C I T Y O F F O R T P I E R C E

Joint Meeting - City of Fort Pierce and Fort Pierce Utilities Authority

Joint Meeting - Tuesday June 22, 2021 - 2:00 p.m.
Sunrise Center - City Building Department Training Room, 3rd Floor, 300 Orange Avenue, Fort Pierce, Florida

1. **Call to Order**

2. **Pledge of Allegiance**

3. **Roll Call**

4. **New Business**

   a. Presentation and Discussion regarding Unsolicited Proposal from Aqualia for Advance Water Reclamation Facility Relocation

5. **COMMENTS FROM THE PUBLIC**

   Any person who wishes to comment on any subject may be heard at this time. Please limit your comments to three (3) minutes or less, as directed by the Mayor, as this section of the Agenda is limited to thirty minutes. The City Commission will not be able to take any official actions under Comments from the Public. Speakers will address the Mayor, Commissioners, and the Public with respect. Inappropriate language will not be tolerated.

6. Adjournment

In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the City Clerk's Office at (772) 467-3065 at least 48 hours prior to the meeting.

Joint Meeting - Fort Pierce/FPUA - 2:00 p.m. **4. a.**

Meeting Date: 06/22/2021

Re: Unsolicited Proposal

Submitted For: Linda Cox, City Clerk, City Clerk

SUBJECT:

Presentation and Discussion regarding Unsolicited Proposal from Aqualia for Advance Water Reclamation Facility Relocation

Attachments

Proposal

Memo From City Manager to City Commission 6/15/21

Tompeck Memo to FPUA Board

FPUA Public-Private Partnership Presentation 6/15/21

Aqualia Presentation

Form Review

Inbox	Reviewed By	Date
City Manager	Nick Mimms	06/16/2021 06:46 PM
Form Started By: Linda Cox		Started On: 06/11/2021 10:46 AM
Final Approval Date: 06/16/2021		

THE SUNRISE CITY
FORT PIERCE
CITY MANAGER'S OFFICE
Florida

TO : The Honorable Mayor and Members of the City Commission

FROM : Nicholas C. Mimms, P.E., ICMA-CM, City Manager NCM

RE : **Unsolicited Proposal for Advance Water Reclamation Facility Relocation - Update**

DATE : May 13, 2021

In accordance with the request from the City Commission, the City Manager's Office received the revised, unsolicited proposal from Aqualia for the relocation of the water reclamation facility on South Hutchinson Island. This unsolicited proposal has been forwarded to John Tompeck, FPUA Director of Utilities.

City of Fort Pierce staff will review the attached documentation for compliance with Florida Statutes § 255.065. Upon completion of the review, the City Commission will be apprised of the findings.

If you have any questions or need additional information, please contact me.

NCM:jdr

Attachments

c: City Clerk
City Attorney
Economic Development Manager

1101 Brickell Avenue, Suite N1601
Miami, FL 33131, USA
Tel: (305) 372 2536

www.aqualia.com

Mr. Nick Mimms, Manager
City of Fort Pierce
100 N. U.S. Highway 1
Fort Pierce, FL 34950

May 7th, 2021

Subject: Advance Water Reclamation Facility Relocation Unsolicited Proposal

Dear Mr. Mimms;

On September 24th, 2020, Aqualia presented to the City of Fort Pierce a letter of interest to present an unsolicited proposal for the relocation of the water reclamation facility that the City owns in the western portion of South Hutchinson Island, managed and operated by the Fort Pierce Utility Authority (FPUA).

The City showed interest in our proposal and requested additional information to evaluate the unsolicited proposal.

In response to this interest, we are presenting today the unsolicited proposal for a Public-Private Partnership between the City of Fort Pierce and Aqualia.

The public-private partnership proposal which we have prepared, is a somewhat preliminary detailed road map of how the City of Fort Pierce and the Utility Authority can combine and leverage its resources with Aqualia, to own a “sustainable” new state of the art wastewater treatment plant, while energizing new ad valorem tax revenues, with little or no immediate rate increase.

On behalf of our entire team, I want to thank you in advance for evaluating our proposal.

We look forward to the opportunity to begin a most productive public-private partnership with the City of Fort Pierce.

Sincerely,

Eva Arnaiz
Country Manager Aqualia USA and Vice President FCC Aqualia USA Corp.
Contact by phone: (786) 327 8849; By e-mail: earnaizg@aqualia.com

UNSOLICITED PROPOSAL

Public-Private Partnership for an Advance Water Reclamation Facility Relocation for the City of Fort Pierce, FLORIDA.

By: AQUALIA

2021, May 7th

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1. EXECUTIVE SUMMARY

The City of Fort Pierce currently owns a wastewater treatment plant in and around the western portion of South Hutchinson Island. The wastewater treatment plant is managed and operated by the Fort Pierce Utility Authority (FPUA).

In 2012, the City of Ft. Pierce participated in the Western Peninsula Charrette outlining a vision for the western portion of South Hutchinson Island. The results of the charrette, which had significant public participation, was to remove the wastewater treatment plant from the Island in order to better utilize the land upon which the treatment plant resides.

The City of Ft. Pierce adopted the conclusions of the charrette and has since made several unsuccessful attempts to fulfill the vision expressed in the City's Resolution to remove the wastewater treatment plant.

Those attempts have included ongoing discussions with the Utility Authority; regional consolidation proposals with St. Lucie County; and the formation of a Council appointed Wastewater Relocation Advisory Committee.

The Utility Authority has consistently recognized the goal to move the treatment plant away from the Island, and like the City, has been exploring how best a new treatment plant could be constructed and where. The Authority participated in all the City's Advisory Committee meetings as well as discussions surrounding a regional consolidation option.

During these nine-years since the declaration to seek removal of the plant occurred, economic development in the City of Ft. Pierce have been taking place in the downtown and along the waterfront areas, as well as South Hutchinson Island. This growth has further exacerbated the call for the plant to be removed in order to continue the link of development from the downtown to the Island.

There is also a growing environmental concern of what the treatment plant means to the lagoon basin in general. There is no doubt that all sectors and governmental entities want the wastewater treatment plant moved.

The City and the Utility Authority are not unique. Local governments, economic development and environmental interests throughout the United States are all facing the same aging infrastructure issues, climate change challenges and trying to strike a balance between appropriate development to enhance quality of life while meeting growth demands.

An ever increasing and common solution has been the collaborating of the public sector with the private sector.

Public-Private Partnerships have proven to be a successful means for local governments to focus their limited resources on certain core mission services, while turning to outsourcing for more costly overhead services such as trash and recycling collection.

Recently, in March 2021, a preliminary proposal for a joint collaboration between the Utility Authority, St. Lucie County and the City of Ft. Pierce was presented to the City Commission. This proposal follows the conventional procurement and conventional finance mechanism through municipal bonds with a tentative goal to have the plant in operation in 2027.

To assist the City of Ft. Pierce and the Utility Authority to accomplish a long-term vision for a brand new, state of the art wastewater treatment plant in a shorter period of time while guaranteeing the finance of the plant, our Aqualia team is proposing a collaborative public private partnership.

This partnership between Aqualia and the City of Ft. Pierce involves a real collaboration between both parties, working together from day one for the design, construction, finance and operation and maintenance during 30 years of a new water reclamation facility for the benefit of the residents of Ft. Pierce.

Through a decision to construct a new treatment plant, the City and the Utility Authority will have the opportunity to switch from an outdated facility in technology, to the very latest "sustainable" advanced Aerobic Granular Sludge technology. Our solution also offers sleek new building designs that simulate typical modern office buildings, with a smaller footprint, while remaining on City's land.

Once the new state of the art treatment plant has been tested, is operational at the highest efficiency possible for a sufficient amount of time, the old existing plant can be taken off-line, dismantled and removed. Construction of the new plant could be accomplished in as little as 24 months.

The old treatment plant location could then be marketed by the City of Ft. Pierce for an economic development initiative that would benefit the entire City while helping to reduce any rate increase.

Every successful public-private partnership requires a strong team effort. By combining the strengths of the City, Aqualia, our local partners and the Utility Authority, the City of Ft. Pierce will maintain control of project design and approvals, while shifting costs and liabilities to Aqualia.

The design, financing, construction and operate business model being proposed in the public-private partnership proposal, allows Aqualia to take full responsibility and be fully accountable to the City and the Utility Authority, while at the back end of our partnership, after the 30 years of operation by Aqualia, the City and the Utility Authority transition into full operational control and responsibility. Meaning that at the end of the contract period the plant is transferred to the City and the Utility Authority at no cost and in good operating condition.

Working as a partnership also benefits the ratepayers. We are very sensitive to the potential impacts of what a new wastewater treatment plant could do to a customer rate structure. Our mutual goal is to limit and minimize any rate increase.

Another advantage of our “sustainable” new state-of-the-art plant is predictability. The City will know precisely what operational and maintenance costs are for the 30-year term, from the day the Public-Private Partnership (P3) Contract is signed.

Obviously, there will be long-term operational and maintenance savings to be realized just by having a new plant. Beyond that, we also know that existing Utility Authority reserves exist which could be leveraged against a rate increase. Additionally, if new tax revenue was created as a result of converting the current treatment plant site from non-taxable property to taxable land, further offsets to a rate increase could be applied.

The public-private partnership framework provided for in Florida statute is designed to give local governments the flexibility to receive and customize unsolicited proposals to the benefit and satisfaction of both sides of the partnership. The private sector benefits from a return on a long-term investment. The public sector benefits from new, modern and improved infrastructure.

How we accomplish the satisfaction of those respective interests starts with a thorough review and analysis of our proposal followed by what we hope would be a series of meetings to explain the items needing further clarification, working together to elaborate the final proposal tailor-made for the City of Ft. Pierce under the terms that would be acceptable to the City, the Utility Authority and Aqualia.

The public-private partnership proposal which follows, is a somewhat detailed road map of how the City of Ft. Pierce and the Utility Authority can combine and leverage its resources with Aqualia, to own a new state of the art wastewater treatment plant, while energizing new ad valorem tax revenues, with little or no immediate rate increase.

It’s all about real partnership and working together to serve the people of Ft. Pierce and we are ready to serve!

2. INTRODUCTION TO THE OUR TEAM

AQUALIA: TEAM LEADER

FCC Aqualia (Aqualia) was founded in 1980. Since that time, Aqualia has grown to become Europe's fourth largest private water company and ranks among the top ten private water companies in the world, with annual revenues of over $1.4 billion dollars. We currently operate 17 different countries, in 1,100 local government municipalities, serving almost 30 million people worldwide.

Our success has been founded on the core sustainability principle of obtaining water, adapting it to the highest quality possible for human consumption, and returning back to nature, the used water as clean as possible.

Aqualia is exclusively a water-cycle management company. We are dedicated to providing solutions throughout all phases of the water cycle to both public and private sector clients for farming, industrial or human consumption use.

We offer extensive world-wide experience and expertise in design, procurement, construction and operation and maintenance of all types of water processing facilities. Our engineers are experts in their respective fields of drinking water plants; reclamation and desalination facilities; wastewater and solid waste disposal; and transportation of potable water. We have been involved in 827 wastewater treatment facilities through design, construction or operation and maintenance.

Both large and small facilities are among the many projects we have completed to-date, highlighting our involvement in 827 wastewater treatment facilities.

Some of our key projects include:

- Abu Rawash Wastewater Treatment Plant (422 MGD) in Egypt.
- Glina Wastewater Treatment Plant (273 MGD) in Romania.
- Salitre Wastewater Treatment Plant (160 MGD) in Colombia.
- New Cairo Water Reclamation Facility (66 MGD) in Egypt.
- Mostaganem Desalination Plant (53 MGD) in Algeria.
- Alamein Desalination Plant (40 MGD) in Egypt.

And some similar size projects are represented below:

- Ranilla Advance Water Reclamation Facility (24 MGD) in Spain.
- Cuernavaca sewer and wastewater treatment plant (17 MGD) in Mexico.
- North Aveiro Water Reclamation Facility (13 MGD) in Portugal.
- Avila Advance Water Reclamation Facility (8 MGD) in Spain.
- Prizren Advance Water Reclamation Facility (8 MGD) in Kosovo.

As comparison, the Ft. Pierce Water Reclamation Facility will have a capacity to treat 8 MGD while designed and permitted for 10 MGD and prepared for a future extension to 15 MGD when growth development occurs.

Because most of Aqualia's work is with local governments in countries where economic challenges are almost impossible to overcome, we are always focused and committed to bringing the best solution for the lowest cost possible and Public-Private partnerships help achieving this goal since design, construction and operation and maintenance are fully integrated and design is done thinking in the next construction phase and the later long-term operation and maintenance of the facility.

Achieving this goal also means collaborating closely with our clients and remaining flexible throughout the planning process. This is easily done by considering our clients as our partners on each and every venture.

Every service that Aqualia provides to its clients, centers on our core business model, which is building long-term relationships. By establishing long-term operation agreements, local governments are assured that when we are designing and building a new facility, we are designing and building a facility that we will be responsible for ensuring it operates at peak performance year after year.

LOCAL PARTNERS

We understand the impact that a project like this has in a community and the many jobs that are involved in the design, construction and the operation of the facility.

Our goal is to involve as many local partners as possible with special attention and preference for small and minority business companies.

3. PROJECT DESCRIPTION- PRELIMINARY DESIGN

3.1. INTRODUCTION

Fort Pierce Utilities Authority (FPUA) and St. Lucie County (SLC) are currently evaluating the feasibility of building a Mainland Water Reclamation Facility.

The Utility Authority has selected a parcel located on the mainland adjacent to their waste to energy plant as a best location for the relocated water reclamation facility. This parcel encompasses 25 acres which provides sufficient space for safe construction of the facility.

Our proposal is a conceptual planning-level financial and technical relocation report for the Design, Construction, Finance, Operation and Maintenance of a new “sustainable” state of the art 8.0 MGD mainland water reclamation facility (MWRF) for the City of Ft. Pierce.

It includes a technical solution based on the best information we could get from the public documents available, including the “Wastewater plant relocation conceptual analysis draft report” prepared by Hazen and Sawyer for FPUA and St. Lucie County.

In the framework of the proposed Public-Private Partnership, Aqualia and their professional engineering and design team, will be working collaboratively with the City of Ft. Pierce and the Utility Authority and professional consultants, to design the best final solution to meet the long-term needs of the City and its people.

3.2. DESCRIPTION OF THE TECHNICAL SOLUTION

Our proposal includes a water reclamation facility with an Initial Construction Phase capable of treating an average daily flow of 8 MGD, designed and permitted for 10 MGD and prepared for easily further estimated expansion up to 15 MGD. Intermediate expansions are possible, allowing for an efficient upgrade according to the needs of the City.

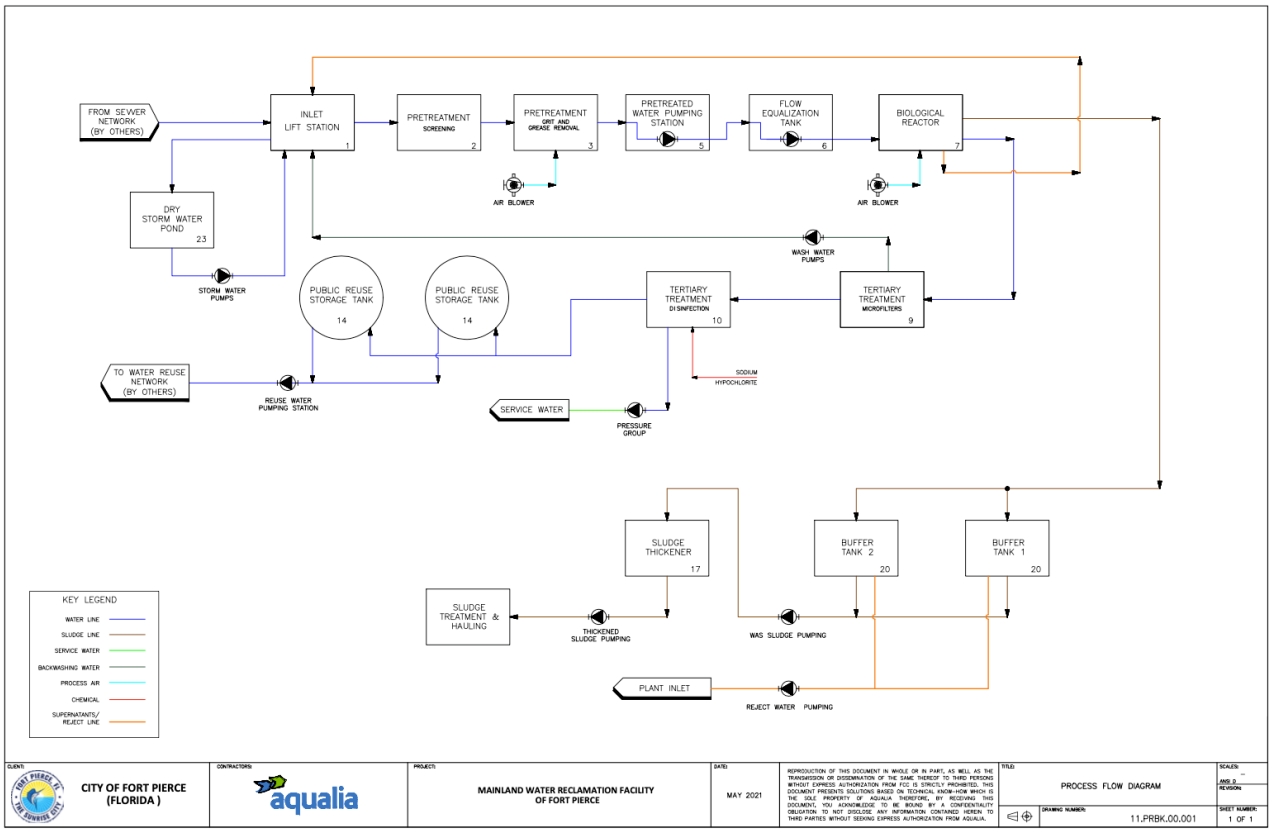
The facility is designed to provide “advanced wastewater treatment” which means that we are going one step further in wastewater treatment, anticipating to future water reuse requirements and including nutrient removal in our process.

On an annual basis, our effluent quality is limited to CBOD of 5 mg/L, TSS of 5 mg/L, total nitrogen of 3 mg/L, and phosphorous concentrations of 1 mg/L.

