



GREEN FINANCING FRAMEWORK

September 2021

SUMMARY

01. Introduction

02. About Aqualia

- Our identity: Business model and strategic outlook
- Main partners in end-to-end water cycle management
- Water circularity and its end-to-end management
- Aqualia's presence in Spain and in the world
- Our commitment to environmental sustainability
- Certifications that endorse our commitment
- 2021-2023 Strategic Sustainability Plan
- Climate emergency and care of the environment: mitigation and adaptation to climate change

03. Use of Proceeds

04. Project Evaluation and Selection

05. Management of Proceeds

06. Reporting

07. External Review

- Second Party Opinion
- External Verification

08. Amendments to this Framework

The data in this Framework are referenced to 2020



01. Introduction

Aqualia has developed this framework pursuant to the Green Bond Principles/Voluntary Process Guidelines for Issuing Green Bonds published by the International Capital Market Association (ICMA) in June 2021, as well as the Green Loan Principles, published by the Loan Market Association (LMA).

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

Pursuant to the recommendations set out in the **ICMA Green Bond Principles**, this framework defines the way in which Aqualia commits its financial resources to undertake environmentally sustainable projects, clearly defining the categories of projects in which to focus investment, governance and mechanisms to select the specific projects within the aforementioned categories, the economic management of financial resources from the issuance of the bond, and the

frequency and scope of information to be reported on in relation to the use of these financial resources.

Transparency is one of the basic commitments of our relationship with the millions of end users in the communities where we manage the comprehensive urban water cycle, whether in full or in part. Needless to say, this transparency also extends to all our stakeholders. This document sets out the commitments to publishing information regarding the use of funds from any financing made available through Green Bonds, as well as their review by specialist independent institutions.

During the validity period of this framework, Aqualia undertakes to keep it up to date and in line, as much as possible, with the best market practices that represent the standards for the management of the urban water cycle and that make substantial improvements or environmental benefits. Likewise, the progress made by the European Union in terms of the classification of environmentally sustainable economic activities (the European Union Green Taxonomy) will be monitored, for its possible inclusion in future modifications of this framework.

02. About Aqualia

Our identity: Business Model and Strategic Outlook

Aqualia collaborates with Public Administrations, city councils and municipalities to guarantee access to water in accordance with the Sustainable Development Goals.

Aqualia, one of the main international specialist operators, is seeking efficient answers and solutions to different countries' needs with regard to water supply, sanitation and purification.

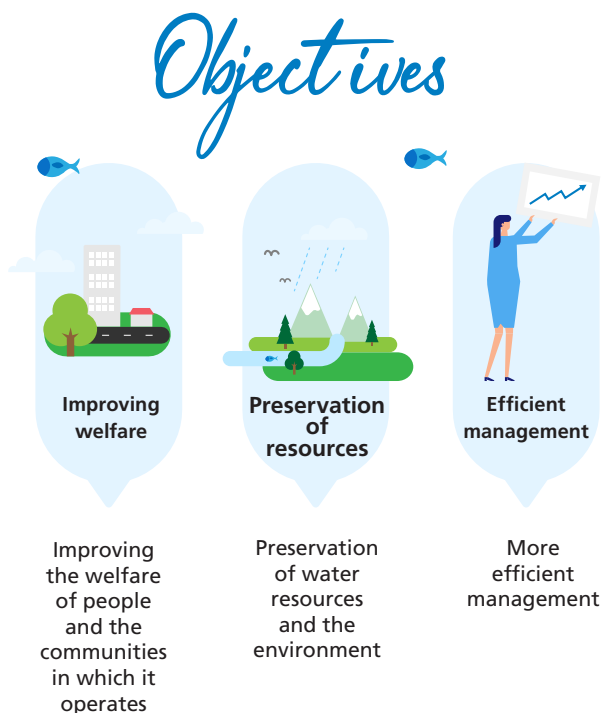
Wherever it is present, the company improves access to water and sanitation and optimises this scarce resource, contributing technical solutions and providing high-quality services in all phases of the end-to-end water cycle.

Aqualia's business model focuses on the management of its activity in specific geographical areas, where its actions are always guided by the objective of sustained and sustainable growth. To achieve this, the company's criteria are obtaining reasonable profitability and the integration of all its capabilities in all areas of the water cycle's value chain.

Aqualia is a benchmark company that collaborates with Public Administrations, city councils and municipalities to guarantee access to water, in accordance with the Sustainable Development Goals established by the UN and with the existing legal frameworks in each geographical area.

To meet its commitment to society, the organisation is fully integrated into the different regions where it operates, endorsing the unique characteristics and needs of the communities that inhabit them. Aqualia encourages people to be better informed and aware of environmental and social problems relating to water management.

Whether through educational tools, by promoting sports or supporting organisations that defend causes within its sphere of influence, Aqualia acts as a transforming agent, always with an eye towards improving the quality of life for each community where it has a presence.



Main collaborators in the end-to-end management of the water cycle

Municipalities

Municipal associations

Regions

Communities

Governments

These should guarantee

universal access to water

Aqualia collaborates to provide this public service with full satisfaction



Business model



Municipal concessions for the management of the end-to-end water cycle public service

Aqualia's main activity is to ensure access to water through the management of public services such as abstraction, treatment, purification, distribution, sanitation and purification, as well as analysing the quality of the water.



Infrastructure concessions in BOT model contracts¹

Aqualia designs, builds, finances and operates long-term infrastructures, treatment plants (purification, filtration and desalination) or re-use installations.



O&M services

The company operates, maintains and manages infrastructures.



EPC Models

Aqualia creates design-and-construction projects (Engineering, Procurement and Construction).



Geographical areas

Aqualia focuses on certain geographical territories to take advantage of synergies in:

Europe

Especially in municipal concessions, through the maintenance of high contract renewal rates and taking advantage of opportunities that may appear both in organic growth and in acquisitions that contribute value.

Latin America (LATAM)

Through the consolidation of long-term contracts for both municipal concessions and infrastructure concessions as well as iconic design and construction projects.

Middle East and North Africa (MENA)

Through the development of a consolidated position in infrastructure concessions and O&M contracts with high added value.

Main strategic drivers

International growth and expansion that responds to global needs for clean water and sanitation for everyone, with the appropriate human resources and technology.

Financial profitability that enables reasonable and sustainable growth.

Integration of all areas of the value chain into the water cycle.

¹ BOT: Build, Operate and Transfer.

