicated in which cases the data scope does not match this general description.

**aqualia**'s report shows that it fulfils the A+ level requirements needed for the application of GRI G3. This means that it meets the conditions for the A level of G3 in terms of profile, management approach and performance indicators and that it has been subjected to verification mechanisms.

More information concerning the GRI is available at [www.aqualia.es/aqualia/rsc.aspx](http://www.aqualia.es/aqualia/rsc.aspx)

On this day, July 21th 2010, **aqualia** has achieved the Global Reporting Initiative (GRI) Application Level of A+.

This certification confirms that the document has been prepared in accordance with the information principles and requirements of the Sustainability Reporting Guide (version applicable at the time of the publication of the document).

Qualification level	C	C+	B	B+	A	A+
Self-statement						✓
GRI verification						✓





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