Hydraulic design has been developed in accordance with international best practice for conveying foul sewage, sludge and other fluids as required throughout the works with minimal disturbance in order to minimize odor generation. To avoid odor disturbances from the sludge line, the sludge dewatering and treatment facilities have been installed inside the sludge building.

All the general water reclamation facility arrangement has been designed according to a logical and compact disposition of all the processes.

The following Diagram shows the treatment process:



3.2.1. The heart of our process solution: The biological treatment

The most important process unit in the plant is the biological treatment. We have selected the AquaNereda® process due to the following advantages:

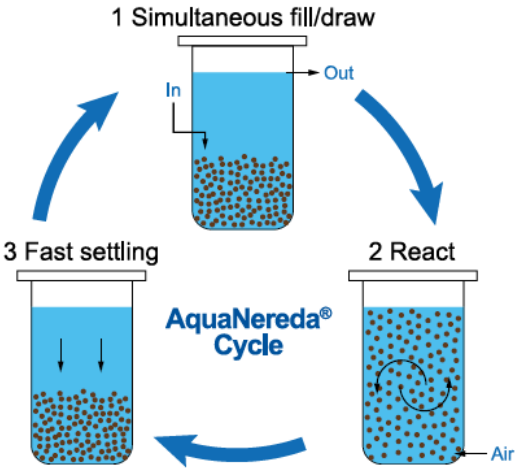
- Four times less space required compared to conventional activated sludge systems
- Energy savings up to 50% compared to activated sludge processes
- No secondary clarifiers, selectors, separate compartments, or return sludge pumping stations
- Proven enhanced nutrient removal (ENR)
- Robust structure of granule withstands fluctuations in chemical spikes, load, salt, pH and toxic shocks
- Significant reduction of chemicals for nutrient removal due to the layered structure and biopolymer backbone of the granule

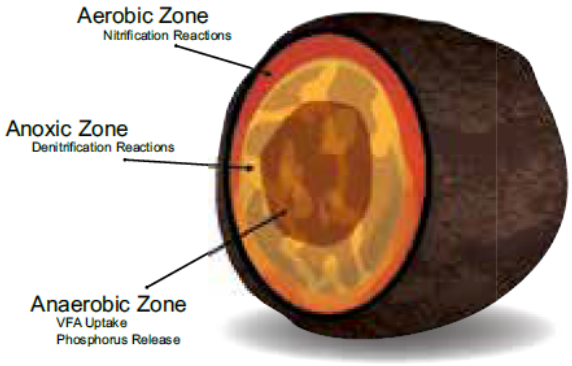
The AquaNereda® Aerobic Granular Sludge Technology is an innovative biological wastewater treatment system that provides advanced treatment using the unique features of aerobic granular biomass.

An aerobic granular biomass is comprised of compact granules, which are a layered microbial community that provides superb settling properties. Within a single tank, the process creates proper conditions to develop and reliably maintain a stable granule, without a supplemental carrier. The layered aerobic and anaerobic zones within the granule allow for simultaneous processes to take place in the granular biomass, including enhanced biological phosphorus reduction, and simultaneous nitrification and denitrification.

The unique process features of AquaNereda® technology translate into a flexible and compact process that offers energy efficiency and significantly lower chemical consumption.

Based on the unique characteristics of granular biomass, the AquaNereda® Aerobic Granular Sludge System uses an optimized batch cycle structure. There are three main phases of the cycle to meet advanced wastewater treatment objectives. The duration of the phases will be based upon the specific waste characteristics, the flow and the effluent objectives





How it works:

I. Fill/Draw Phase

- Influent flow, substrate and readily available carbon source enter the reactor
- Anoxic and anaerobic conditions are present
- Biomass conditioning phase
- Phosphorus release to promote enhanced bio-P removal
- Treated water is discharged

II. React Phase

- Influent flow is terminated
- The biomass is subjected to aerobic and anoxic conditions
- Simultaneous nitrification/ denitrification occurs
- Nitrate is transported by diffusion between outer aerated and inner anoxic layers of the granule, eliminating the need for pumping large recycle flows in the plant
- Luxury uptake of phosphorus is promoted
- Automated control of the process allows energy savings and process optimization

III. Settle Phase

- Influent flow does not enter the reactor
- Granular biomass is separated from the treated water during a very short settling phase
- Excess sludge is wasted in order to maintain the desired amount of biomass
- The system is ready for a new cycle

With this innovative an efficient process it is possible to achieve the high quality of the treated water 3 mg/l of total N and 1 mg/l of Total P with lower energy consumption than any other process and without chemicals due to the biological P removal.

3.3. PRELIMINARY SITE LAYOUT

Our water reclamation facility has different components, such us process buildings, administration building and process infrastructures.

All the facility is connected by roads, which are needed in order to do maintenance and operation tasks.

In the facility, there are different types of buildings, at the entrance you can find the administration and control building, with a park area. The other buildings are located in the process area, one of them is the process and sludge building, it is equipped with an odor control facility. Next to the chlorine contact basins is located the service water pumping station and the electrical building. All of these buildings are surrounded by sidewalks and are designed with a flat roof.

When describing the process units, the water reclamation facility has a lift station, screens, and a grit removal unit with its own blowers' room, the flow equalization tank and another lift station to the biological reactors.

At the center of the facility, it is located the biological reactor, two buffer tanks and the sludge thickener.

Located next to the process and sludge building, you may find the microfilters and the chlorine contact basins, with its sodium hypochlorite facility, the sodium tanks are protected with a metallic cover.

For the storage of the reuse quality treated water, the plant has two circular storage tanks. Both of them are covered in order to protect the reuse water.

Dry retention storm water ponds are included to manage stormwater.

Our compact design includes the space needed for the expansion up to 15 MGD in only half the area available.

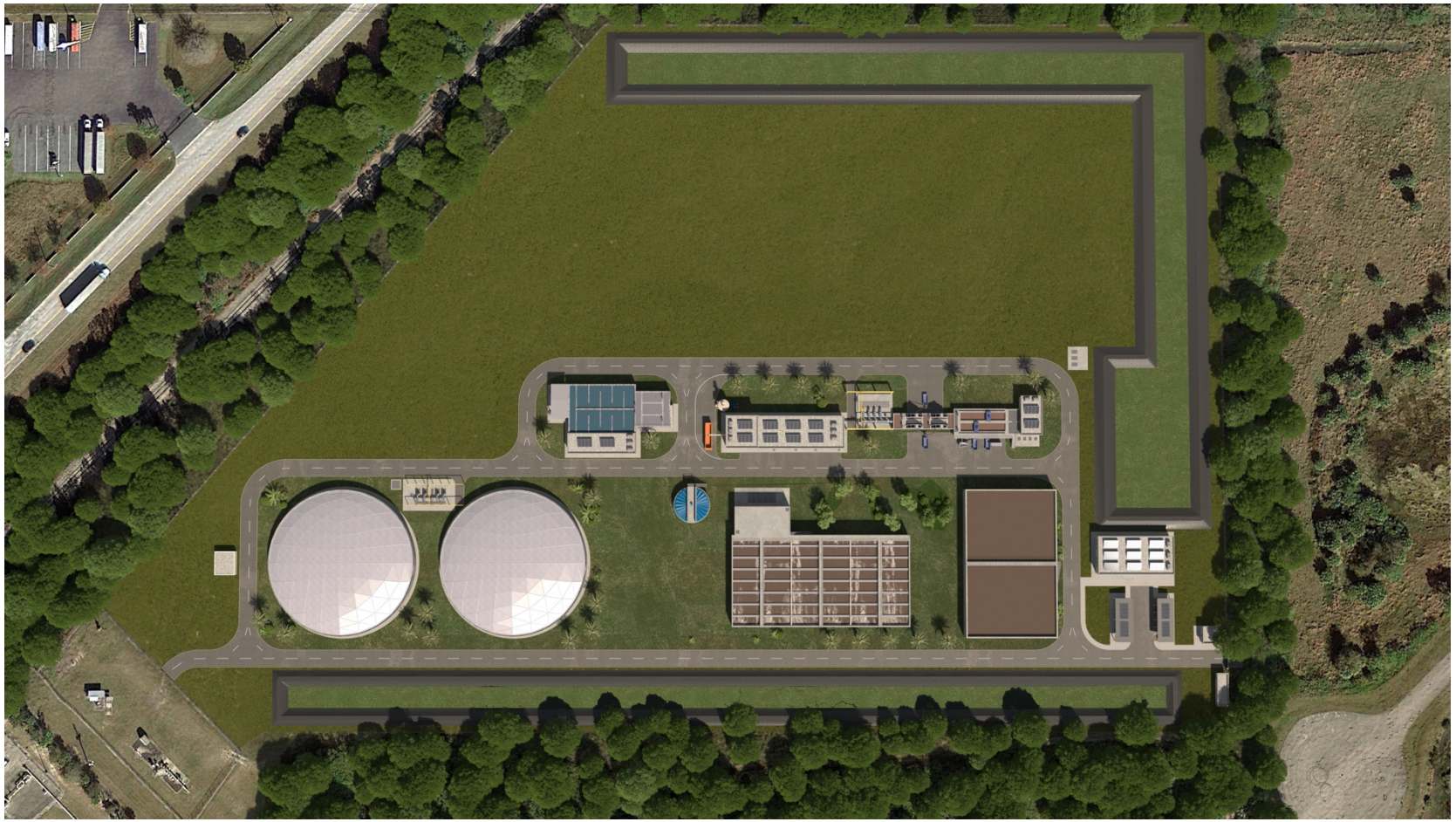
On the remaining free space, a Solar Farm could be installed to generate 100% of the electricity needed to operate the water reclamation facility. We have included this possibility in one of our 3D models for the evaluation of the City.

Aqualia is willing to study this possibility together with the City and the Utility Authority and together decide the best solution for the City and the Utility Authority, should it be to be included by Aqualia on the proposal to reduce de energy cost of the water reclamation facility or to be installed by the City or the Utility Authority for any other uses.

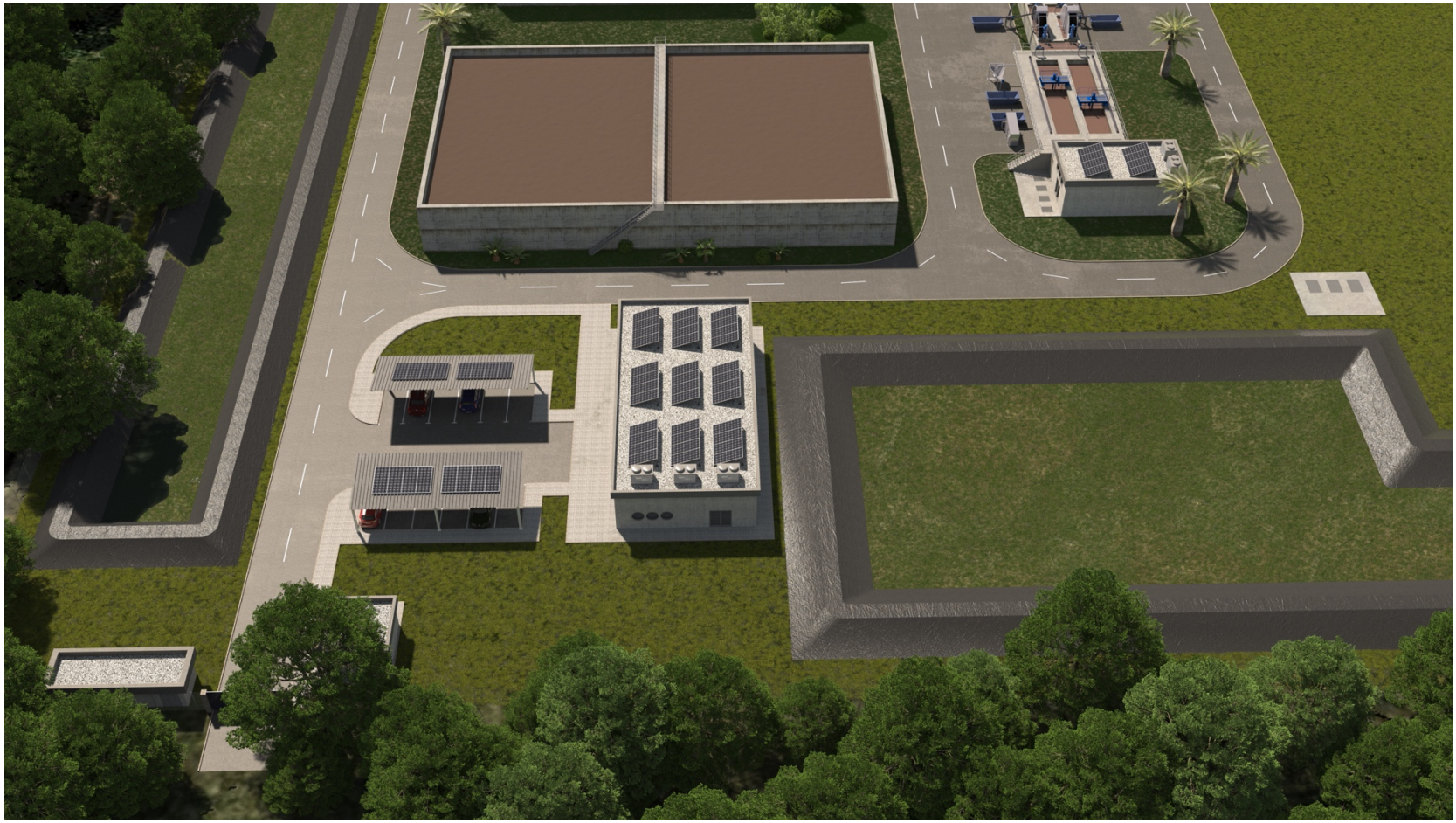
IMAGES REPRESENTING THE PRELIMINARY SITE LAYOUT. WITHOUT THE SOLAR FARM.