Water circularity and management of the end-to-end cycle

E+ Water-energy interaction

6 12

Drinking water treatment plants (DWTP)
238

3 6

Drinking water produced
664.2 Million m³

6 12 14

Desalination plants managed
26

6

Water consumed in the purification and desalination process
176.4 Million m³

6

Drinking water deposits/tanks
2,855

3 6

Water quality: Parametric settings
1,019,780

6 11

Supply network
46,370 km

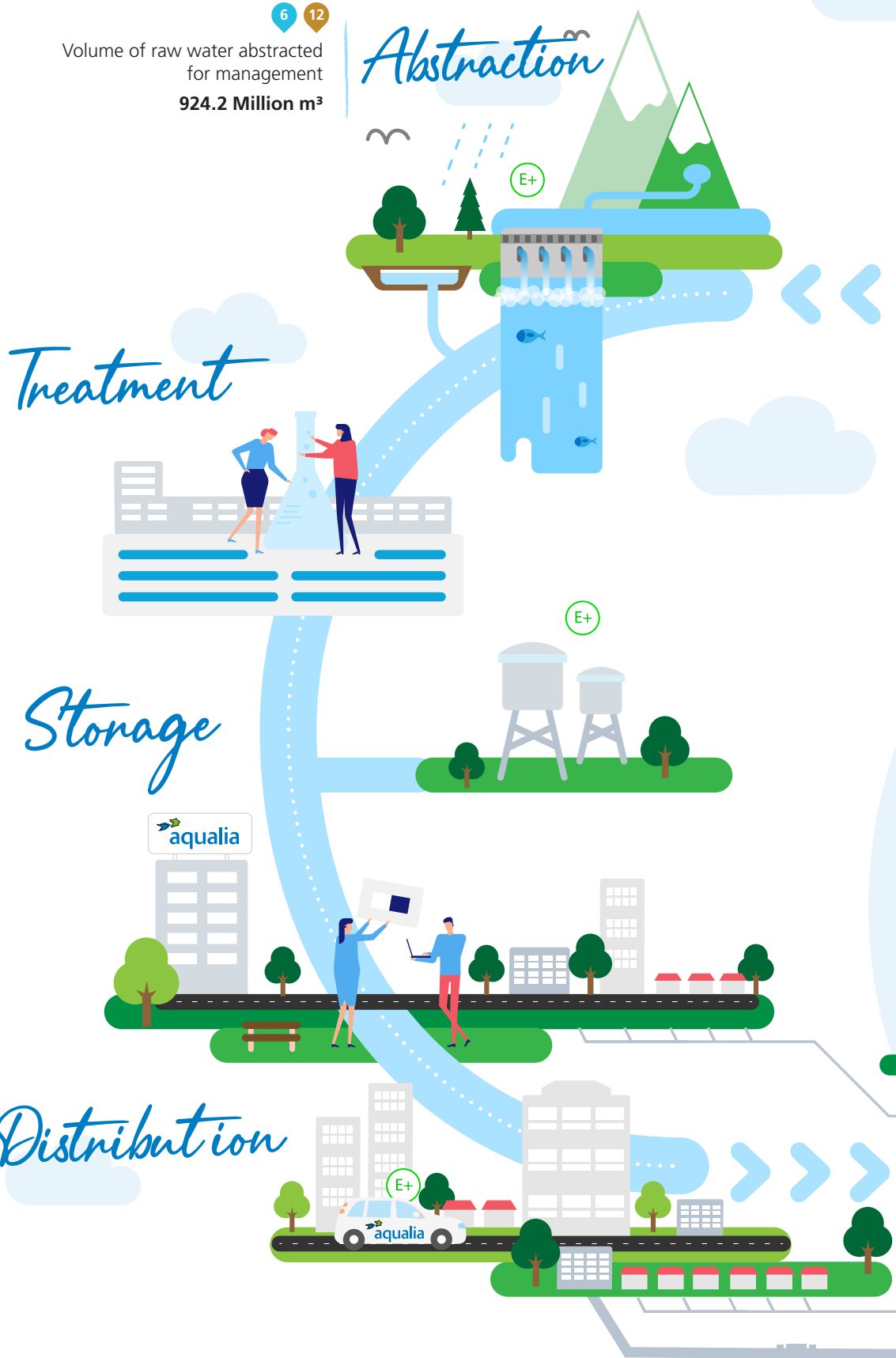
3 6 11

Water distributed
673.7 Million m³

6 11

Drinking water pumping stations (DWPS)
1,191

6 12
Volume of raw water abstracted for management
924.2 Million m³

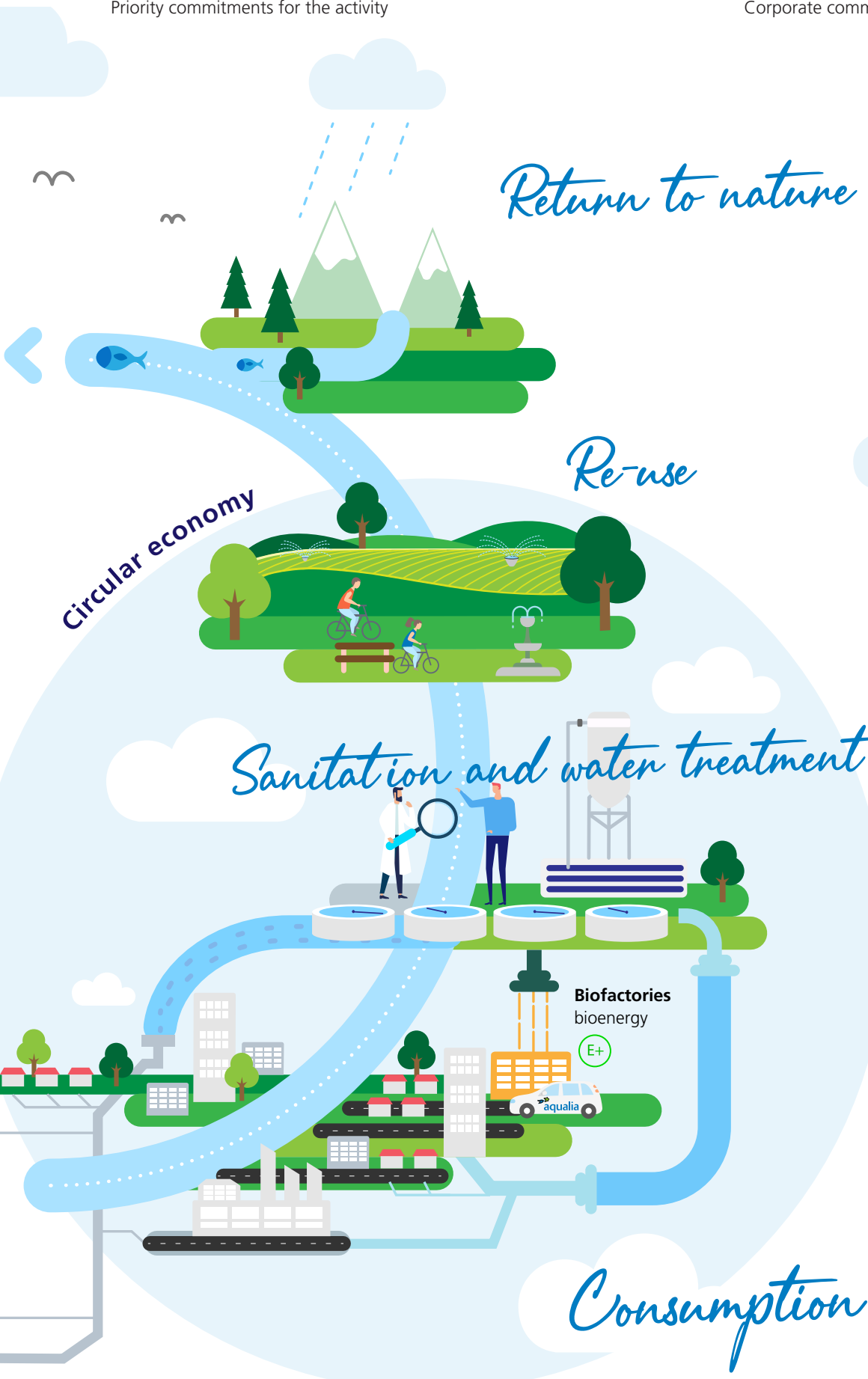




Priority commitments for the activity



Corporate commitments



Return to nature

6 14 15

Treated water returned to its natural environment:

631.5 Million m³

Re-use

6 12

Re-used water

56.4 Million m³

Sanitation and water treatment

6 7 9 12 13

Treatment plants

827

6 9 12 13

Treated water

687.9 Million m³

6 12

Sewage network

34,786 km

Consumption

3 6 11

Total citizens served

29.6 Million

Aqualia's presence in Spain and in the world

The Aqualia network currently serves over 29 million users in 17 countries.

17
countries

29.6 Million
users

The company currently provides services to over 29.6 million people in 17 countries: Algeria, Saudi Arabia, Colombia, Chile, Ecuador, United Arab Emirates, Spain, France, Italy, Mexico, Oman, Portugal, Qatar, the Czech Republic, Romania and Tunisia.



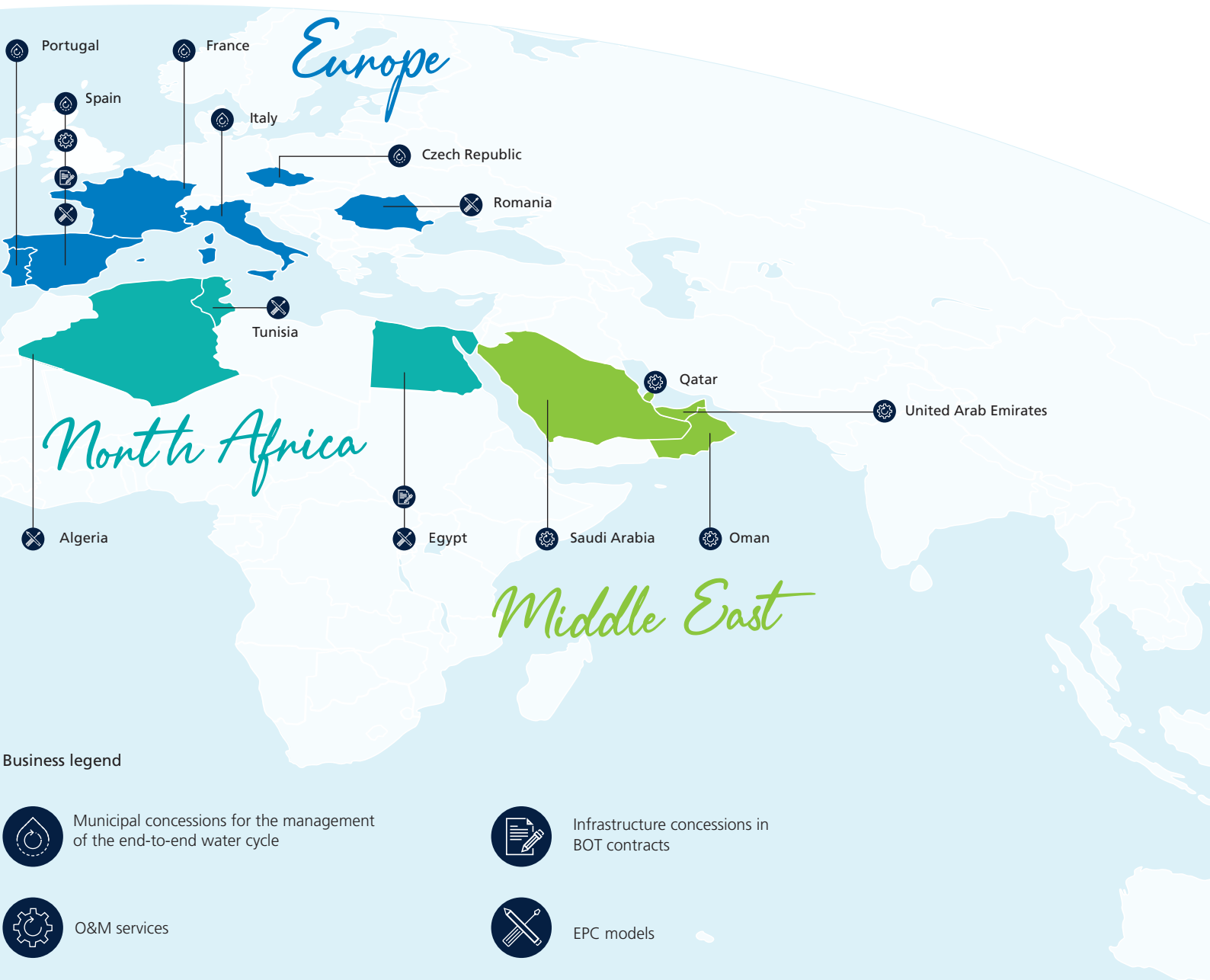
#9

in the world

#4

in Europe

According to the latest Global Water Intelligence ranking (March) 2021, it is Europe's fourth largest water company in terms of population served and ranks amongst the top ten worldwide.



Our commitment to environmental sustainability

Aqualia has promoted and integrated the ten principles of the United Nations Global Compact and the Sustainable Development Goals into its corporate culture. The 2021-2023 Strategic Sustainability Plan focuses on the achievement of the goals established by the 2030 Agenda, with a cross-cutting vocation for action related to the degree to which these goals are linked to the company's activity:

SDG materiality for the business

Targets to which the business contributes

Some examples of target-directed projects

6 CLEAN WATER AND SANITATION



6.1 Safe and affordable drinking water access

By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

6.2 Sanitation and hygiene services access

By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

6.3 Water quality. Pollution and wastewater

By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

6.4 Water efficiency

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

6.a Building management capacities

By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies

6.b Local community participation

Support and strengthen the participation of local communities in improving water and sanitation management

Social action projects to guarantee access to water supply and sanitation

Water consumption reduction

12.2 Efficient use of natural resources

By 2030, achieve the sustainable management and efficient use of natural resources .

12.4 Waste and chemicals management

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

12.5 Prevention, reduction, recycling and reuse of waste

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Water circularity R&D projects transfer to production

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Priority

"It is an essential feature of Aqualia to provide environmental, social and financial solutions that are both feasible and responsible and, all while, providing the highest quality service in all phases of the end-to-end water cycle, preserving water resources and the environment and improving management efficiency."