GENERAL SITE LAYOUT

GENERAL SITE LAYOUT

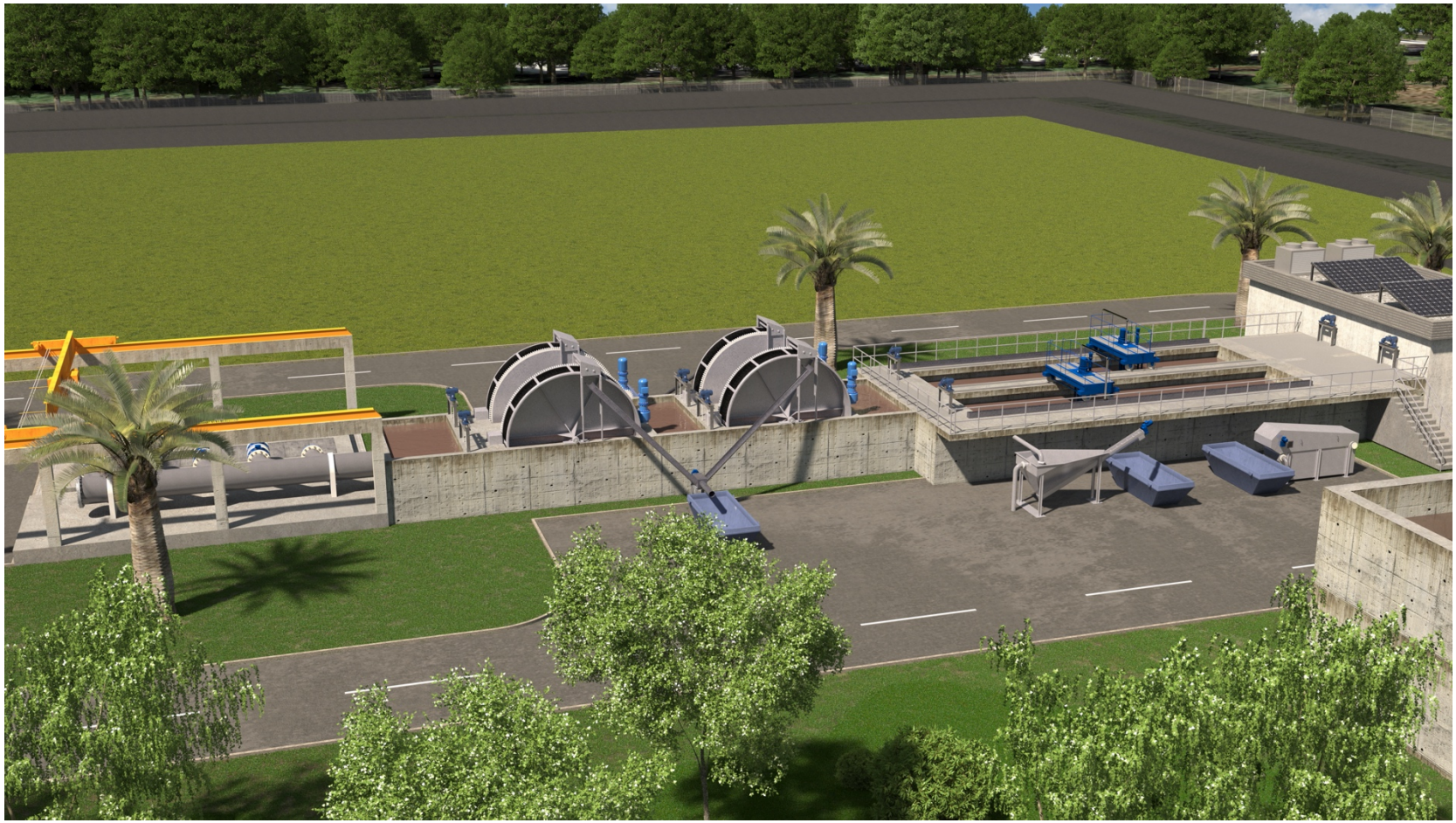


ADMINISTRATION BUILDING, FLOW EQUALIZATION TANK

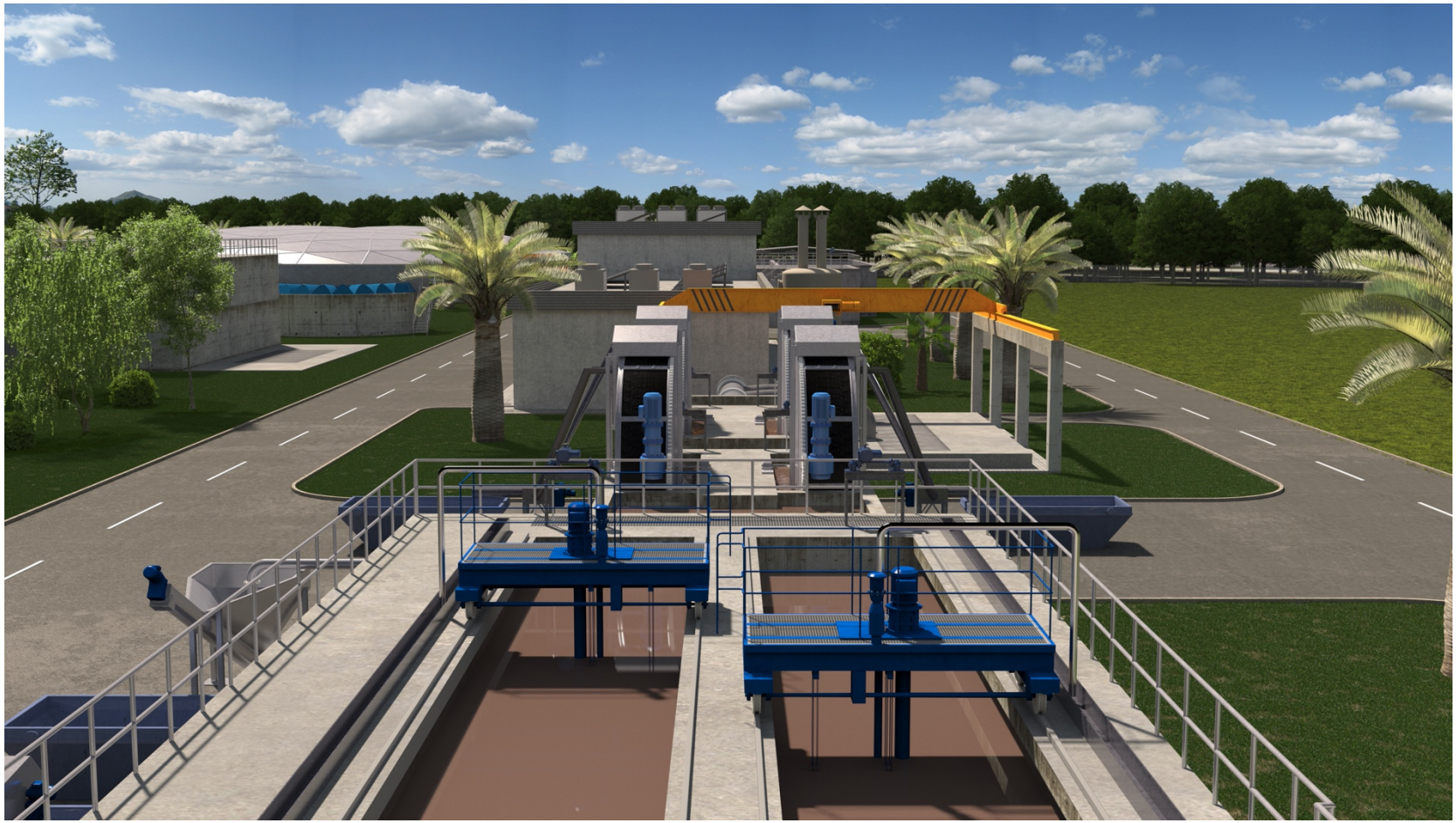


PRETREATMENT, PROCESS & SLUDGE BUILDING, BIOLOGICAL REACTORS AND TERTIARY TREATMENT

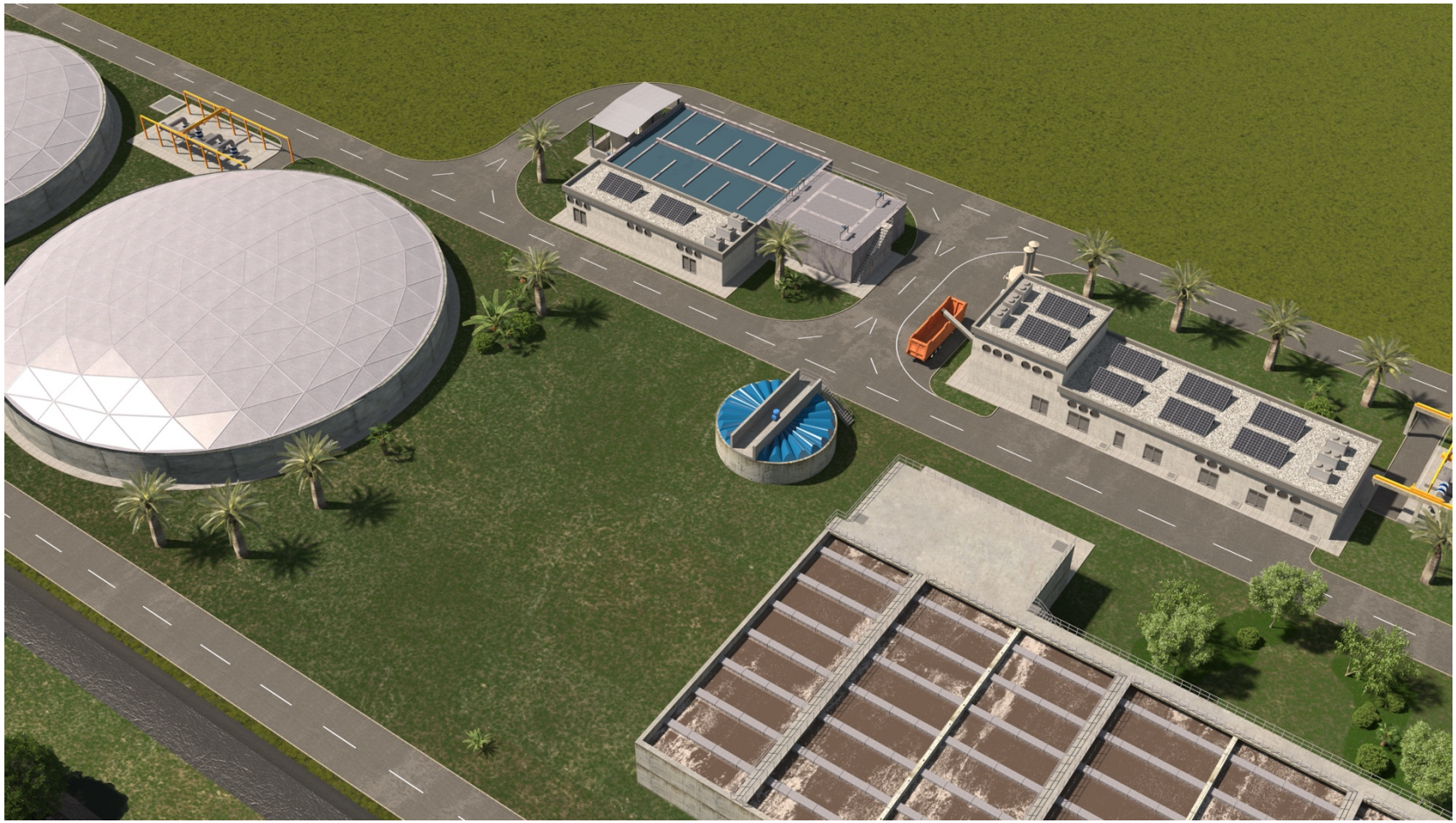
PRETREATMENT



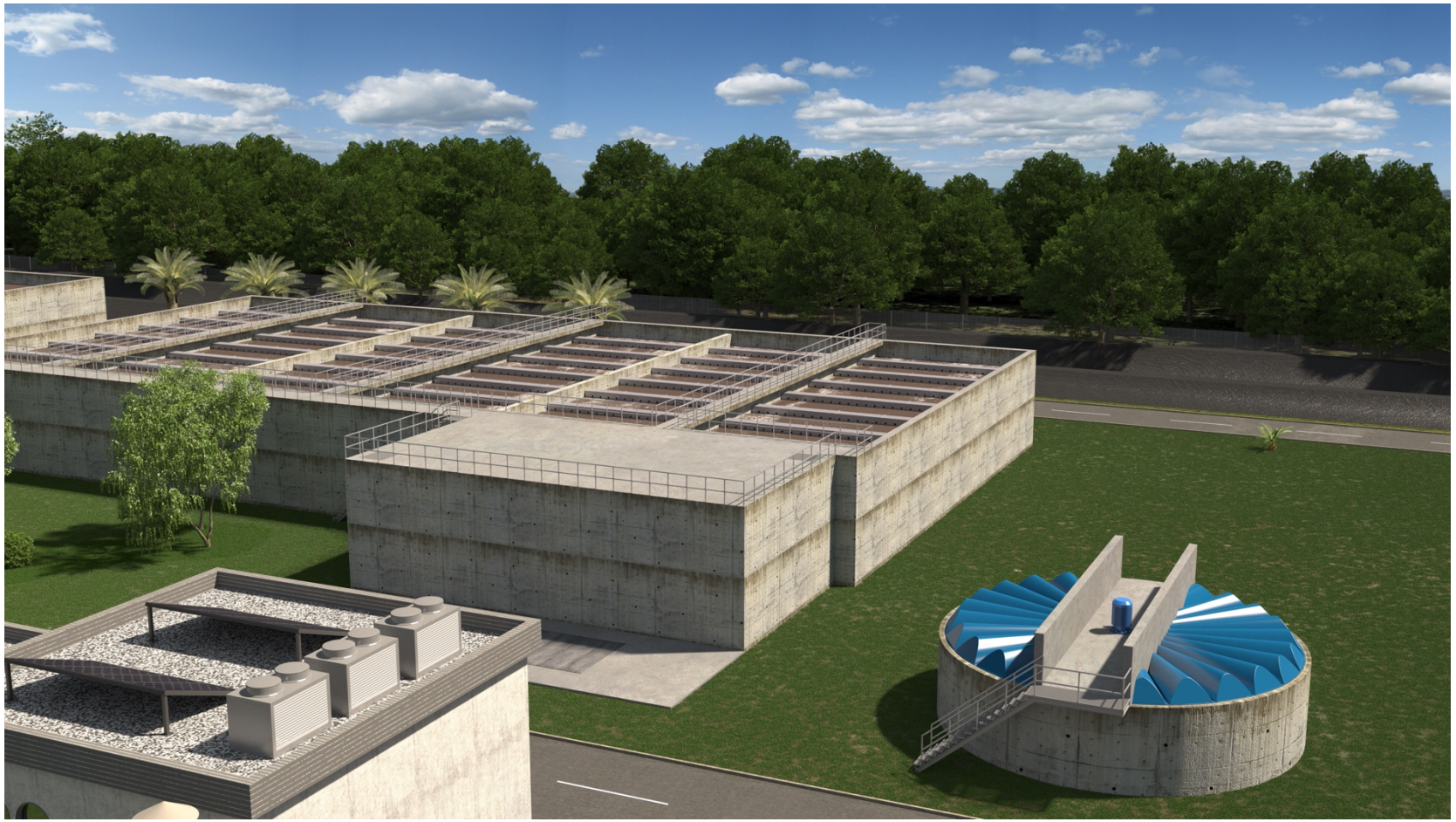
PRETREATMENT



PROCESS & SLUDGE BUILDING, BIOLOGICAL REACTORS, TERTIARY TREATMENT AND REUSE WATER STORAGE TANKS



BIOLOGICAL REACTORS AND SLUDGE THICKENER



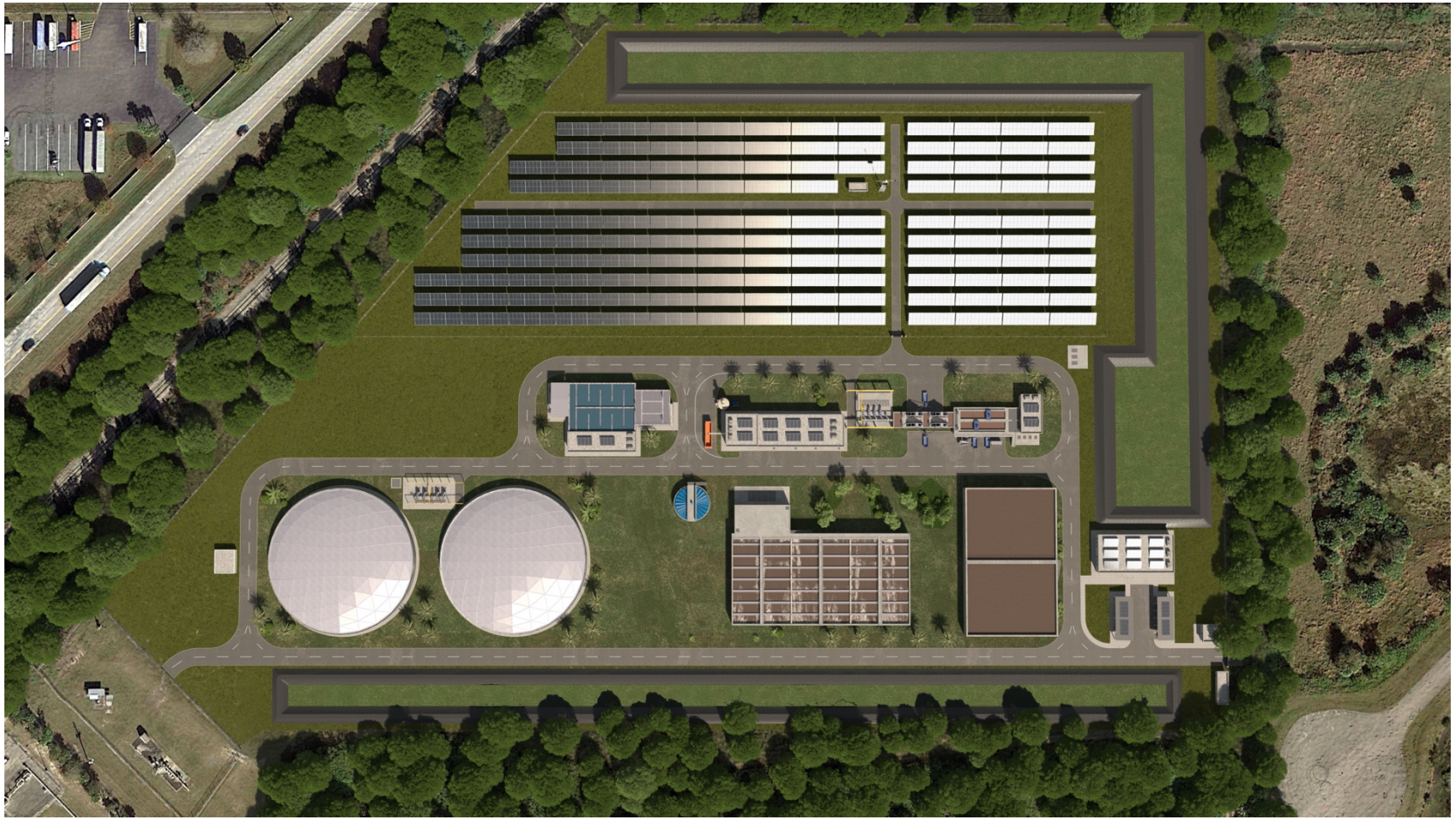
PROCESS & SLUDGE BUILDING, ODOR CONTROL

TERTIARY TREATMENT

CONTROL ROOM

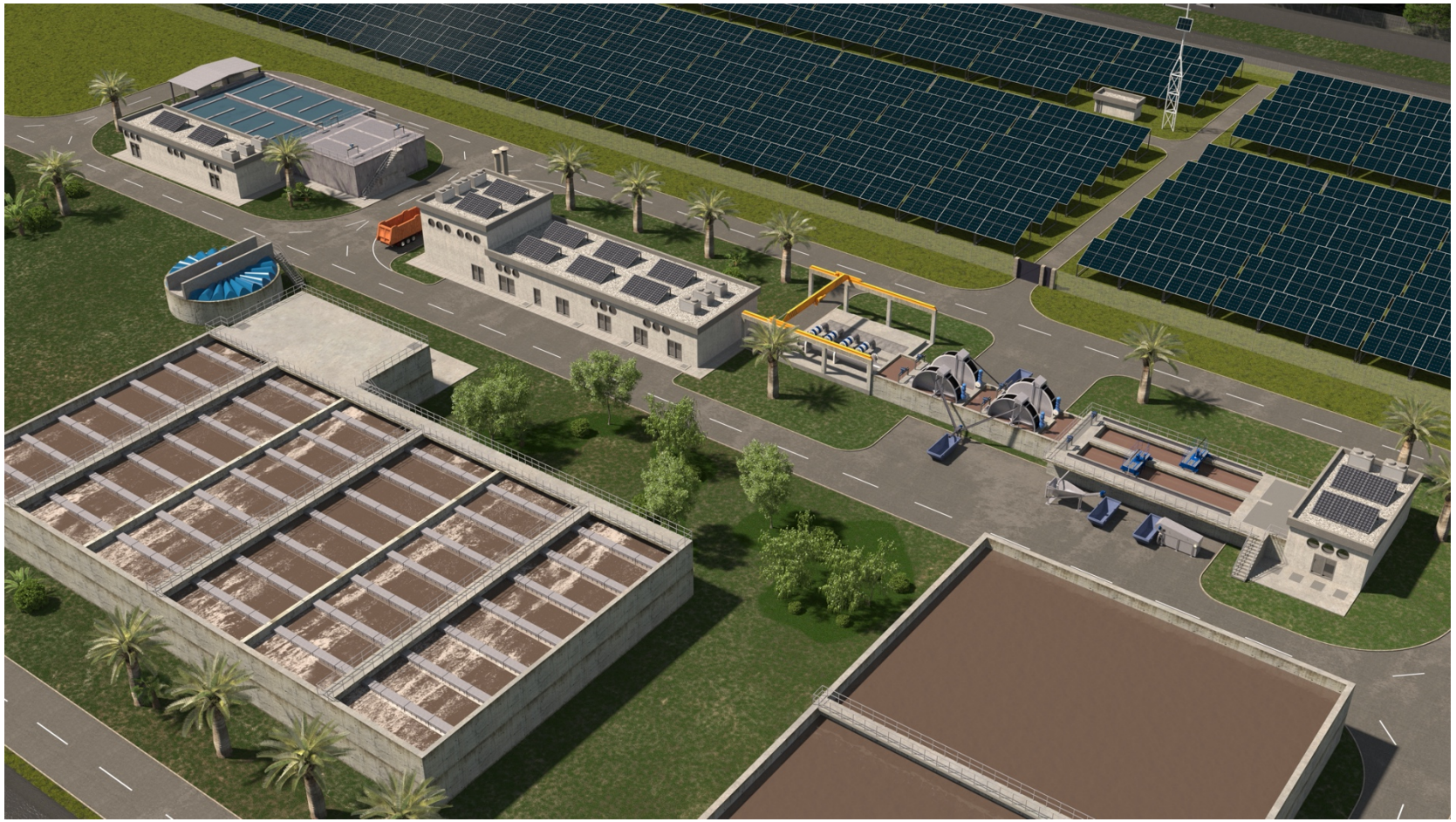
IMAGES REPRESENTING THE PRELIMINARY SITE LAYOUT. WITH THE SOLAR FARM.