Félix Panra
Aqualia CEO



SDG materiality for the business

priority

17 PARTNERSHIPS TO MEET THE OBJECTIVES



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



3 GOOD HEALTH AND WELL-BEING



13 CLIMATE ACTION



7 AFFORDABLE AND CLEAN ENERGY



15 LIFE ON LAND



Targets to which the business contributes

17.17 Public-private partnerships

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

9.4 Modernising infrastructure, use of clean technology

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

11.b Disaster risk reduction in cities

By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels

3.3 Transmissible diseases

By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases.

13.2 National policies, strategies and planning

Integrate climate change measures into national policies, strategies and planning

7.2 Renewables energies

By 2030, increase substantially the share of renewable energy in the global energy mix

15.1. Conservation and sustainable use of ecosystems

By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

Some examples of target-directed projects

Projects and partnerships with third parties regarding SDGs

Aqualia LIVE projects for efficient water management

Water balance implementation: network modeling

Projects to measure the impact of projects in countries: PPP for cities

Energy efficiency optimisation and emissions reduction

% renewable energy produced
% energy from renewable sources

Actions for promoting biodiversity within the environments

Certifications that endorse our commitment

Aqualia’s environmental commitment does not end with responsible water management. In 2020 the company worked on new policies and initiatives to reduce its carbon footprint.



Integrated Management

Aqualia is responding to the climate challenge and the expectations of its stakeholders and society through efficient and sustainable environmental management, which enables it to understand and measure environmental impacts. To do this, it has an Integrated

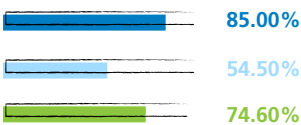
Management System certified within the Environmental (ISO 14001), Energy (ISO 50001)¹⁵ and Quality (ISO 9001) scope. The company also verifies its Carbon Footprint (ISO 14064-1). The requirements established by this system are as follows:

Degree of implementation of management systems in the company

% of the activity that has implemented and certified quality Management Systems in accordance with ISO 9001

- Spain
- International
- Aqualia

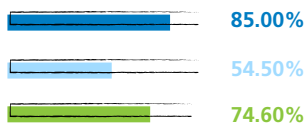
2020¹⁶



% of the activity that has implemented and certified environmental Management Systems in accordance with ISO 14001

- Spain
- International
- Aqualia

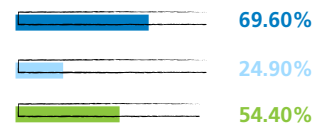
2020¹⁶



% of the activity that has implemented and certified energy Management Systems in accordance with ISO 50001

- Spain
- International
- Aqualia

2020¹⁶



¹⁶ The reduction in the Scope of the ISO 9001, ISO 14001 and ISO 50001 Certificates in Spain is due to the fact that Contracts for fewer than 10,000 inhabitants and Sports Centres are excluded from the certificate, with the exception of Zones, contractual requirements, commercial conditions and/or contracts affected by RD 56/2016, 85% energy consumption.



Sustainability Strategy and SDG Contribution certification

Aqualia is the first end-to-end water cycle management company to receive AENOR's Sustainability Strategy and SDG Contribution certification, for incorporating sustainability into the company's principles and aligning the company's strategies with the United Nations Sustainable Development Goals (SDGs) of greatest relevance to its own activity.



Strategic Plan for Sustainability

2021-2023

Aligned with the 2030 Agenda and the SDGs in strategy and management

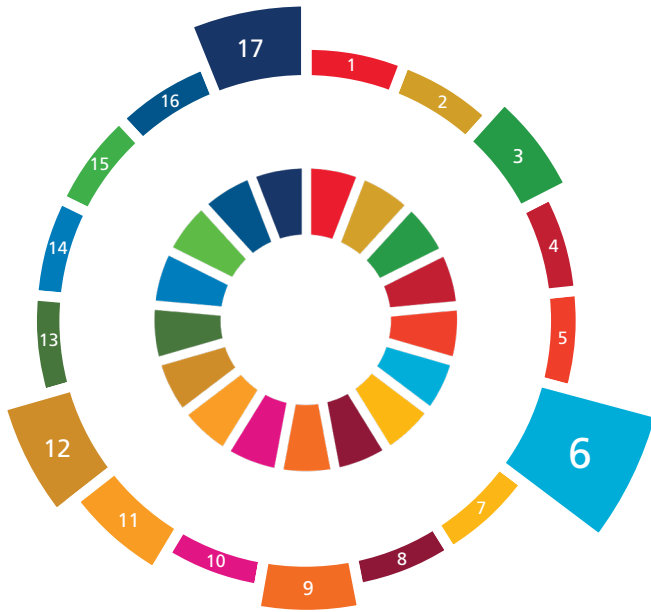
This year, the company has taken one step further in its commitment to the Global Compact by becoming a full member. Until now, Aqualia belonged to the Global Compact through FCC.

2021-2023. During the last quarter of 2020 and the first of 2021, work was also done on the strategic lines that will determine this plan and the necessary projects and actions to achieve each of them were established. And all this aligned with the main Sustainable Development Goals to which the company contributes.

Following the materiality analysis completed in 2020, Aqualia worked on a Strategic Sustainability Plan for

	1	2	3
Strategic lines*	<i>Strategic communication</i>	<i>Climate emergency and care of the environment: Mitigation, adaptation to climate change</i>	<i>Technology for integrated management</i>
Objectives	To be able to communicate the value contributed by Aqualia as Managers of the Public Water Service	To promote initiatives aimed at mitigating and adapting to climate change	To utilize a technology that enables the efficient use of resources and efficient management so that citizens can enjoy access to water that is guaranteed by Aqualia
Main projects	Aimed at establishing narrative story consistent with Aqualia's purpose and mission	Aimed at: <ul style="list-style-type: none"> • Reducing water consumption • Optimising energy efficiency and reduction of emissions • Protection and recovery of the ecosystem • Transfer of R&D&i projects to production 	Aimed at implementing tools that improve and streamline management and customer service: <ul style="list-style-type: none"> • Developing Aqualia Water Analytics (AWA) for smart water management in cities; implementing mobility in the management of processes in the end-to-end cycle for an improvement in response times, greater team efficiency and the integration of platforms
SDGs	6, 12, 17	6, 7, 12, 13, 15, 17	6, 9, 11

* In the different chapters and sections mention is made of these lines for the 2021-2023 Strategic Sustainability Plan, specifying to which SDG and which SDG goal they are contributing.



OBJECTIVES FOR SUSTAINABLE DEVELOPMENT

Aqualia promotes and integrates the Ten Principles of the United Nations Global Compact into its company culture and is aligned with the Sustainable Development Goals.