GENERAL SITE LAYOUT WITH SOLAR FARM



GENERAL SITE LAYOUT WITH SOLAR FARM

GENERAL SITE LAYOUT WITH SOLAR FARM



1. PROJECT SCHEDULE AND FINANCING STRUCTURE

1.1. TIMELINE AND MILESTONES

The public-private partnership framework provided for in section 255.065, Florida Statute, is designed to give local governments the flexibility to receive and customize proposals to the benefit and satisfaction of both sides of the partnership.

The private sector benefits from a return on a long-term investment. The public sector benefits from new, modern and improved facilities.

Aqualia guarantees a new plant in 3 years since the decision is taken by the City Commission to move forward with our proposal and we sign the Interim agreement.

Following the determination to evaluate and consider our proposal, the scheduling of two, perhaps as many as four meetings, between Aqualia, the City and the Utility Authority, will take place. Because the nature of the meetings will be detailed in the exchanging of information, it will likely take multiple weeks before all the needed data is accumulated and verified.

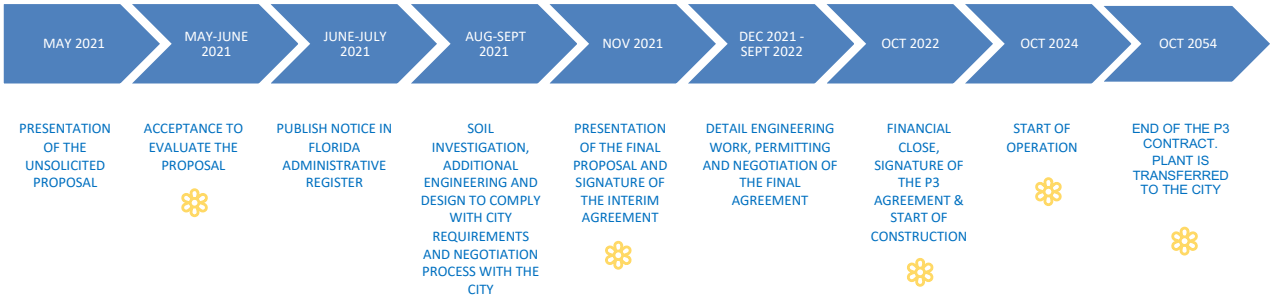
Once Aqualia have acquired everything that will be needed to reach a final pricing conclusion, and the main terms and conditions of the P3 agreement have been explained and agreed to with the City and the Utility Authority, Aqualia will then present to the City and the Utility Authority a final proposal, along with draft P3 agreement terms (Interim Agreement). Following the submission of the final proposal, the City and the Utility Authority will be in the decision-making posture to either accept or reject Aqualia proposal. We assume the policy makers will want and need ample time to hear presentations, receive community input and hear from their own engineering consultants regarding the final proposal.

Upon final approval to enter into a P3 agreement with the Aqualia team, all required legal and financial terms will be codified into a Public-Private Partnership Agreement for signature execution.

Upon execution of the P3 Agreement, final engineering, site plans and construction documents will be drafted, stamped and submitted to the City and Utility Authority for review and approval.

From the day the construction permit is issued for a new water reclamation facility, construction will begin. Overall start to completion estimation will be no more than 24 months.

Preliminary time schedule and milestones could follow these steps:



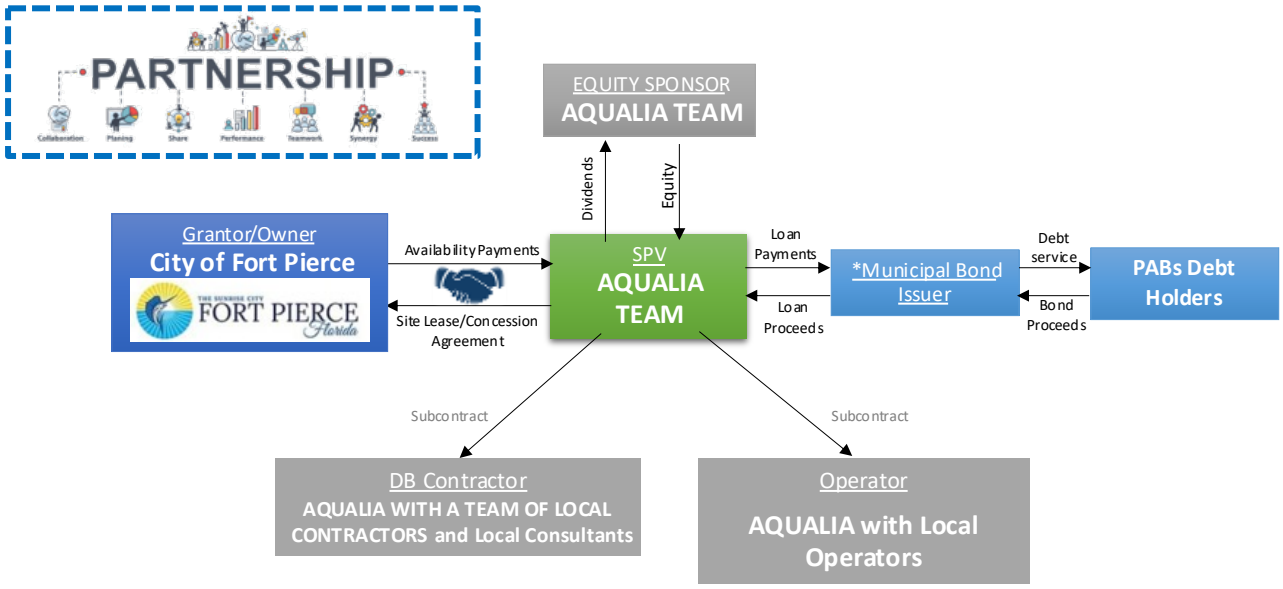
NOTE: Milestones are tentative and should be modified to comply with the City and FPUA Commission meetings and decision-making procedures as well as COVID evolution.

Key milestones:

1. Acceptance to evaluate our proposal by the City Commission
2. Signature of the Interim Agreement
3. Signature of the P3 agreement and start of construction
4. Plant acceptance and Start of operation.
5. End of contract. Plant is transferred to the city at no cost and fully operational.

1.2. FINANCING STRUCTURE

Aqualia will be using a Project Finance model structure to finance the new water reclamation facility.



Aqualia will use its own equity combined with Tax-exempt Private Activity Bonds (PAB) to finance the new WRF. These bonds have an interest rate very similar to the Municipal Bonds. In average the interest rate might be 0.5-1% higher than the Municipal Bonds in the range of 4-4.5% interest all fees included minimizing any impact on the final payment.

Our experience and ability to finance similar projects around the world guarantees the finance of the project in as little as 6-9 months.

The estimated cost for the construction of the Water Reclamation Facility is $80 Million, which represents 23% savings when compared with the $104 Million Plant construction cost estimated by Hazen.

After including this cost in our financial model and for the first full year operating the plant, which will be 2025, we are estimating a fee of $6Million to recover the investment. This fee will be revised by inflation along the 30 years of operation of the plant.

Our O&M cost is $3.80Million a year (at 2021 prices) which compared with the $2.88Million from Hazen report is 31% higher. But why is our cost higher when our plant is more efficient? Let's analyze each of the costs included on the O&M.

Where we save money:

1. Labor: Aqualia's automated operation reduces labor by $90,000 per year.
2. Power: with our efficient process and applying FPUA's energy tariff GSLD we are able to save $80,000 per year.
3. Chemicals: our sustainable process reduces chemicals by $100,000 per year.

Where we spend more money:

1. Maintenance: we guarantee our plant to be efficiently maintained and in good shape over the 30 year-term of the contract and that means investing on preventive and predictive maintenance and the replacement of the equipment at the end of their useful life. We spend almost $370,000 a year more in maintenance to keep our guarantee.

2. Administrative and legal procurement: Aqualia spends $710,000 a year on a premium insurance to cover the plant against any damage, including floods and hurricanes with a limit of $80Million which is the construction cost. The insurance could be taken by the City and this cost eliminated from our fee.

3. Others: Aqualia includes all required water and sludge analyses, staff training, vehicles, IT services, community educational activities, etc. We spend $130,000 more a year. This cost together with the maintenance cost could be revised with the City and the Utility Authority to find optimizations.

How we make this new "state-of-the-art" water reclamation facility affordable for the citizens of Fort Pierce? By FIVE steps to be discussed and agreed with the City:

1. Selection of Aqualia as partner for the WRF Relocation Project and signature of the initial Interim agreement and the P3 agreement.
2. Aqualia takes care of the Design, Construction, Finance and Operation and Maintenance of the Water Reclamation Facility. The City does noy have to pay anything until the plant is under operation.
3. First year of operation "2025":
    a. the City pays Aqualia:
        i. A fix fee to cover the investment.
        ii. The O&M costs that includes a fix fee for the O&M fix costs and a variable fee for the variable O&M costs (energy, chemicals and sludge). A price revision formula will be negotiated and agreed with the City to cover inflation and potential changes on the energy cost.
    b. the City starts a solicitation process for the selling/lease of the inland water reclamation facility site while it starts dismantling and demolishing the old plant.

c. The City gets extra income from the selling of reuse water while augmenting water resources.

4. Second year of operation “2026”:
    a. The City gets the income from selling/leasing the old plant. Estimated in $30Million if sold.
    b. The City would decide to use that income to subsidize the sewer rates or any other needs of the City.
    c. The City Pays Aqualia the fix fee to cover the investment, the fix O&M fee and the variable O&M fee, all fees affected by their corresponding price adjustment formulas.
    d. The City gets extra income from the selling of reuse water while augmenting water resources.

5. From the third year of operation “2027 and until 2054”:
    a. The City gets extra income from the taxes from the economic growth development that could be used to compensate any potential need for sewer tariff increase.
    b. The City Pays Aqualia the fix fee to cover the investment, the fix O&M fee and the variable O&M fee.
    c. The City gets extra income from the selling of reuse water while augmenting water resources.

Our Plan provides the City with a new “state-of-the-art” plant in a RECORD TIME, with delayed easy payments along the 30 years-term of the O&M, allowing the City to use the economic benefits of the relocation to compensate the required potential sewer tariff increase while guaranteeing the best service at a known price from the day the P3 agreement is signed.

2. BENEFITS FROM OUR PROPOSAL

2.1. TIME TO OPERATION

Aqualia will deliver a new plant in a record time of 3 years while a conventional procurement targets a minimum of 6 years that may end up in 8 years or more.

3 years since the signature of the interim agreement.

Cost offsets:

- 3 YEARS OF SAVINGS in operating and maintaining the old water reclamation facility
- 3 YEARS OF TAX INCOME from the economic development initiative at the old treatment plant location.
- 3 YEARS OF INCOME from REUSE WATER for irrigation of public areas, golf courses, agriculture, cooling, etc.

2.2. FINANCE OF THE PROJECT ACHIEVED IN RECORD TIME

Our experience and expertise on structuring and financing this type of projects makes the 6-9 months' timeframe for the financial close achievable using our own equity and tax-exempt Private Activity bonds.

We release the City and the Utility Authority of additional debt associated to the water reclamation facility allowing the finance of additional projects (modification of the sewerage system, new reuse network, etc.).

2.3. RISK TRANSFER

In our solution Aqualia assumes:

- all “cost, schedule, design and construction” RISKS during construction.
- all finance risks.
- all “Operation and Maintenance” risks.

Aqualia will build the plant using its own finance and being rewarded only once the plant is operating and producing reuse water under the agreed parameters and successful operation.

There will be zero surprises, zero unexpected O&M costs, the best reuse quality water ready to be used during the contract period. Only peace of mind for the Utility Authority and City administrators.

Our proposal offers a solution to the City and the Utility Authority where they will know exactly how much they will pay for their sewer during the timeframe of the P3 contract.

2.4. AFFORDABILITY

The creative financial plan to be agreed and discussed between the City and Aqualia will help mitigate the rate increase that a new water reclamation facility would create on the citizens. This creative approach includes:

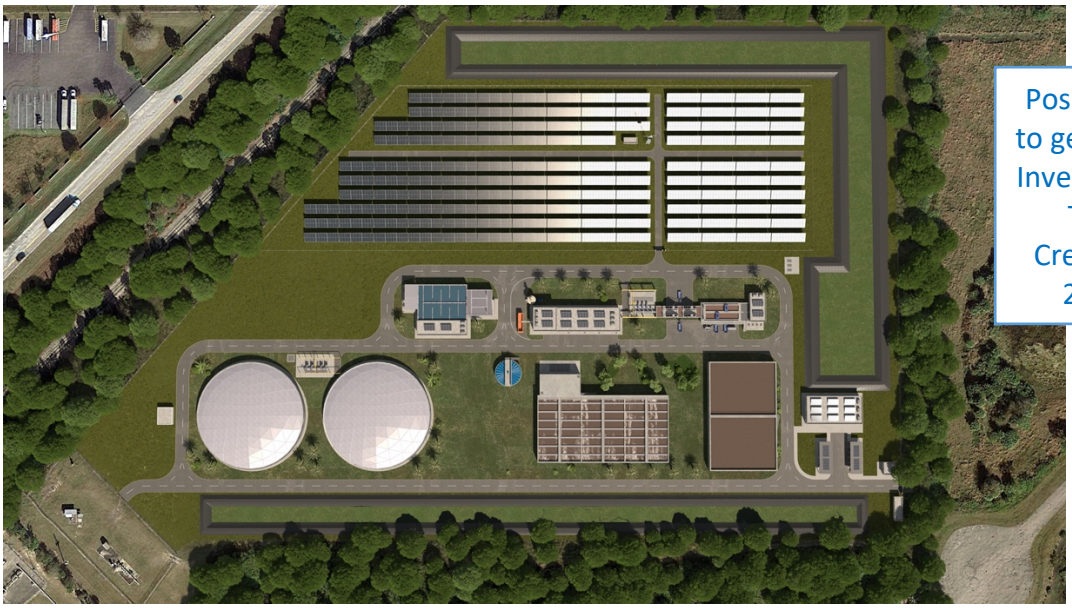
- a delayed initial payment as the City does not give any money until the water reclamation facility is operating and producing reuse water quality, and,
- initial reduced payments while taking advantage of the new revenue received by the City from the “old plant” location, the new “taxes” from the economic growth development and the new revenue stream created by the selling of the reuse water.

2.5. SUSTAINABILITY

- Reduced carbon footprint by producing 100% reuse water at very low energy consumption.

> **1.82kwh/1000gallon** while producing **high quality reuse water** with our advanced wastewater treatment. On an annual basis, our effluent quality complies with CBOD of 5 mg/L, TSS of 5 mg/L, total nitrogen of 3 mg/L, and phosphorous concentrations of 1 mg/L

- Our reduced footprint allows for the future expansion to 15 MGD in only half of the new site while allowing for an optional solar farm on the other half.



Possibility to get Solar Investment Tax Credit of 26%

- Guaranteed continued innovation to improve plant efficiency.
- The new plant will incorporate the tools to convert easily to new treatment demands and will be more resilient to adapt to climate change and unpredicted situations like the actual Covid-19.

2.6. OTHER BENEFITS

√ The City does benefit from the experience of Aqualia as water treatment/water cycle management and construction experts while developing together the best viable solution for the City and the people of Ft. Pierce.

√ The ownership of the Plant remains in the City.

√ The City could start the solicitation process for the selling/lease of the old "water reclamation facility" location in **4 years** since the decision is taken by the City Commission to move forward with our proposal.

√ Collateral benefits:

- More local jobs: Both during construction and during the O&M phase, where Aqualia will provide training to local employees on the Advance wastewater technology and also on efficient operation and maintenance practices, encouraging personal and professional growth in an International company that is growing in the US.

- Small and Minority Business preference when selecting our local suppliers and service providers, creating further diversity and opportunities, and future resiliency.
- Economic opportunity: Accelerating the economic growth of the City by removing the existing Water Reclamation Facility from the Causeway, allowing for redevelopment in a prime location.
- Environmental benefit: Removing the risk of contamination of the lagoon by removing the water reclamation facility (storms are getting worse and more frequent increasing the risk for potential discharges, the sea level rise, etc).
- The Utility Authority can benefit from the experience of Aqualia. We are a Water-Cycle Company, and we can serve on many aspects of the water business, optimizing the network system and the way it is operated, adopting measures to control leakages and predict maintenance or implementing sustainability measures.
- We understand the value that a “sustainable” water reclamation facility has on a community and the impact it makes on the environment and the residents. We will ensure the new PLANT is a successful, sustainable staple within the community, one that every resident can be proud of.

THE SUNRISE CITY
FORT PIERCE
CITY MANAGER'S OFFICE Florida

TO : The Honorable Mayor and Members of the City Commission

FROM : Nicholas C. Mimms, P.E., ICMA-CM, City Manager

RE : Unsolicited Proposal for Wastewater Treatment Plant

DATE : September 29, 2020

FCC Aqualia USA Corp. submitted an unsolicited proposal to the City of Fort Pierce proposing a public-private partnership for the design, construction, finance and long-term operation and maintenance of a new Water Reclamation Facility. This proposal is attached for your review. In addition, a copy of Section 255.065 of the State Statutes governing public-private partnerships is attached for your information.

City of Fort Pierce staff will be reviewing this proposal with the Fort Pierce Utilities Authority in accordance with the City's Purchasing guidelines and Florida State Statutes. More information will be provided once it becomes available.

If you have any questions or need additional information, please contact my office.

NCM:sh

Attachments

c: City Clerk
City Attorney
John Tompeck, FPUA

1101 Brickell Avenue, Suite N1601
Miami, FL 33131, USA
Tel: (305) 372 2536

www.aqualia.com
www.uswatercorp.com

Mr. Nick Mimms, Manager
City of Fort Pierce
100 N. U.S. Highway 1
Fort Pierce, FL 34950

September 24th, 2020

RE: Water Reclamation Plant Relocation Unsolicited Proposal

Dear Mr. Mimms;

Allow me to introduce myself, I am Eva Arnaiz, Country Manager of Aqualia in the U.S. and Managing Director of FCC Aqualia USA Corp.

Most probably, you may want to know who Aqualia is and what we do.

Aqualia is a water company, it ranks Europe's #4 largest private water company in terms of population served and amongst the top ten worldwide (Global Water Intelligence, August 2019). It currently serves over 25 million people in 17 countries and is present in more than 1,100 municipalities in a broad range of services (DB, DBO, O&M, and P3).

Aqualia is a benchmark in the sector and stands at the vanguard as a specialized, transparent and innovative entity. We've reached this position thanks to the commitment and extensive experience of our team of professionals who are constantly striving to improve efficiency in production processes and optimize resources, while placing citizens clearly at the core of our actions and policies.

This work approach and the continuous progress in innovation and in the use of new technologies have enabled us to bolster the company's leadership in the Spanish market and make headway in this regard in international markets, based on an ambitious but moderate strategy defined to consolidate the company's international presence. Sustainable development has a distinctively intrinsic role in Aqualia's business model: combining the generation of social benefits with a fair profit yield from activities puts the company in a privileged situation in the water management sector.

Aqualia in a nutshell:

9,504	17	25,137,500	15.7 M	853	49,628	218	165,900	25
Employees	Countries present	Population served	Invoices issued / year	Reclaimed Water Treatment Plants	Miles of managed networks	Drinking Water Treatment Plants	Million gallon/year Drinking Water Produced	Desalination Plants

In the water space, Aqualia is able to offer the entire value chain of services for the integral water cycle, from the intake to treatment, using the most appropriate processes, from conventional treatment to membranes, water distribution, metering, billing to customers, reduction of water losses and optimization of the non-revenue water, sewage management and treatment, converting the conventional wastewater treatment plants into bio-factories, producing biofuels, biogas or fertilizers from the sludge, and returning the water to the environment as clean as possible, considering the requirements and challenges of each project. We are committed to all the 17 Sustainability Development Goals, with special attention to Goal #6 Clean Water and Sanitation and Goal #13 Climate Action.

More details about Aqualia may be found on Annex 1 “2019 Corporate Social Responsibility Report” attached.

This letter comes because since 2017, and together with U.S, Water Services Corporation, we have been following the attempts of the City and the Utility Authority to relocate the existing Fort Pierce Island Water Reclamation Facility located at 403 Seaway Dr. in Hutchinson Island, and we have been working in providing a viable and sustainable solution.

The Fort Pierce Utility Authority has consistently recognized the goal to move the treatment plant away from the Island, and like the City, has been exploring how best a new treatment plant could be constructed and where. The Authority participated in all the City's Advisory Committee meetings as well as discussions surrounding a regional consolidation option.

Unfortunately, to date no viable solution has been adopted due to lack of funding resources.- Last year, at the annual planning workshop between the City of Ft. Pierce and the Ft. Pierce Utility Authority governing Boards, Utility Authority staff recognized and suggested a public-private partnership could well end up being the most viable and doable solution to moving the treatment plant.

To assist Ft. Pierce and the Utility Authority to accomplish a long-term vision for a brand new, state of the art wastewater treatment plant in order to decommission the existing plant, our Aqualia team is proposing a public private partnership for the design, construction, finance and

long-term operation and maintenance of a new Water Reclamation Facility on Utility´s Authority land.

Through a decision to construct a new treatment plant, the City and the Utility Authority will have the opportunity to switch from an outdated facility in technology, to the very latest, "membrane" technology.

For many reasons, we believe the formation of a public-private partnership is the best way to address the need to relocate the water reclamation facility and to plan for the City's future water sustainability and future economic development.

First, Aqualia is bringing its international experience in local government water-cycle solutions to Fort Pierce, and U.S. Water Services Corp. is bringing its local knowledge and experience as local contractor and wastewater operator. That means the City and the Utility Authority can be rest assured the project will begin on-time, be completed on-time and deliver the highest treatment at the lowest possible cost.

Finally, we understand that before any decision to move forward with a public private partnership can be made, a complete and thorough understanding of the obligations and responsibilities of each side of the partnership must be transparent, and completely understood.

To present our proposal we respectfully request a conference call to further explain this partnering concept, to address any concerns, and to discuss any request that should be considered in our proposal.

On behalf of our entire team, I want to thank you in advance for accommodating this request. We look forward to the opportunity to begin a most productive public-private partnership with the City of Fort Pierce and the Utility Authority.

Sincerely,

Eva Arnaiz Garcia
Country Manager USA
FCC Aqualia USA Corp.
Cell: +1 786 327 8849
earnaizg@aqualia.com

CC: John K. Tompeck, P.E., Director of Utilities
Bowdoin Hutchinson, P.E., Director of Water/Wastewater Systems

listen
2019 Sustainability Report

In latin, auscultāre means "listen carefully". Real listening involves recognition, understanding, empathy, and predisposition.

This year at Aqualia we have really been listening carefully to our different stakeholders to identify the main concerns and challenges of our time so we will be able to respond to them.

Aqua

Without water, there is no life

Auscultāre

Without real listening there is no humanity

Ethĭcus

Without ethical commitment there is no prosperity

Aqualia, listening to the present to transform the future

Aqualia **#Listens**

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> At Aqualia, we have long understood the interdependence between **environmental balance and social welfare**

Félix Parra
Aqualia CEO

At a time when people's health and safety is more than ever at the centre of any policy or service, and when we are more aware of our fragility, the responsible and efficient management of a public resource such as water acquires special value. But continuing to progress in terms of circularity and conscious consumption requires high doses of ethical leadership and a collaborative perspective. With regard to progress, the formula has never been mathematical: One plus one equals three. Let us move forward together.

Within a context of transformation featuring technological revolution, climate emergency and social inequalities, Aqualia's stakeholders are clearly expressing a specific demand for responsibility with regard to the company's environmental performance. How does a commitment to people and the environmental challenge fit into Aqualia's proposal?

Commitment to people and the environmental challenge are inseparable. Our proposal remains focussed on people, but at Aqualia we have long understood that there is an interdependence between environmental balance and social well-being. If we are able to put all our capacity for innovation and transformation, including technology, into raising our environmental ambitions and making comprehensive water management more efficient, we know that these efforts will have an impact on people's well-being sooner rather than later.

Taking into account that SDG 13, focussing on Climate Action, has been the second most valued by your stakeholders. How should Aqualia involve the rest of the players on the road to sustainable development in terms of reducing emissions, the efficient management and use of water and maintaining water resources? How will the company face the challenge of becoming carbon neutral by 2050?

All the agents involved throughout our value chain, our shareholders, employees, suppliers, collaborators, clients and the Public Administrations are taking note of Aqualia's direct and real relationship with nature, biodiversity, clean energy and health. This is because Aqualia manages an essential natural resource called water, and for this reason undertaking our own commitment to Action for Climate is intrinsic to our business.

The objective of becoming carbon neutral by 2050 is the guideline for one of our strategic axes: Energy management and optimisation. At Aqualia we have tools for Business intelligence to optimise energy consumption at all our facilities. This year we have also signed a PPA (Power Purchase Agreement) to purchase 76 GWh/year of renewable energy for 10 years and we have extended the energy management that we apply in our technical facilities to our central buildings.

In any case, Aqualia is not just a public infrastructure management company. Our contribution to the objective of becoming carbon neutral by 2050 seeks not only efficient energy management, but also the design and construction of more energy-efficient infrastructures that will enable us to take advantage of the potential for renewable energy generated in water treatment processes such as purification and desalination.

Given the evident climatic challenges posed by the need to urgently redirect the water management system towards the circular economy, how can Aqualia play a leading role in the implementation of circularity processes within the comprehensive water cycle in its sector? How does the collaborative perspective become a key factor in this challenge and what role do suppliers and third parties play?

100% achievement of circularity for water is an essential objective in the current context of water scarcity and the major companies in the sector are working on this.

Aqualia is integrating the technological advances provided by its suppliers with whom there is active collaboration, and is developing its own technologies to apply them, as a benchmark partner of the municipalities and other public and private entities for which it operates.

In this area, public-private partnerships provide a very suitable solution - not highly developed in the water sector - because through them the state makes proposals for the required infrastructures and the private sector takes responsibility for financing, construction, execution, maintenance and exploitation. This would be the solution, for example, to modernise existing wastewater treatment plants, increasing capacity for treatment and enabling a higher degree of re-use of treated water and other circularity solutions for converting Wastewater Treatment Plants (WWTPs) into real biofactories.

> Achieving **100% circular water management** is an essential objective in the current context of water scarcity

An opportunity to reposition the sector that brings with it many benefits, but which needs to involve the improvement and digitisation of water cycle infrastructures and will require a large investment as well as intense public-private collaboration. What steps is Aqualia taking with this in mind? How will this necessary renewal affect the cost of the service, something that is of particular concern to the citizen?

Specifically in Spain there is an extremely high degree of obsolescence in water infrastructures and this entails enormous maintenance costs and greatly restricts the effectiveness of digitisation.

If we compare ourselves with the countries around us, we see that higher investment generates lower maintenance costs and greater efficiency, both in the distribution networks, which translates into fewer escapes, and in a greater capacity for re-use, for example. Not to mention that the European Union is fining the Spanish State up to 15 million euros every six months for non-fulfilment in the quality of waste water discharged.

Unfortunately, the highest costs are not those arising from digitisation or the application of artificial intelligence in infrastructure management, but from the modernisation and renovation of the infrastructure itself.

We need to find long-term solutions so that countries have efficient but also resilient infrastructures that enable them to overcome climate and other systemic risks, and in this regard operators like Aqualia have a lot to contribute. For example, through the public-private collaboration mechanisms that I mentioned earlier, private operators could invest with long recovery periods and this would then have a very low impact on the cost of services. This impact could also be mitigated by a decrease in operating costs.

We are very aware of how sensitive citizens are to the prices of basic services and commodities. At Aqualia, we are fulfilling our commitment not to leave anyone behind: We have activated social bonuses and assistance in different municipalities so that no citizen is left without water for not being able to pay for it.

Finally, I would like to mention that we take a positive view of the establishment of a common water governance that will implement standardisation of price criteria in accordance with the Water Framework Directive on cost retrieval, and an ongoing assessment system that supports the principles of circular economy which in the case of Spain are laid down in the Green Paper on Water Governance, promoted by MITECO in April.

> The obsolescence of water infrastructures **leads to high costs and restricts digitisation**

Even though high quality water has been constantly demanded by users, in the context of reprioritisation of public health, what is Aqualia actually doing to guarantee that quality?

In the first quarter of 2020, when the COVID-19 pandemic was so devastating in terms of public health, we realised how important and critical it is to continue providing water supply services and to maintain the quality of the water that reaches our homes and businesses. And the mechanisms established to achieve this demonstrate the capacity of countries to manage or overcome their own crises.

The performance of both public and private water operators during this crisis has been exemplary. I would like to heartily congratulate and thank all Aqualia's workers for their dedication to service, which has enabled an essential public resource to continue to be provided without interruption and with full normality during this crisis.

Aqualia is becoming fully internationalised. How can the company manage to replicate and adapt its good work in new territories and markets?

International expansion is one of Aqualia's strategic objectives. This objective has been reached in previous years with new assignments, takeovers and acquisitions of long-term concession contracts in different countries such as France, Colombia, Algeria and Saudi Arabia.

This expansion has been achieved following the guidelines that Aqualia has always respected. Firstly, by being able to think locally, that is, trying to understand and do our best to adapt to the conditions of each country and secondly, by maintaining the essence of what Aqualia stands for, its values, which enable us to be recognised anywhere.

> **Covid-19 has made us more aware** of the importance of achieving continuity in the supply services and maintaining water quality

In the times we are living in, and with the reappraisal of the role of companies in the 21st century, ethical standards are rising and the new requirements for organisations in terms of transparency and good governance are more and more demanding. How do we see the role of compliance in risk management and how can we guarantee security and safety in Aqualia's international projection?

Honesty, integrity and professionalism in our actions are an essential part of our values. The role of compliance systems is to make sure that these values permeate the daily activities of Aqualia and all of us who are part of it.

In 2019, the Compliance Department was able to meet challenges such as the implementation of the criminal prevention model in the company, and the monitoring and control processes established therein. We still have challenges ahead, including how to finish implementing this model in international subsidiaries and extending the due diligence model to third parties such as suppliers with whom we interact in our value chain.

These actions are essential for the management of our reputation and international growth. Having the support and encouragement of our shareholders in this regard is a key element in the company's commitment to values and an ethical outlook.

The fact that Aqualia is highly involved in public and citizen awareness, mainly with regard to responsible water consumption, is a factor highly valued by all its stakeholders. How does the company assume and exercise its responsibility to make this public?

All Aqualia's employees are aware of our role in society and our commitment to public health.

But above all, we truly believe we are members of the communities in which we work. We feel that our obligations include the role of teachers and we have a certain amount of influence regarding the social, sanitary and environmental aspects associated with water. But we know that we can only have influence if we are able to listen and understand the needs of our environment. Beyond this, water represents health and life. Contributing all our talent and getting involved in building a better society for everyone provides the energy that moves us day by day.

> We can only exercise our teaching role **if we understand the needs of the environment**

Aqualia, a company committed to sustainability

National and international presence

Value creation at Aqualia

Major milestones for the period

With more than 25 million users and in the process of international expansion, the purpose for which Aqualia was founded remains intact. Today, the highest ethical standards guide the steps of our strategy to guarantee the efficient, equitable and sustainable management of the water cycle and, above all, to take care of the environment and the well-being of people.

“Aqualia exists because it deals with a scarce resource, vital for both people's lives and industry itself”

Aqualia employee

Aqualia's national and international presence

Aqualia is a water management company owned by the FCC citizen services group (51%) and by the Australian IFM Investors ethical fund (49%).

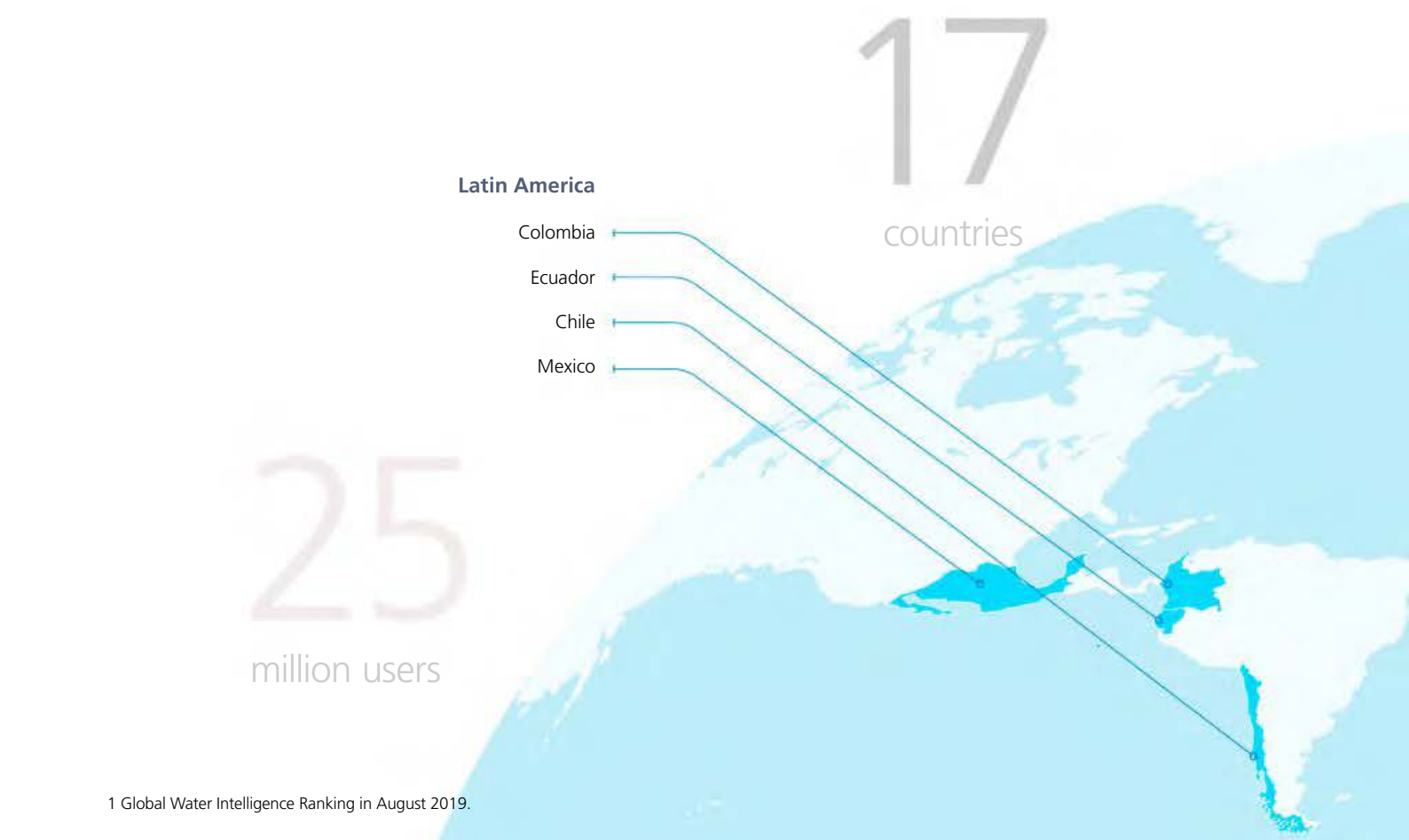
According to the latest Global Water Intelligence ranking[1], it is Europe's fourth largest water company in terms of population served and ranks amongst the top ten worldwide.

It currently provides services to 25 million users[1] in 17 countries: Algeria, Saudi Arabia, Colombia, Chile, Ecuador, United Arab Emirates, Spain, France, Italy, Mexico, Oman, Panama, Portugal, Qatar, Czech Republic, Romania and Tunisia.