Strategic lines*

Objectives

Main projects

SDGs

4
People management

To continue to contribute mainly to the objectives of health and welfare, equality and diversity, and dignified, healthy employment

Aimed at progressing with regard to work-life balance, diversity, promotion of health and safety, support for expatriates and creation of meeting spaces

3 5 8

5
Ethics and compliance

To transfer to the entire company, and to the supply chain, Aqualia's culture, ethical values and *compliance* through 360° implementation

Aimed at the development of the compliance model, training in ethical culture and the official approval of suppliers

16

6
Social impact

To define the efforts made by Aqualia to guarantee access to water in a way that strengthens the link with the communities

Aimed at social action programmes and mechanisms to guarantee access to water for everyone, as well as, establishing mechanisms for the measurement of the impact of Aqualia's projects in the countries where it provides services as an end-to-end manager of the water cycle

6

7
Alliances and strategies

To contribute to Aqualia's SDGs through strategic alliances

Aqualia can contribute to the achievement of the 2030 goals through partnerships with third parties

17

* In the different chapters and sections mention is made of these lines for the 2021-2023 Strategic Sustainability Plan, specifying to which SDG and which SDG goal they are contributing.

Climate emergency and care of the environment: mitigation and adaptation to climate change

Pursuant to the provisions of its Sustainability Plan, Aqualia approaches the fight against climate change through four main lines of work, developed through specific action plans, as reflected in the following table:

Line of work	<i>Reduction of water consumption</i>	<i>Energy efficiency and reduction of emissions</i>
<p>Action Plan (AP)</p> <p>Indicator (KPI)</p>	<p>(AP) Reduction of the volume of non revenue water</p> <p>(KPI) % of the volume of non revenue water divided by the total volume of water introduced into the distribution network</p> <p>(AP) Improve the efficiency of water distribution networks</p> <p>(KPI) Volume of non revenue water per kilometre of network and day</p>	<p>(AP) Calculation of the individual carbon footprint per country</p> <p>(KPI) % countries where the carbon footprint is calculated divided by the total countries in which Aqualia operates</p> <p>(AP) Use of renewable energy</p> <p>(KPI) % renewable energy used generated by own facilities, PPAs (Power Purchase Agreements) or acquisition divided by the total energy consumed</p> <p>(AP) Improvement of energy efficiency at facilities</p> <p>(KPI) kWh/m³ energy used in the adduction, treatment and distribution of drinking water (calculation weighted using the m³ managed in each of the three processes)</p> <p>kWh/kg COD removed, energy used in wastewater treatment and sanitation</p> <p>(AP) Transformation of the vehicle fleet</p> <p>(KPI) % vehicles with low CO₂ emissions divided by the total vehicle fleet</p>



Line of work

*Ecosystem protection
and recovery.
Biodiversity*

*Technological transfer of
solutions obtained as part of
R&D projects to Production*

**Action Plan
(AP)**
**Indicator
(KPI)**

(AP) Identification of protected areas (biodiversity)

(KPI) Number of new biodiversity areas identified

(AP) Initiatives with the surrounding area to promote biodiversity

(KPI) Number of new projects for biodiversity protection and ecosystem recovery

(AP) Range of innovative solutions for the fight against climate change

(KPI) Number of new R&D projects launched during the year that include the development of innovative solutions to combat climate change

(AP) Mechanisms for the transfer of technology from R&D to Production

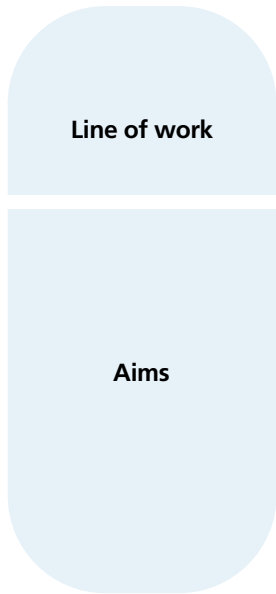
(KPI) Number of actions to transfer technology from R&D to Production undertaken during the year

(AP) Awareness raising amongst the workforce

(KPI) Number of actions to raise awareness amongst the workforce during the year

The company's objectives established for each of the lines of work are reflected in the following table:

Line of work	<i>Reduction of water consumption</i>	<i>Energy efficiency and reduction of emissions</i>
Aims	<p>In 2023, the volume of non revenue water divided by the total water introduced into distribution networks will be equal to or less than 27% (for contracts that are more than 5 years old)</p>	<p>The individual carbon footprint by country will be calculated each year (for MWC and BOT contracts) in all countries in which Aqualia has operated for more than three years.</p>
	<p>In 2023, the volume of non revenue water per kilometre of network and day will be equal to or less than 12 m³/km/day (for contracts that are more than 5 years old)</p>	<p>In 2030, the renewable energy used (generated by its own facilities, PPAs or purchase processes) divided by the total energy consumed will be at least 50% (for MWC and BOT contracts in which Aqualia has operated for more than three years)</p>
		<p>In 2040, energy neutrality will be achieved, with 100% of the energy used by the company from renewable sources (for MWC and BOT contracts in which Aqualia has operated for more than three years)</p>
		<p>The kWh/m³ ratio for the energy used in the adduction, treatment and distribution of drinking water will be reduced by 3% every three years (average value corresponding to MWC and BOT contracts that are more than 5 years old)</p>
		<p>The kWh/kg eliminated COD ratio for energy used in wastewater treatment and sanitation will be reduced by 3% every three years (average value corresponding to MWC and BOT contracts that are more than 5 years old)</p>
		<p>By 2030, 100% of the company's vehicle fleet will be made up of vehicles with low CO₂ emissions</p>



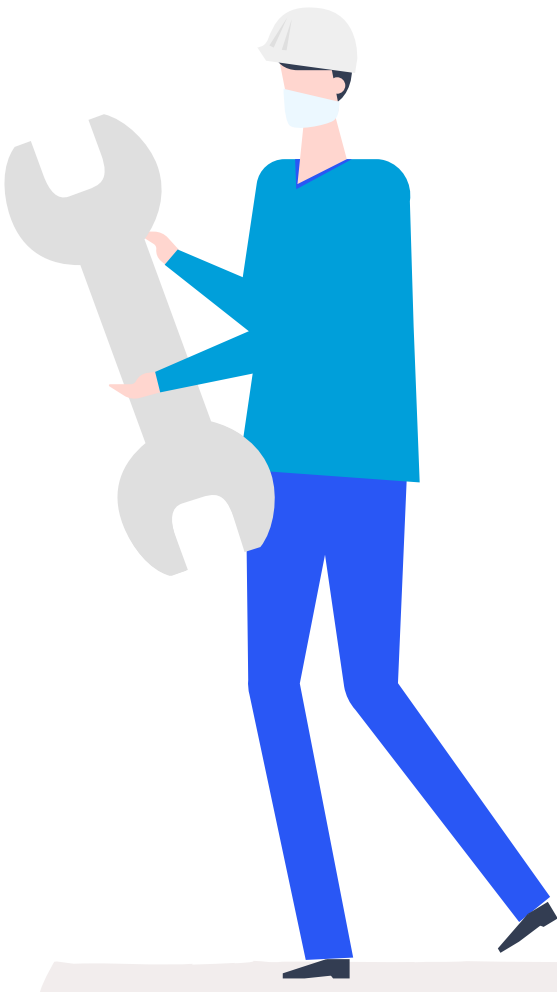
*Ecosystem protection
and recovery.
Biodiversity*

At least five new projects to protect biodiversity and restore the ecosystem will be launched each year

*Technological transfer of
solutions obtained as part of
R&D projects to Production*

At least two new R&D projects that include the development of innovative solutions to combat climate change will be launched each year.