In the 2019 business year the company turned over 1,187 million euros. 67.8% of this amount corresponds to the domestic market and 32.2% to the international market. The five countries with the highest turnover in the international area were: Czech Republic (26.5%), Egypt, (12.8%), Italy (11.4%), Colombia (13.9%) and Algeria (9.4%).

And, it maintained a business portfolio of more than 15,000 million euros. Of this, 48% corresponds to international business and 52% to the domestic market. With regard to the international portfolio, the distribution is as follows: rest of Europe: 41%, Middle East and North Africa: 6% and Latin America: 1%.

With an EBITDA of 281.72 million euros in 2019, a business strategy focussed on international growth was maintained.



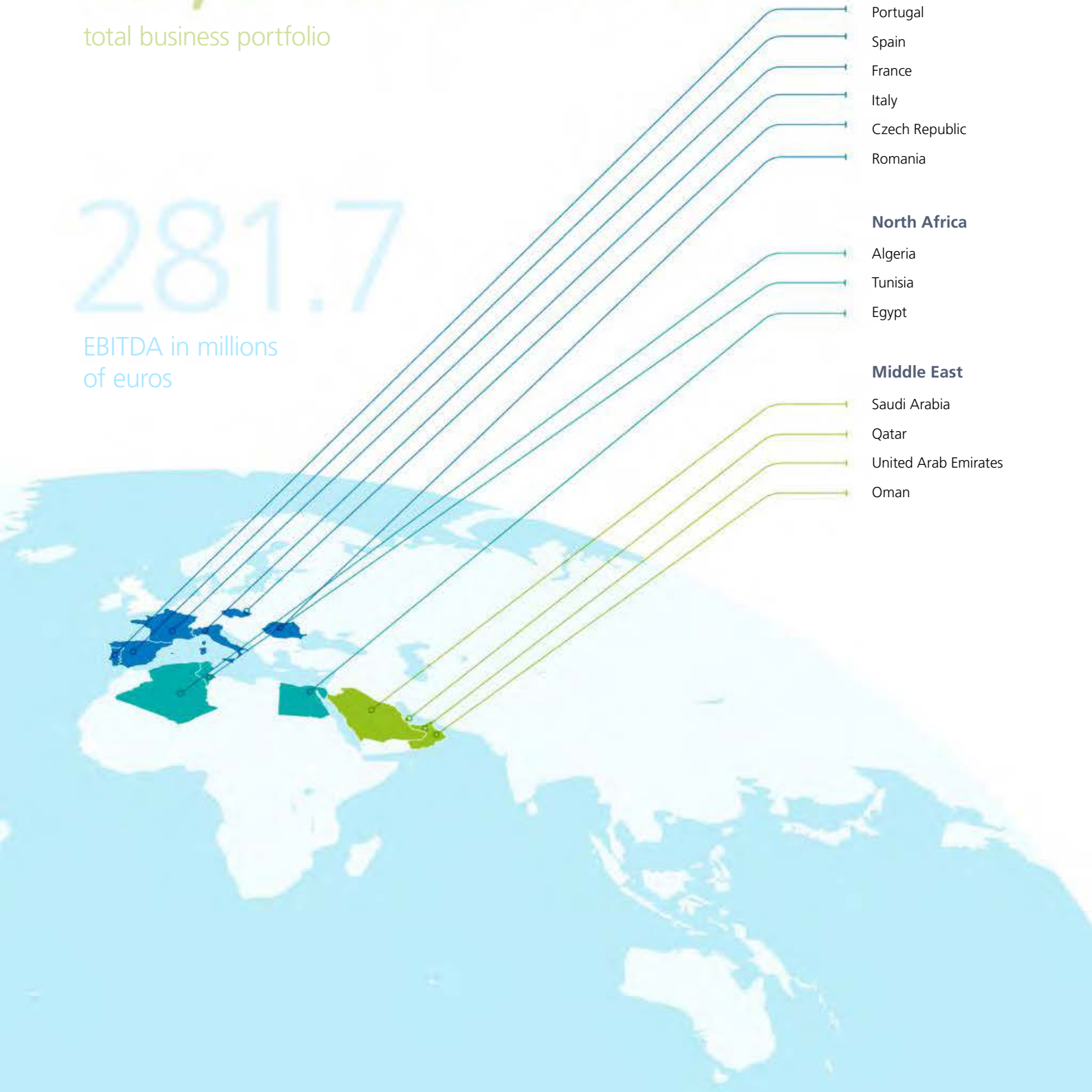
1 Global Water Intelligence Ranking in August 2019.

15,018.3 M€

total business portfolio

281.7

EBITDA in millions of euros



Europe

Portugal

Spain

France

Italy

Czech Republic

Romania

North Africa

Algeria

Tunisia

Egypt

Middle East

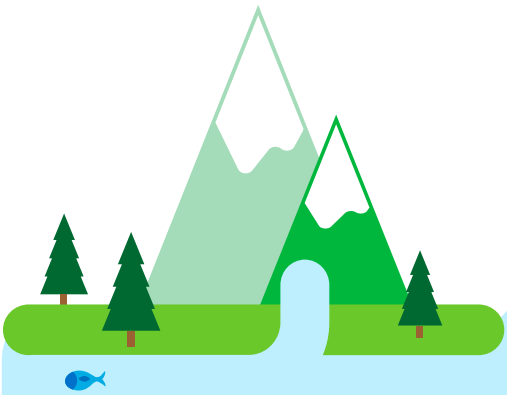
Saudi Arabia

Qatar

United Arab Emirates

Oman

Value creation at Aqualia



INPUTS

Financial capital

EBITDA (Million €)

281.7

▲ 14% s/ 2018

Industrial capital managed

45,982 km of supply network
33,886 km sewage network
218 DWTP
2,730 drinking water tanks
25 SWDP
853 wastewater treatment plants
1,193 drinking water pumping stations

Intellectual capital

€4.3 Million R&D

Natural capital

853 Million m³ drinking water collected
3,417,339.3 GJ consumed energy

Technological capital

€306,199.36 total investment in technology

Social Capital

€2.7 Million in social actions undertaken in the communities

Human capital

9,504 employees
1,825 women
86.23% indefinite

MASTER PLAN

Citizen Connections
AXIS I

Smart services
AXIS II

Exemplary performance
AXIS III

aqualia

A specialised operator that provides technical solutions and quality services in all phases of the end-to-end water cycle, preserving water resources, the environment and improving management efficiency.

Purpose

"The purpose that motivates our people's work is guaranteeing the universal/global right to water with pride and a sense of commitment and to ensuring the well-being and progress of the people and communities in which we operate."

Attributes and values

- Specialised global experience in managing the end-to-end water cycle.
- People committed to client orientation and purpose.
- Ethics and integrity in business.
- Quality and efficiency of the service.
- Environmental involvement, awareness and dissemination.
- Solvency and financial consistency.
- Social involvement.
- Innovation.

Macro trends

- Geopolitical uncertainty
- Economic downturn
- Digital revolution
- Climate emergency
- Health crisis

Society

Economic value generated
€1,262.47 Million

Economic value distributed
€135 Million capital suppliers and shareholders
€465.01 Million (▼10%) payment to suppliers (local and strategic)
€77.7 Million Taxes to governments

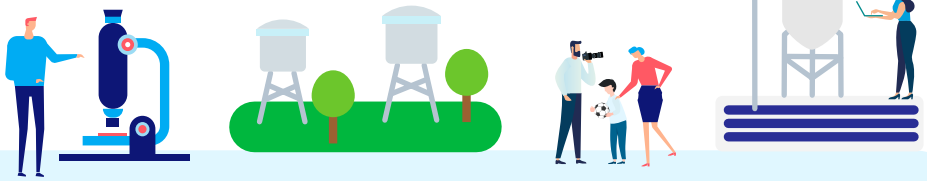
Corporate Governance and Ethics
100% implementation of compliance New version of the Code of Ethics and Conduct

Clients, users and companies

25 Million people supplied in **17 countries**

Drinking water produced: **627,890,891 m³**

Improved complaints rate: ▼ **20.59%**



Employees

Employee training: €906 Thousand (▲ **4.74%** s/ 2018)

96.28% of employees like their job

91.22% are proud to work at Aqualia

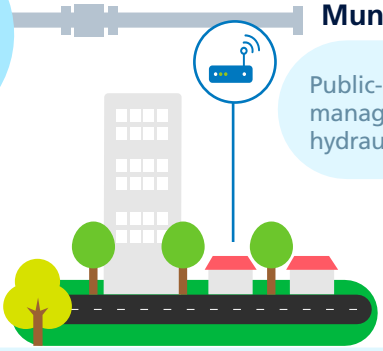
60 conciliation measures

Employee salaries and benefits **€288.69 Million**

VALUE CREATION

Municipalities

Public-private collaboration for the management and construction of hydraulic infrastructures and Smart Cities



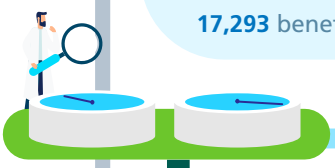
Local communities

Access to water
58% of services benefited from bonuses, social tariffs and solidarity funds

17,293 beneficiaries

Collaborative perspective
to reach SDGs and support to sectoral and non-sectoral associations for their achievement

Awareness-raising campaigns:
> 1 Million views on corporate YouTube channels

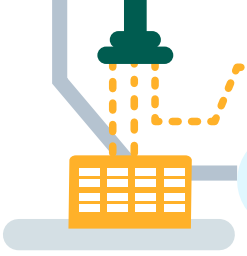


Impact on the environment

Water returned to its natural environment: **743.8 Million m³ (16.7%)**

HC= 448,654 T CO_2 eq

Waste: ▲ **57.8%** the revaluation of hazardous wastes



Sector trends

- Water 4.0
- Water cycle circularity
- Reduction of CO_2 emissions
- Public-private collaboration

Major milestones for the period

February

Launch of the Ethical Channel, accessible to all employees through ONE Aqualia and to all those outside the company via the corporate website. 16

In the 2nd Edition of SIGA, the Innovative Solutions Fair for Water Management, Aqualia presented its model for the efficient and sustainable management of public water services. 9

A new Central Water Quality Laboratory, located in Oviedo and in which more than two and a half million euros have been invested, is already underway. This laboratory has increased analytical capacity and is one of Spain's state-of-the-art water laboratories with regard to equipment, personnel and service. 3

Online training in the Code of Ethics and Conduct for employees as a group in Spain.

January

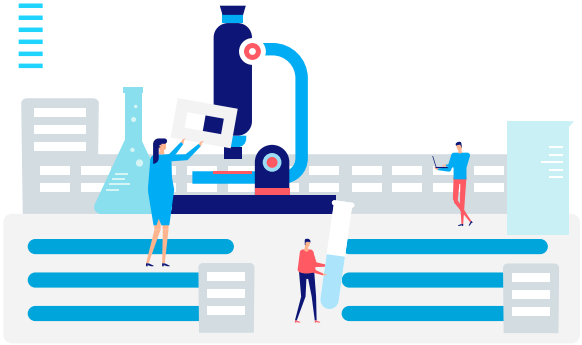
Launch of the #AqualiaConnection campaign, via the www.conexionesaqualia.com website with the publication of videos, data and expert opinions every two months. Highlighting the importance of the company's commitment to the 2030 Agenda and thus bringing the SDGs closer to citizens. 6 12

Aqualia signed an agreement with the Saudi Arabian group HAACO for the purchase of 51% of Qatarat, the concessionary company for the desalination plant at Jeddah International Airport. With this acquisition Aqualia has strengthened its presence in the Middle East. 9

March

Participation in the 2019 Global Water Summit, a meeting to analyse future trends in the water sector. Aqualia was acknowledged as a finalist in the "Best desalination company" and "Best desalination plant" categories for the Jerba SWDP (Tunisia). 9

On World Water Day, Aqualia launched a number of initiatives to raise awareness on the responsible use of water, involving both citizens and institutional representatives. The initiatives reached 10,000 schoolchildren. 6 12

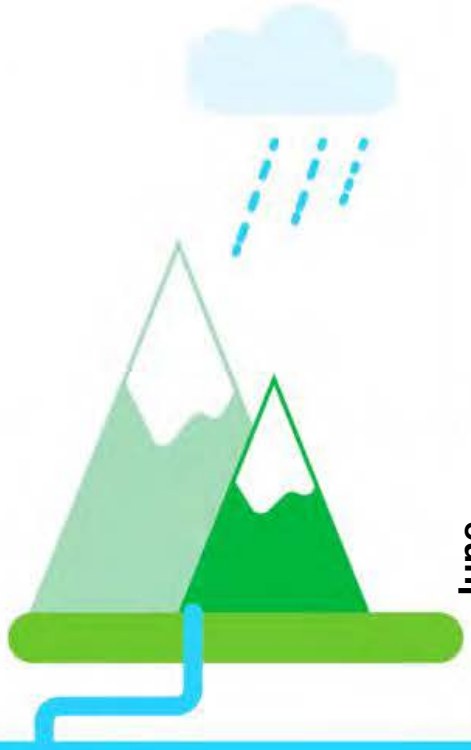


April

Award of the III Aqualia Journalism Prize for the article entitled "The municipal water service loses 300,000 euros a year due to fraud in the network". 16

Participation in the 2019 Urban Water Summit, where the latest innovations in the management of urban water services were presented. Aqualia was included in the panel of experts on "Management of Vigo's Municipal Water Service". 9

Publication of a working document on the Green Paper on Water Governance in Spain, an initiative in which Aqualia has been working in collaboration with MITECO. Collaborative construction of a water governance model that guarantees the availability of water for individuals and businesses. 17



May

A working environment study pointed out that 96.3% of employees like their job and 91.2% are proud to work at Aqualia. 8

Participation in the Oman Energy and Water Exhibition and Conference where sustainable planning for the future of Saudi Arabia was discussed. With its support for this conference, Aqualia consolidated its strong position in the region. 6 9

Aqualia purchased the Agua y Gestión del Ciclo Integral company, with a bid of 1.4 million euros. 8

June

Aqualia acquired Services Publics et Industries Environnement (SPIE), an end-to-end cycle management company in France, which serves about 140,000 citizens in the central region of the country. This acquisition, together with that of Water and Management and a share in Codeur, amounted to 38 million euros. 8

Closure of the 17th edition of the Children's Digital Contest, with more than 7,200 works received. Children were invited through the investigadoresdelagua.com website to discover the origin of the water they consumed and where it ended up after using it. 6 12

In-person training for key employees in anti-corruption affairs and the main international standards that regulate it (FCPA, UK Bribery Act, World Bank Integrity Guidelines).

Aqualia and GS Inima completed the construction of the desalination plant for Djerba, one of the main tourist destinations in Tunisia. The infrastructure will produce 50,000 m³ of water a day for human consumption, ensuring the supply for the population and the island's tourist development, with the largest surface area in the entire Maghreb. 6

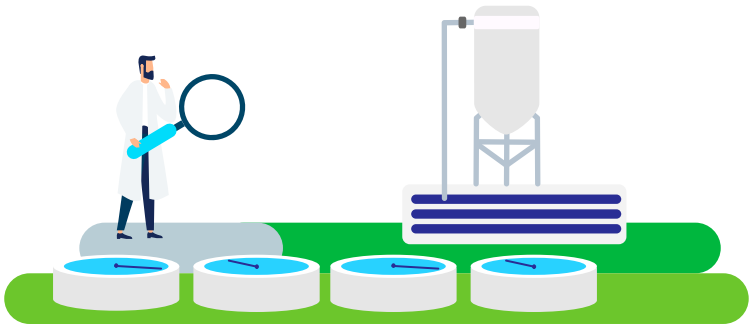
Initial operation of the "Peru with Water" project in Cuzco, to contribute to improving the quality of life for the population through access to high quality water and sanitation services. 6

July

AqualiaMACE, a joint venture consisting of Aqualia and the Emirati company MACE Contractors, manages the network and sanitation facilities for more than 700,000 inhabitants in the heart of the city of Abu Dhabi. 6 17

The contract with Aguas de Portugal will enable Aqualia PUSH Technology (Pulsed Solid Hydrolyser) to be developed in urban wastewater under anaerobic conditions, drastically reducing energy consumption. 13

The Egyptian Ministry of Defence signed the acceptance of the EPC (Engineering, Procurement, Construction & Commissioning) works completed by Aqualia at the El Alamein desalination plant and which will serve one million inhabitants in the central Mediterranean coast region of this country. 6 9



September

Training in the Code of Ethics for connected international employees and members of the Board of Directors. 16

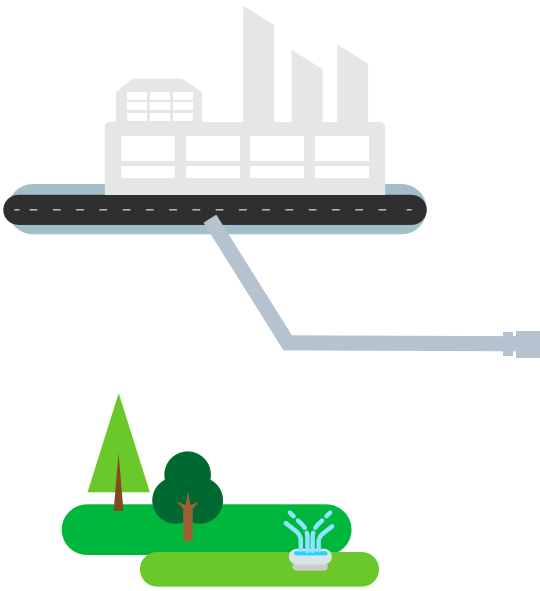
Firm commitment to integration for people with disabilities in the Czech subsidiary of Aqualia, in collaboration with the NGO Trianon, for programmes directed towards the environment. 10

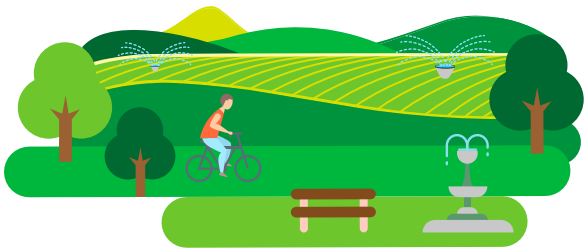
August

Aqualia will increase the quality guarantee for the water that it supplies to Empuriabrava (Gerona) with the installation of a rechlorination station. This water disinfection system is more powerful than the one used so far, which was sodium hypochlorite. 6 12

The town of Písečná, on the Polish border, has also entrusted Aqualia's Czech subsidiary, Smvak, to manage its sanitation network. 6

Official conclusion of the FP7 All-gas project that was due to be completed on 30 August.





October

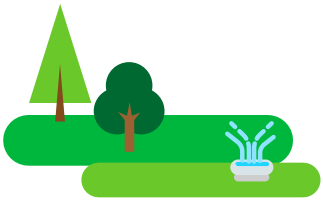
Participation in the Expoagua Conference, a benchmark event in the water sector in Peru. Aqualia shared its experience and efficient management models to meet the challenge of urgent change in the model demanded by this resource in Latin America. 6 9

November

Aqualia joined the "Do not feed the sewer monster" campaign launched by AEAS on the occasion of World Toilet Day. Raising awareness of the environmental and economic impact of flushing certain products down the toilet. 4 6 12

Aqualia organised Desalination Week, in Denia, at which experts from 17 countries analysed the most innovative approaches to generating fresh water that consumes less energy and has a lower impact on the environment. 6 9

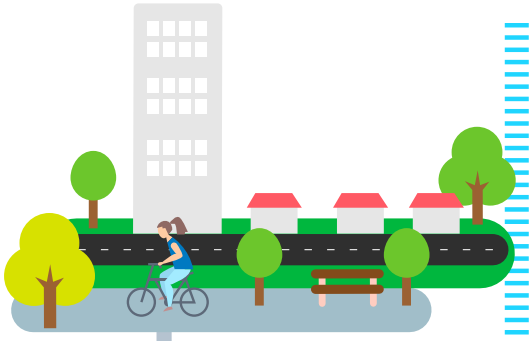
The initial goal for this challenge was doubled in support of victims of gender violence: Over 3,300 people added their steps so a total of 21,840 kilometres was reached. 5



Aqualia participated in the World IDA Conference and was a finalist with four nominations for the Industrial & Sustainability Awards. With the appointment of its head of the R&D Department's eco-efficiency area as Co-Chairman of the IDA R&D Committee, Aqualia became part of the institution's management team. 9

The OSWS joint venture between Aqualia and Majis celebrated its first anniversary in the management of water services in the port area of Sohar, in Oman. Reduction of the loss ratio in the supply network to less than 5%, with 95% satisfaction among its clients. 12

Closure of the H2020 project and submission of a final report.



December

Launch of the Christmas #SedSolidarios campaign in collaboration with UNHCR to provide 1,200 Sudanese refugees in Uganda with access to clean water; "donating the miles you have travelled" via the www.sedsolidarios.com website. 6

The Cap Djinet desalination plant, designed by Aqualia to tackle the water shortage crisis in Algeria, was selected by the United Nations as a clear case of good practices. The case document was prepared in conjunction with IESE within the framework of the PPP for Cities programme. 6 11

The 1st Meeting of the international area, held in Madrid, tackled the challenges faced by the company regarding its expansion outside Spain. 8

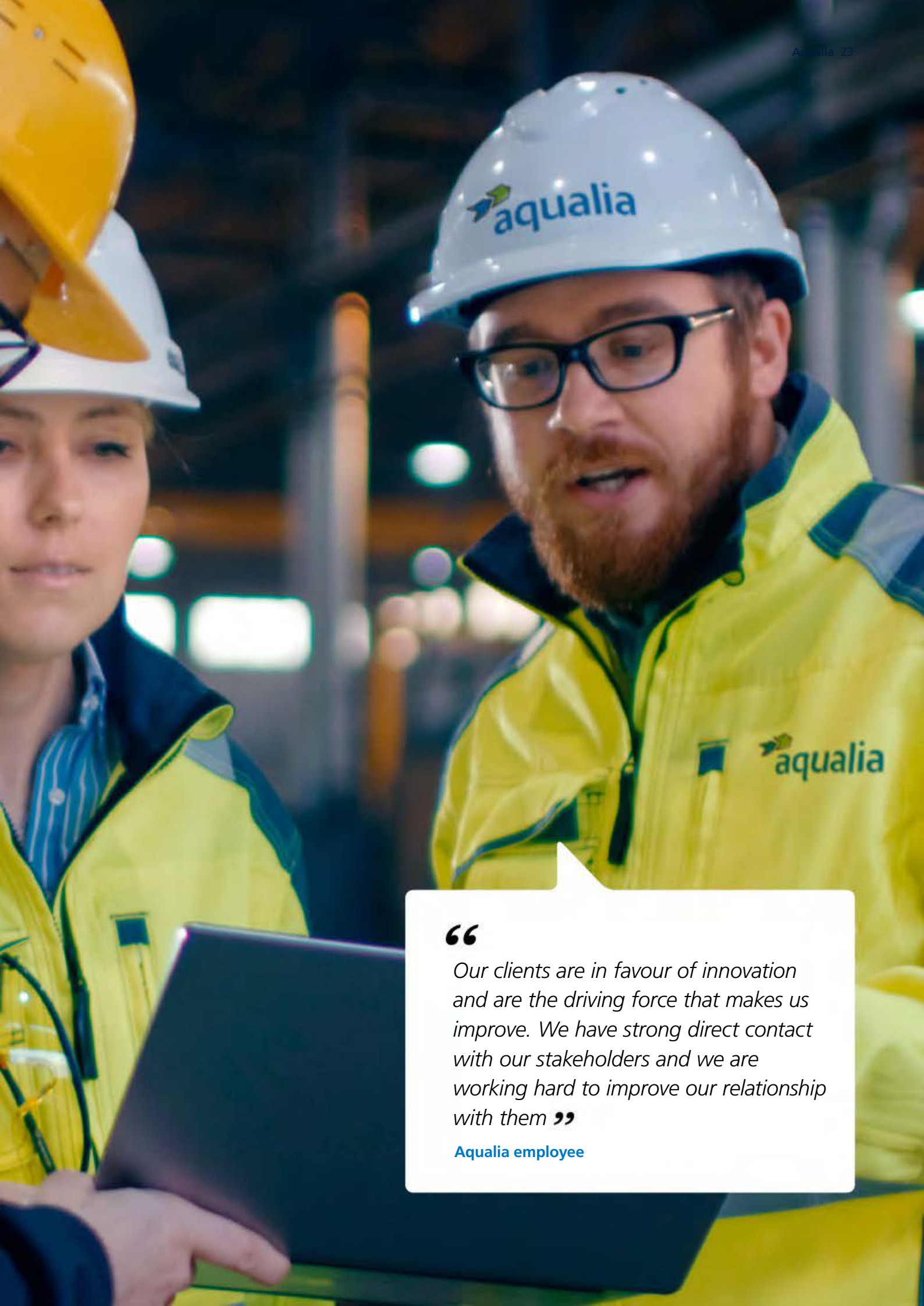
Action time: context, investment and alliances

Investment, collaboration and innovation in response to market risks

Aqualia's business and strategic axes

Responsible management that actively listens so as to improve society

Aqualia's current context is characterised by the need to face the challenges posed by the climate emergency situation, and the water scarcity and social inequality that this entails. This is a responsibility that we assume from our own business perspective, focussing on investment for the common good and with the creation of public-private alliances.



“Our clients are in favour of innovation and are the driving force that makes us improve. We have strong direct contact with our stakeholders and we are working hard to improve our relationship with them”

Aqualia employee

Main market risks: trends and the national and international panorama

Main risks

Climate emergency

On November 28th the European Union declared a "climate and environmental emergency" in its commitment to restrict global warming to a maximum of 1.5º, guaranteeing this aim in all its legislative and budgetary proposals.

In January 2020 the Spanish Government also declared a climate emergency to safeguard the environment and meet carbon neutrality targets by 2050.

Main derived trends

Investment for adaptation

Both public and private investment is increasingly necessary in the water sector to replace and prepare infrastructure and equipment to face these climate emergencies.

A high volume of water is polluted and drinking water becomes scarce as a result of natural disasters and flooding due to rains that affect rivers and seas. Faced with these disasters, the main sources of water resources will result from good infrastructures that enable 100% re-use of water, desalination and the optimisation of resources.

Public-private partnerships are required to finance investment in advanced infrastructure.

Taking action by playing a leading role in the Water Decade. Faced with these global concerns, companies like Aqualia are supporting the United Nations initiative: "Water for Sustainable Development 2018-2028", with the aim of collaborating with countries and Public Administrations to implement a model for sustainable water management[2].

2 The resolution entitled "International Decade for Action" Water for Sustainable Development (2018-2028)".

Main risks

Desertification and water stress

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

Main derived trends

Savings and efficiency in water consumption

Faced with this reality, savings and efficiency in water consumption become prominent features. Both in the industrial sector and in urban consumption the trend of saving water continues, especially due to droughts and rate increases which are sending a clear signal of the need for savings.

European legislation has also established the principle of recovering the cost of water services in cities, industry and agriculture, so that we citizens pay not only for the service but also for the construction and renovation of infrastructures.

Furthermore, these water stress risks will be mitigated by circular economy techniques that encourage the re-use of wastewater.

Population growth concentrated in urban areas

At a global level, the population is experiencing population growth that is increasingly concentrated in urban areas. Currently it is 55%, but it is estimated that by 2050 the percentage of inhabitants in urban areas will increase to 68% of the world population.

Smart Cities

Given this growing concentration, there is a clear commitment at a global level to Smart Cities, where the Industry 4.0 trend is showing the way on how to do business.

The Fourth Industrial Revolution involves advanced production techniques and smart technologies for interconnected companies that are changing the rules of the game.

In the water sector, this "Smart Water" concept (Smart Water / Water 4.0), includes such features as applied artificial intelligence, Big Data, IoT and robotics.

Main risks

Risks for efficient management

Obsolete infrastructures pose risks to maintaining the quality levels of supply and sanitation services, as well as to efficient water management.

The deficit in investments in infrastructures is having a negative impact on the sustainability of the system since it supposes an increase in the cost of maintenance operations; it contributes negatively to environmental objectives because on inappropriate installations; and it prevents the incorporation of technological improvements that would contribute to efficiency[3].

On a domestic level, the Spanish state is paying a six-monthly fine to the EU of 15 million euros for insufficient water treatment in cities with more than 15,000 inhabitants, and an inspection process is underway in towns with more than 2,000 inhabitants, where non-fulfilment in the more than 2,000 existing municipalities is 25%.

Main derived trends

Management models serving the public interest

Again, due to the magnitude of the projects required for the hydrological transition that the situation demands, public-private collaboration is necessary for the construction of technologically advanced sanitation infrastructures.

These would be projects demanding high investment and that would comply with contractual modalities for the concession of infrastructure, with long-term payback periods, with availability payments, in a scheme that would facilitate structured financing with recourse to the project itself.

3 Report made by PWC. "Water management in Spain. Analysis and challenges for the urban water cycle".

Main risks

Legislative and administrative risks for adaptation to change

The legislation, rules and administrations in the different countries should also adapt to the demands imposed by climate requirements and water stress, as well as overcoming legal, financial and cultural barriers in the use of recycled water for industrial purposes, irrigation, etc. by the population.

Global health crisis

COVID-19 has arrived on the global risk landscape in 2020 with great force and has highlighted the vulnerability of society to a pandemic that has paralysed a third of the world's population.

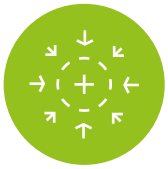
Main derived trends

Innovation in the water sector

The water sector is facing demonstrative projects in the face of national and international legislation on the quality of reclaimed water and its multiple uses and this represents a significant development.

Prevention and contingency systems

In general terms, this impact has led to the activation of contingency plans for workers, clients, users, etc. With specific regard to the water sector, it has highlighted the importance of a total guarantee of the quality of tap water, subject to the usual and normal disinfection treatments provided by companies in the public and private sector.



Business commitment

This crisis has also engendered a greater commitment by business to civil society, through support in the search for solutions to the serious problems that the fight against this pandemic presents every day.

Market context

National

Political instability

Few political initiatives for the re-municipalisation of water management services due to this instability (caretaker government, two general elections, European elections and in 15 autonomous communities).

Public Sector Contracts Law

Extension of bidding processes.

Increased litigation in public contracting

▲ 25% special appeals in contracting compared to 2018.

Insufficient purification in cities with more than 15,000 inhabitants. Payment of a €15 Million six-monthly fine by the Spanish state to the EU

Solutions to infrastructure deficit via pricing systems are required.

Greater legal security for water concession contracts in Spain

Signing of the VI State Collective Agreement on the end-to-end water cycle

Valid for 5 years (2018-2022).

Objectives

To ensure quality long-term employment versus the precariousness of outsourcing services so as to stabilise the sector.

Signatories:

- Spanish Association of Urban Water Services Management Companies (AGA).
- Federation of Industry, Construction and Agriculture of the Unión General de Trabajadores (FICA-UGT).
- Federation of Citizen Services of the Comisiones Obreras Union (FSC-CCOO).

In 2019, work was done to reinforce AGA and AEAS[4]

Objectives

Informing society

- Social commitment of management companies.
- Technology transfer worldwide.
- Affordability of rates in Spain for family economies.

Initiatives:

- Breakfast meetings with representatives of municipalities, cities and political parties.
- Collaboration with MITECO in the preparation of the Green Paper on Water.
- Dissemination of studies on the sector, such as:
  - Water infrastructure deficit in Spain and the pricing models required to overcome it.
  - Value of urban water infrastructures and their replacement costs.

International

Specific features in the regions where Aqualia concentrated its activities in 2019

Europe

Special mention should go to the development of the French water market as a result of the high turnover expected due to the new measures introduced by the French government.

In North Africa and the Middle East (MENA)

Seawater desalination and wastewater treatment activities continue to present business opportunities in countries where Aqualia already has a presence.

Latin America

The shortfall in water infrastructures and the search for efficiency in the existing ones are factors that foster Aqualia's growth possibilities.

USA

Water scarcity, the obsolescence of hydraulic infrastructures and low penetration of private operators in the sector are the source of the main growth opportunities for the company in certain states.

4 Spanish Association of Water Supply and Sanitation (AEAS)

Aqualia's business

Aqualia is a specialised operator seeking efficient answers and solutions to the countries' needs with regard to water supply, sanitation and purification. Where it is present, this is how it is improving access to water and optimising this scarce resource through its business model.

Business model

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

In public services such as collection, treatment, purification, distribution and sanitation, as well as the analysis of the water quality.

Infrastructure concessions in BOT contracts[5]

For the design, construction, financing and long-term operation of treatment plants (purification, treatment, desalination) and installations for re-use.

O&M services

Quality of water, operations, maintenance and exploitation of infrastructures.

EPC models

Design and Construction Projects (Engineering, Procurement and Construction).

Main strategic axes

Axis I
Growth and expansion
international that responds to global needs for clean water and sanitation for everyone, with the appropriate human team and technology.

Axis II
Financial profitability
that enables suitable, sustainable growth.

Axis III
Integration of all areas
of the value chain in the water cycle.

Geographical areas

Focussed on certain geographic territories to avoid dispersion and take advantage of synergies.

Europe
Especially in municipal concessions, by maintaining high rates of renewal of their contracts and by taking advantage of opportunities that may appear both in organic growth and in acquisitions that contribute value.

LATAM
By consolidating long-term contracts for both municipal concessions and infrastructure concessions as well as emblematic design and construction projects.

MENA
By developing a consolidated position in infrastructure concession and O&M contracts with high added value.

5 BOT: Build, Operate and Transfer.

Active listening and responsible management

Active listening to Aqualia stakeholders

In the last quarter of 2019 and the first of 2020, Aqualia completed a strategic materiality analysis with the aim of finding out the main expectations and priority issues for the different stakeholders.

11 Qualitative interviews
with main company executives and expatriate executives.

13 Qualitative interviews
with stakeholders: Public Administrations, users, suppliers, the media, NGOs and shareholders

18,000 Quantitative surveys
amongst stakeholders

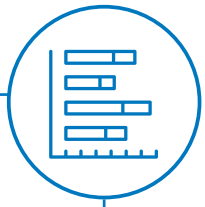
Proposed methodology for materiality analysis

Phase I
Qualitative analysis for identification in the national and international context of the main risks and opportunities, as well as sectoral trends and significant aspects.

For this phase, in-depth qualitative interviews were conducted with five main company managers and four expatriate managers, as well as a focus group with employees to learn more about their expectations for the company and what issues the company should be reporting on.

There were also 13 qualitative interviews with stakeholders (Public Administrations, users, suppliers, the media, NGOs and shareholders) to get a deeper understanding of the current situation and to be able to make a diagnosis to be used to determine the strategic lines for the 2021-2023 Sustainability Plan.

This analysis is in addition to that undertaken for the 2018 Sustainability Report.



Phase II
Prioritisation

Once the topics had been identified, more than 18,000 quantitative surveys were carried out with stakeholders (Public Administrations, residential users, industries, irrigators, suppliers, employees, the media and NGOs), which enabled prioritisation by topic. This information was contrasted with that obtained in the stakeholder surveys used for the 2018 Sustainability Report.

Phase III
Validation and comparison

The results of the surveys were compared together with the Aqualia team to give a suitable reply to the different stakeholders in this Sustainability Report.

From this study, ten priority themes for each of the stakeholders were selected as attached below. It should be pointed out that this research ended in February 2020.

From this study, ten priority themes for each of the stakeholders were selected as attached below. We should mention that research only ended when we were beginning to get an idea of the impact COVID-19 would have on society. However, issues such as water quality, access to water, health and safety were already considered to be essential issues for stakeholders.

Stakeholders	Public administrations	Users
Subgroups	Municipal Autonomous European Pricing commission	Municipalities Public centres Citizens Neighbourhood associations Industries Irrigation Sector
Dialogue channels	Corporate website and 45 local websites (39 national + 6 international) Meetings and informative breakfast sessions. Institutional dialogue CSR Report E-mail @aqualiacontact Corporate social networks	Aqualiacontact (App, virtual office, in-person office, telephone and Twitter channel) Open-door sessions E-billing/invoices Direct marketing (brochures) Local press and media Corporate and local websites Corporate social networks

Priority issues and stakeholder expectations

	Public administrations	Users
Efficient management of natural resources	●	●
Water quality	●	●
Circular economy of water	●	●
Awareness-raising and environmental awareness	●	●
Energy consumption / renewable energies		●
Climate change		●
Biodiversity		●
Innovation in the environment		●
Creation of employment	●	
Transparent communication	●	
Access to water/price	●	●
Social action		
Promotion of and respect for Human Rights		
Public-private partnerships		
Occupational health and safety and well-being	●	
Professional development		
Equal opportunities, diversity and work-life balance		
Transparency		
Corruption prevention and mitigation systems	●	
Ethics and integrity	●	
Profitability and efficient management		
International expansion		
Service excellence		

● Environmental ● Social ● Labour ● Governance ● Others

Aqualia Master Plan: meets the expectations of the GGII in its three axes

Citizen connections

Aqualia is committed to proximity and close contact with the communities in which it operates and where it undertakes its activities.