At least two actions will be carried out each year to transfer technology from R&D to Production



03. Use of proceeds

The financial resources generated by the different possible Green Bond issues will be used to finance new projects or refinance existing projects, in part or in full, that are classified as Eligible Green Projects in line with the categories, eligibility criteria, exclusions and impact indicators listed below:



Sustainable water management and wastewater management

Investments aimed at

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

6

Eliminating the pollution present in wastewater for its release into public waters in suitable quality conditions.

6

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

6

The reduction of net GHG emissions.

13

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

Sustainable water management and wastewater management

Eligibility criteria

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

The water supply system complies with one of the following criteria:

The net average energy consumption for abstraction and treatment equals to or is lower than 0.5 kWh per cubic meter produced water supply*.

The leakage level is either calculated using the Infrastructure Leakage Index (ILI)(205) rating method and the threshold value equals to or is lower than 1.5, or is calculated using another appropriate method and the threshold value is established in accordance with Article 4 of Directive (EU) 2020/2184 of the European Parliament and of the Council(206) .

*Net energy consumption may take into account measures decreasing energy consumption, such as source control (pollutant load inputs), and, as appropriate, energy generation (such as hydraulic, solar and wind energy);

**That calculation is to be applied across the extent of water supply (distribution) network where the works are carried out, i.e. at water supply zone level, district metered area(s) (DMAs) or pressure managed area(s) (PMAs).

Renewal of water collection, treatment and supply systems

The renewal of the water supply system leads to improved energy efficiency in one of the following ways:

By decreasing the net average energy consumption of the system by at least 20% compared to its own baseline performance averaged for three years, including abstraction and treatment, measured in kWh per cubic meter produced water supply;

By closing the gap by at least 20% either between the current leakage level averaged over three years, calculated using the Infrastructure Leakage Index (ILI) rating method and an ILI of 1.5(207), or between the current leakage level averaged over three years, calculated using another appropriate method, and the threshold value established in accordance with Article 4 of Directive (EU) 2020/2184*.

*The current leakage level averaged over three years is calculated across the extent of water supply (distribution) network where the works are carried out, i.e. for the renewed water supply (distribution) network at district metered area(s) (DMAs) or pressure managed area(s) (PMAs).

Construction, extension and operation of wastewater collection and treatment

The net energy consumption of the wastewater treatment plant equals to or is lower than:

35 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10 000 p.e.;

25 kWh per population equivalent (p.e.) per annum for treatment plant capacity between 10 000 and 100 000 p.e.;

20 kWh per population equivalent (p.e.) per annum for treatment plant capacity above 100 000 p.e.

For the construction and extension of a wastewater treatment plant or a wastewater treatment plant with a collection system, which are substituting more GHG-intensive treatment systems (such as septic tanks, anaerobic lagoons), an assessment of the direct GHG emissions is performed.

*Net energy consumption of the operation of the wastewater treatment plant may take into account measures decreasing energy consumption relating to source control (reduction of storm water or pollutant load inputs), and, as appropriate, energy generation within the system (such as hydraulic, solar, thermal and wind energy).

Renewal of wastewater collection and treatment

The renewal of a collection system improves energy efficiency by decreasing the average energy consumption by 20% compared to its own baseline performance averaged over three years, demonstrated on an annual basis*.

The renewal of a wastewater treatment plant improves energy efficiency by decreasing the average energy consumption of the system by at least 20% compared to its own baseline performance averaged over three years, demonstrated on an annual basis**.

*That decrease of energy consumption can be accounted for at the level of the project (i.e. the collection system renewal) or, across the downstream wastewater agglomeration (i.e. including the downstream collection system, treatment plant or discharge of wastewater).

**The net energy consumption of the system is calculated in kWh per population equivalent per annum of the wastewater collected or effluent treated, taking into account measures decreasing energy consumption relating to source control (reduction of storm water or pollutant load inputs) and, as appropriate, energy generation within the system (such as hydraulic, solar, thermal and wind energy).

The operator demonstrates that there are no material changes relating to external conditions, including modifications to discharge authorisation(s) or changes in load to the agglomeration that would lead to a reduction of energy consumption, independent of efficiency measures taken

Sustainable water management and wastewater management

Eligibility criteria

Anaerobic digestion of sewage sludge

A monitoring and contingency plan is in place in order to minimise methane leakage at the facility.

The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in the chemical industry.

Desalination plants

Carbon intensity of the electricity that is used for desalination is at or below 100g CO₂ e/kWh

Anaerobic digestion of bio-waste

1. A monitoring and contingency plan is in place in order to minimise methane leakage at the facility.

2. The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane for injection in the natural gas grid, or used as vehicle fuel or as feedstock in the chemical industry.

3. The bio-waste that is used for anaerobic digestion is source segregated and collected separately.

4. The produced digestate is used as fertiliser or soil improver, either directly or after composting or any other treatment.

Exclusions

Investments and infrastructure in the fossil fuel, mining and nuclear energy sectors.

Desalination plants that supply water to nuclear power plants and thermal power plants that use fossil fuel

Desalination plants supplied by residual heat from thermal power plants or industrial processes that use fossil fuels

Integrated water and power plants (IWPP)

Hydroelectric energy and marine energy

Irrigation systems for agriculture

Impact indicators

Annual water savings: Annual absolute (gross) water use before and after the project in m³/a, reduction in water use in %

Annual volume of wastewater treated or avoided: Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³/a and p.e./a and as %
Population equivalent (1 p.e.) or 60 g of BOD₅ (EU definition)

Treatment and disposal of sewage sludge: Annual absolute (gross) amount of raw/untreated sewage sludge that is treated and disposed of (in tonnes of dry solids p.a. and in %)

Reuse of sewage sludge: Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %)

Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)

Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent

Sustainable water management and wastewater management

Examples of projects

- Construction of new water catchments (surface and underground) and renovation of existing catchments
- Promotion, design, construction or acquisition of new drinking water treatment and desalination plants, as well as the renovation of existing plants.
- Construction of drinking water storage tanks and the repair of existing tanks.
- Construction of new drinking water supply networks.
- Repair and replacement of drinking water network components to eliminate losses.
- Hardware, software and instruments to improve the performance (elimination of water leakages) of existing networks.
- Hardware, software and instruments to control the quality of water distributed.
- Construction of new sewage networks for the collection of wastewater.
- Construction of storm tanks, control facilities, water flow abatement and relief treatment in stormwater management systems.
- Repair and replacement of sewerage network components to eliminate pollutant discharges.
- Hardware, software and instruments to control spills.
- Promotion, design, construction and acquisition of new wastewater treatment plants and renovation of existing plants.
- Promotion, design, construction and acquisition of facilities for the reuse of treated wastewater.
- Promotion, design, construction and acquisition of facilities for the treatment of sludge produced during the wastewater treatment process and renovation of existing facilities.
- Laboratory infrastructure and equipment to control drinking and wastewater quality.
- Installation of solar panels for the generation of solar power at the facilities managed by the company (buildings, tanks, water treatment plants, etc.).
- Investments in access to the end to end water cycle infrastructure management.
- Optimisation of electricity supply and transformation facilities.
- Hardware and software for the measurement, control and reduction of energy consumption.
- Installation of more efficient electromechanical equipment to pump drinking water.
- Installation of more efficient electromechanical equipment at drinking water treatment plants.
- Use of new low-energy consumption technologies for the production of drinking water.
- Installation of energy recovery equipment at desalination plants.
- Optimisation of energy consumption at buildings and offices.
- Installation of more efficient electromechanical equipment to pump wastewater.
- Installation of more efficient electromechanical equipment at wastewater treatment plants.
- Use of new low-energy consumption technologies for the treatment of wastewater.
- Use of new low-energy consumption technologies for the treatment and elimination of sludge produced during the wastewater treatment process.
- Facilities for the production of electricity using biogas generated during digestion processes at wastewater treatment plants.
- Use of new technologies to increase the generation and use of biomethane at wastewater treatment plants.

Use of Proceeds

Renewable Energy

Investments dedicated to

the construction, operation or improvement of reservoirs and falling water for the generation of hydroelectric energy

7

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

Eligibility criteria

The activity complies with either of the following criteria:

The electricity generation facility is a run-of-river plant and does not have an artificial reservoir;

The power density of the electricity generation facility is above 5 W/m²;

The life-cycle GHG emissions from the generation of electricity from hydropower, are lower than 100gCO₂e/kWh.

*The life-cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018(162) , ISO 14064-1:2018(163) or the G-res tool(164) . Quantified life-cycle GHG emissions are verified by an independent third party.

Exclusions

Projects that do not satisfy the eligibility criteria.
Marine-based hydropower-like assets

Impact indicators

Power density: W/m²
GHG emissions intensity
Annual GHG emissions reduced/avoided in tonnes of CO₂equivalent /a
Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)
Capacity of renewable energy plant(s) constructed or rehabilitated in MW

Examples

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

Clean Transportation

Investments dedicated to

the transformation of the vehicle fleet, abandoning the acquisition of vehicles powered by fossil fuels

13

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



Eligibility criteria

The activity complies with the following criteria:

For vehicles of category M1 and N1, both falling under the scope of Regulation (EC) No 715/2007:

Until 31 December 2025, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are lower than 50gCO₂/km (low- and zero-emission light-duty vehicles);

From 1 January 2026, specific emissions of CO₂, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, are zero.

Exclusions

Vehicles that do not satisfy the eligibility criteria

Impact indicators

Annual Absolute (gross) GHG emissions in tCO₂-e

Number of clean vehicles deployed (e.g. electric)

Estimated reduction in fuel consumption

Examples

Electric vehicles, hybrids or vehicles powered by biogas generated at wastewater treatment plants.

Installation of charging stations for electric vehicles at the facilities managed by the company

Installation of vehicle biomethane dispensers, for biomethane generated at wastewater treatment plants.

04. Project evaluation and selection



The use of the funds generated by the different Green Bond issues will be managed pursuant to a project assessment and selection process that guarantees that this is in line with the investment categories defined in section 3.1. of this document.

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

- **CEO**
- **CFO**
- **Country Manager (Spain)**
- **Country Manager (International)**
- **Legal Advisory Director**
- **People and Culture Director**
- **Communication and CSR Director**
- **Tenders and Operations Director**

This Committee, which will assume the new function of managing all aspects related to the use of funds generated by the different Green Bond issues, has been constituted prior to the detection of this need. It is responsible for cross-coordinating all matters that affect the company and meets every two weeks.

This Committee will be able to delegate specific control processes depending on the technical nature and the amount of each investment project to specialized subcommittees.

Each year, this Committee will be tasked with reviewing the following aspects of the way in which the Green Bond functions:

- The use of the funds of each Green Bond issue, pursuant to the eligible investment categories listed in section 3.1. of this document
- The identification and recommendation of new types of projects, in addition to those already identified, that may be considered eligible for the purposes of their implementation, financed by the funds generated by each Green Bond issue
- The review of the investment categories identified as eligible, identifying the needs for change or elimination in cases in which they may become ineligible
- The review of the investments made in each period, assigning each of them to the corresponding category of eligible investments, for the preparation of the specific annual report on the use of the funds generated by each Green Bond
- The need to update or change the action framework for each Green Bond issue

As part of the assessment and selection of the projects to be implemented, the Committee will take the metrics and objectives defined in this document into consideration. Furthermore, an analysis will be performed that these investments are in line with the action plans and objectives defined in the Sustainability Plan in force at all times.



05. Management of proceeds

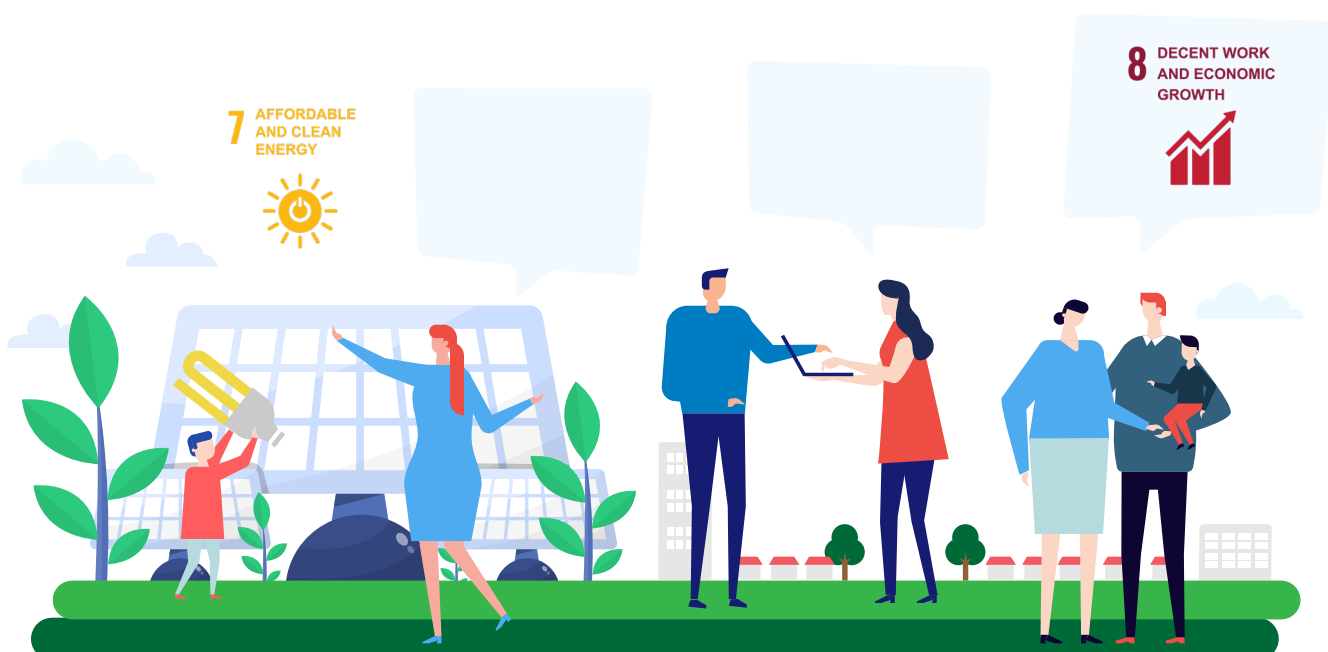


Aqualia will track the use of proceeds coming from Green Bonds/Loans issued under this Framework to make sure that the net proceeds will be used to finance or refinance eligible projects described under section Use of Proceeds in this Framework. The full amount of the net proceeds are expected to be allocated to eligible projects immediately after issuance. However, if this is not possible, Aqualia will temporarily hold in its liquidity portfolio the balance of net proceeds not yet allocated to eligible projects.

To manage this monitoring, Aqualia will establish a specific register associated with green financing.

Aqualia will annually review this register, which will contain relevant information that will include:

- (1) Identification related to the financing instruments
- (2) Details of Eligible Use of Proceeds, including:
 - Eligible environmental projects
 - The amount of the respective allocation made
 - Estimate of impact of the Eligible Use of Proceeds



06. Reporting

An annual allocation report will be made publicly available after the issuance of the bond, which details on the allocation of the net proceeds from any outstanding issuance. The allocation report will include the following details:

- **Total amount allocated to Eligible Green Projects.**
- **Total amount allocated per Eligible Green Project Category.**
- **The amount remaining unallocated.**

The annual report should include a list of the projects to which Green Financing proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact

Where confidentiality agreements, competitive considerations, or large number of underlying projects limit the amount of detail that can be made available, this information will be presented in generic terms or on an aggregated portfolio basis.

The allocation reports will remain available until the maturity of the green bond instrument. Key potential environmental impact indicators may include:

Eligible Project Categories	Eligible Project Categories
Water management and Wastewater management	Annual water savings: Annual absolute (gross) water use before and after the project in m ³ /a, reduction in water use in %
	Annual volume of wastewater treated or avoided: Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m ³ /a and p.e./a and as % <small>Population equivalent (1 p.e.) or 60 g of BOD5 (EU definition)</small>
	Treatment and disposal of sewage sludge: Annual absolute (gross) amount of raw/untreated sewage sludge that is treated and disposed of (in tonnes of dry solids p.a. and in %)
	Reuse of sewage sludge: Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %)
	Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)
	Annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent
Renewable energy	Power density: W/m ²
	GHG emissions intensity
	Annual GHG emissions reduced/avoided in tonnes of CO ₂ equivalent /a
	Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)
	Capacity of renewable energy plant(s) constructed or rehabilitated in MW
Clean transportation	Annual Absolute (gross) GHG emissions in tCO ₂ -e
	Number of clean vehicles deployed (e.g. electric)
	Estimated reduction in fuel consumption

All reporting will be made public on [Aqualia's website](#)

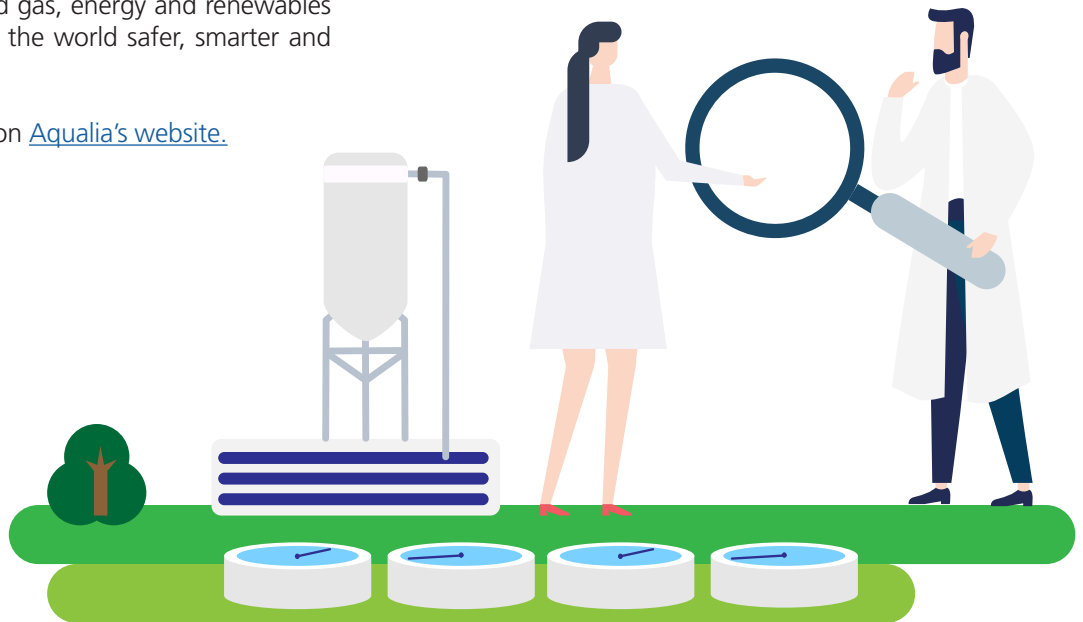
07. External review

Second party opinion

Aqualia has commissioned DNV to provide a second party opinion of its sustainable financing framework. DNV has reviewed AQUALIA's sustainable financing framework and issued a second party opinion report which concluded that the Framework aligns with the Green Bond Principles published by the International Capital Markets Association (ICMA), and the Green Loan Principles published by the LMA.

DNV is a global quality assurance and risk management company. Driven by the purpose of safeguarding life, property and the environment. DNV enables customers to advance the safety and sustainability of their business. Operating in more than 100 countries, it is dedicated to helping customers in maritime, oil and gas, energy and renewables and other industries to make the world safer, smarter and greener.

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



External verification

Each year, Aqualia will ask an accredited independent external adviser to review the use of the funds generated by the green bond in eligible investment projects pursuant to the categories defined in point 03. Use of proceeds of this document.

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



08. Amendments to this framework

Each year, the Committee indicated in point 04 Project Evaluation and Selection of this document will review the content of this framework to perform any updates or corrections that may be necessary. Any updates to the framework, as applicable, will be published on [Aqualia's website](#).





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