- It collaborates in social improvement in the cities in which it operates.
- It educates and raises citizen awareness.
- It collaborates with municipalities in social improvement.
- It measures the impact on the municipalities in which it operates.

Smart services

Adapting the services it provides to constant change, in the context of scarcity, protection of resources and the natural environment.

- Aqualia against climate change.
- Aqualia Circular Economy (Aqualia Circular).
- Aqualia versus water stress: implementing processes to minimise consumption and promote the re-use of water.

Employees

Operational structure
Functional structure
Middle management
Production staff

Aqualia ONE Intranet
E-mail: Information flashes, e-mailing
Press summary
Your Flash
Employee app
@aqualiacontact

Consumer organisations and NGOs

Consumer organisation
Irrigation Communities in Spain

Website
E-mail
Open-day sessions
Collaboration agreements
@aqualiacontact
Corporate social networks

Suppliers

Strategic
Local

E-mail
Corporate website
Social networks

Press and the media

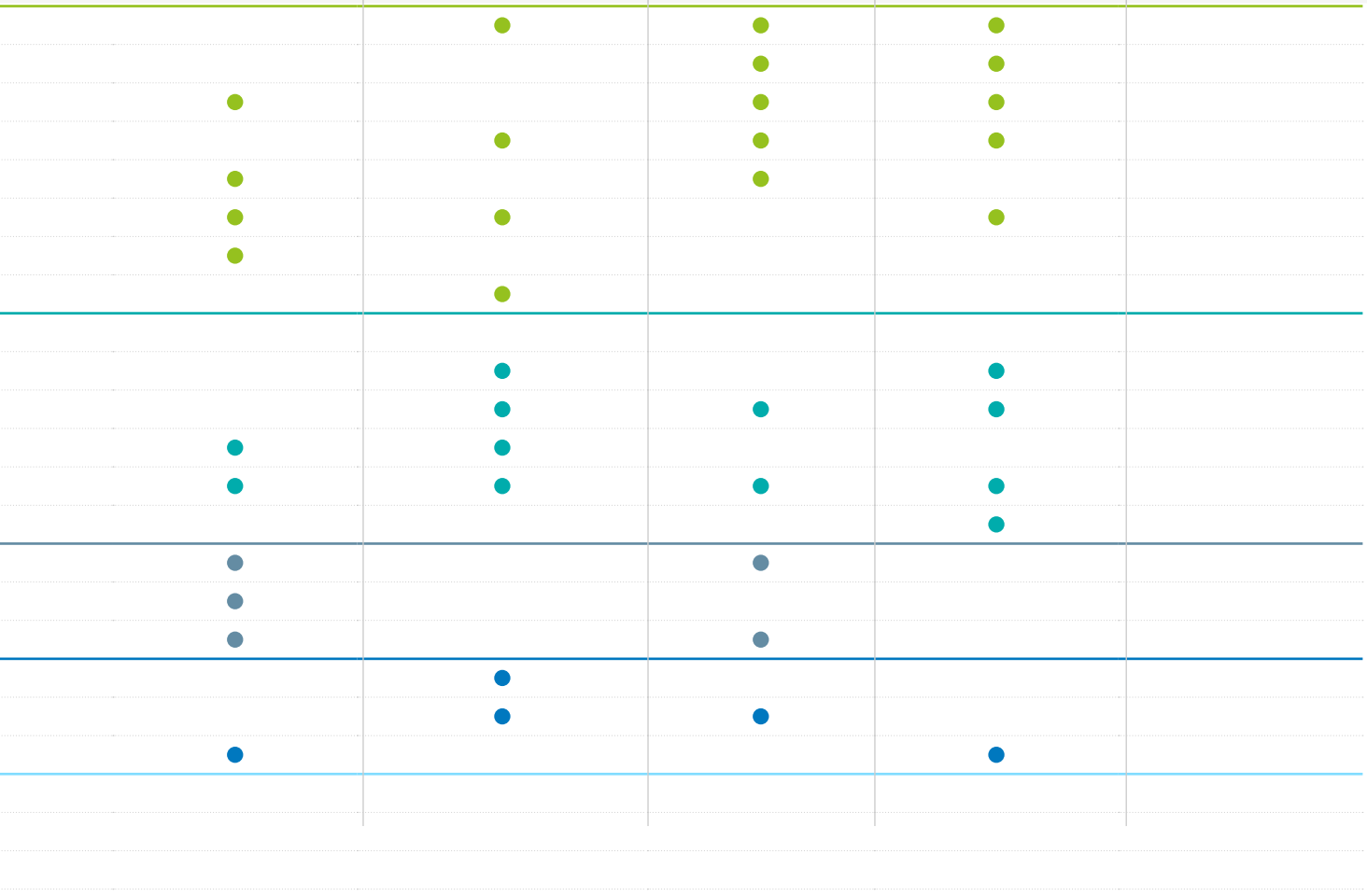
Local, national and international
Municipal press/PR offices
News agencies

Press department
E-mail
Information banners
Corporate website
@aqualiacontact
Corp. social networks

Shareholders

IFM and FCC

Board of Directors
Committees and regular meetings
Management reports and other documents
E-mail: information flashes and e-mailing
Website
Aqualia ONE Intranet
Corporate social networks



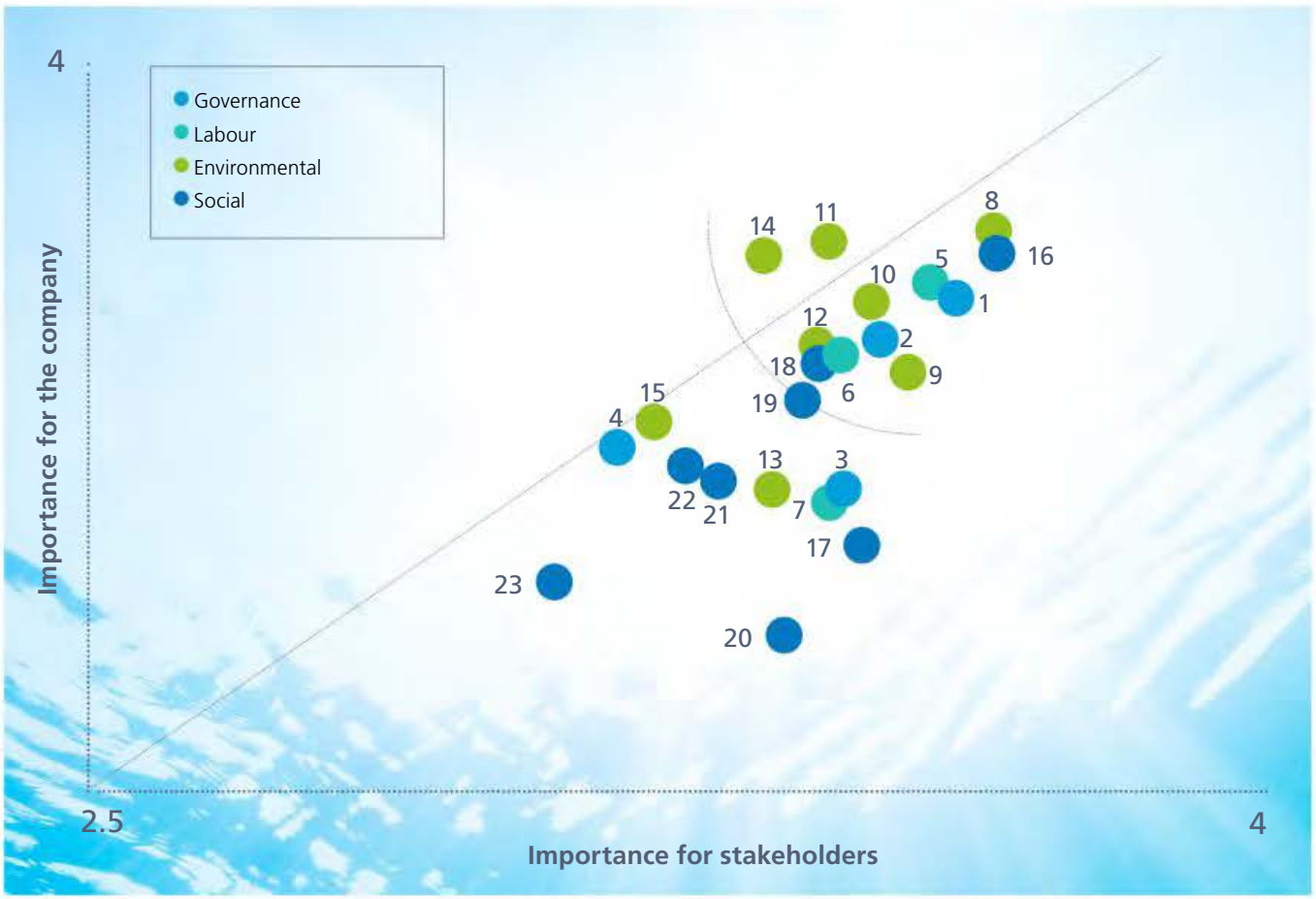
Exemplary performance

Aqualia operates under strict standards of integrity and business ethics in all the jurisdictions in which it is present, and in its relationships it shows respect and trust and gives equal opportunities to its employees and its suppliers.

- Commitment to the protection of the natural environment in the places where we are present.
- Innovation is essential to make progress in sustainable water management.

- Be Aqualia (Comprehensive HR Policy).
  - Equality.
  - Attracting talent.
  - Female talent.
  - Diversity and social inclusion.
  - Training and development.
  - Occupational health and safety and well-being.
- Aqualia as a benchmark in ethical management.
- Applying ethical criteria to third parties.

Materiality matrix: significant issues



Governance

	Issues	Stakeholders	Explanation of materiality
1	Ethics and integrity	APs	GRI 205
2	Corruption prevention and mitigation systems	APs, suppliers, shareholders, NGOs	GRI 205
3	Transparency	Employees, MCs, suppliers, NGOs	GRI 205
4	Risk management	Shareholders, employees, suppliers	GRI 201/ 203

Labour

	Issues	Stakeholders	Explanation of materiality
5	Safety, occupational health and welfare of the employee	All	GRI 403
6	Equal opportunities, diversity and work-life balance	Employees, suppliers, shareholders	GRI 401-405
7	Professional development	Employees	GRI 404

Environmental

	Issues	Stakeholders	Explanation of materiality
8	Water quality	All	GRI 416
9	Circular economy of water	All	GRI 303/ 306
10	Awareness-raising and environmental awareness on the sustainable use of resources	All	GRI 413
11	Efficient management of natural resources	All	GRI 303
12	Energy consumption/renewable energies	All	GRI 302
13	Biodiversity	Employees, users	GRI-304
14	Climate change	All	GRI 305
15	Innovation in the environment	Clients, users, NGOs	GRI 103-3

Social

	Issues	Stakeholders	Explanation of materiality
16	Access to water	All	GRI 413 AQ AH2O
17	Client experience	Shareholders	GRI 103-3
18	Transparent communication	All	GRI 417
19	Promotion of and respect for Human Rights.	All	GRI 412
20	Public-private partnerships	MCs	GRI 413
21	Creation of employment	APs	GRI 401
22	Social action	Employees, ONGs	GRI 413
23	Technological development	Employees	GRI 203

Contribution to priority SDGs

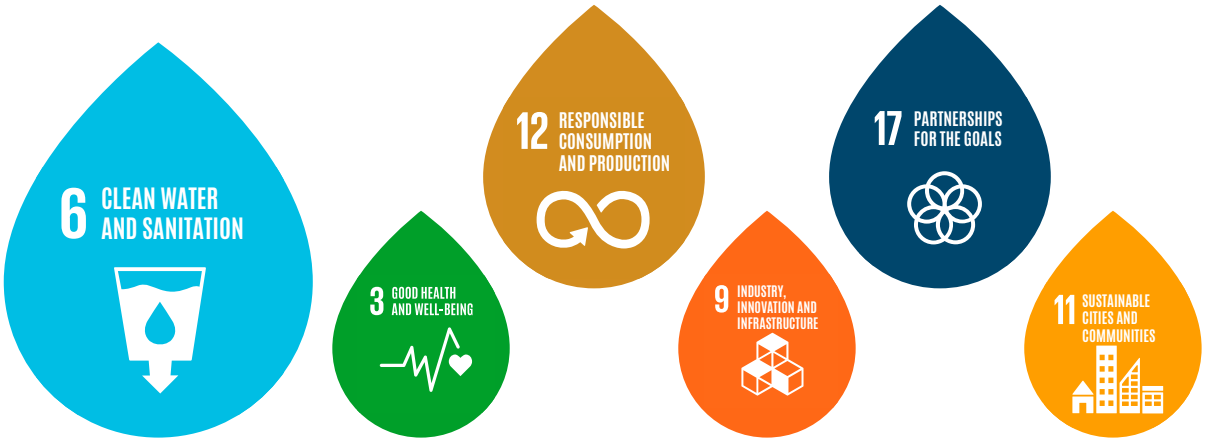
Aqualia assumes the role played by the private sector to achieve Sustainable Development Goals and shows this in its daily commitment to promoting this culture within the company and amongst its stakeholders.

For this reason, as well as promoting campaigns to publicise the SDGs, it has identified and prioritised those to which the company contributes through its activity and its corporate commitments. And, by listening actively we understand the importance that stakeholders give to Aqualia's contribution to the different SDGs and we aim to respond to these expectations by providing the appropriate indicators.

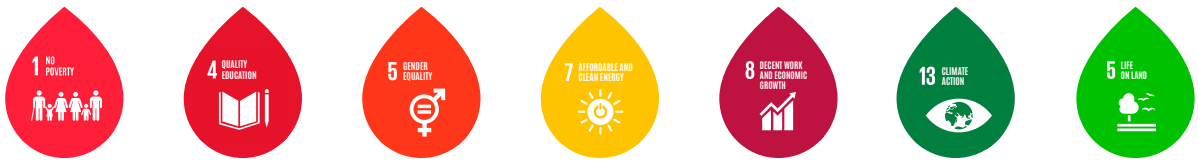
As SDG 6 is Aqualia's main objective, the company is focussing on the metrics for each of the six specific goals in this SDG. Each has a link to other SDGs. This enables the creation of synergies that Aqualia aims to promote by monitoring and developing the established metrics.

SDG a related system

Priority commitments for its activity



Corporate commitments



6.1 Drinking water for everyone

- More than €50,000 in water bills to 131 Cáritas Charity Centres.
- 17,293 beneficiaries.
- 58% of services apply social tariffs to citizens who need them.

6.2 Sanitation and hygiene for all

- Access to over 25 million users.
- Technological platform for the digitisation of the end-to-end water cycle, Aqualia LIVE.

6.3 Improving water quality

- Parametric determinations of drinking water increase by >13.9%.
- Volume of discharged treated water: 743.8 Million (m^3).

6.4 To increase the efficient use of hydraulic resources

- 13 patents for efficient water management.
- 3 innovation projects for the smart management of water resources.
- 9 eco-efficient innovation projects.

6.5 Integrated water resource management and cross-border cooperation

- Presence in 4 of the 17 countries with extreme water stress: Qatar, Saudi Arabia, United Arab Emirates and Oman.

6.6 Recovering water-related ecosystems

- Undertaking biodiversity projects in installations in protected areas.
- 122 installations in protected areas.

Growth that has an impact on society

Sustainable growth

Aqualia's results and forecasts nationwide

Ethical and responsible management as the basis of our business

Risk management in Aqualia

Regulatory compliance

A supply chain integrated into the business

All Aqualia's strategic actions have a common aspect: ethics. Only responsible economic management, based on human principles and values will achieve sustainable growth that will have an impact on our entire value chain and enable stable and coherent progress into the future.

> *The fact that we are efficient in management is directly related to the optimisation of our resources*

Aqualia employee

Growth in 2019

Sustainable growth

€1,262.5 Million ▲7.9%
Direct economic value generated

Economic value distributed (million €)
1,147.6
▲ 17.7%

Economic value withheld (million €)
114.8
▼ -41.0%

EBITDA (million €)
281.7
▲ 14.0%

Total Subsidies (million €)
35.3

Users served (million)
25

At international level (total inhabitants served)

End-to-end water cycle	950,000
Supply service	2,207,960
Sewage system service	2,252,386
Purification service	3,124,135

Supply chain

Ethical and responsible management

Strengthening compliance culture focussed on the implementation of a Crime Prevention Model

100%

Operations evaluated

Relating to corruption risks and criminal risks

Training for ethical compliance

Total employees who received this training

2,238

Total domestic employees online

99%

Ethical Channel

Alerts registered in 2019

25

Management plan and regular risk assessment

Sustainable growth

In 2019, Aqualia's good management increased the economic value generated by the company by 7.9%. This was mainly due to 20% growth in international business and 2% in domestic business. And this in turn enabled the economic value distributed to society to increase by an even higher percentage. There was an increase in items such as suppliers, salaries and employee benefits, capital suppliers (there was a dividend payment) and corporate income tax.

Direct economic value generated (total consolidated for the group) (Thousands of €)	**2018**	**2019**
Net business revenue	1,106,112	1,186,881
Other operating income	33,132	38,012
Financial income	30,958	37,579
Total direct economic value generated	**1,170,202**	**1,262,472**

Economic value distributed[6]	**2018**	**2019**
Operating costs	**617,184**	**645,069**
Procurement	439,958	475,302
Other operating expenses	177,218	169,781
Changes in inventory of finished products and those being manufactured	8	-14
Employee wages and benefits	**265,317**	**288,689**
Staff expenses	265,317	288,689
Capital suppliers	**44,193**	**135,103**
Dividends	0	90,000
Financial expenses	43,290	45,800
Change in fair value of financial instruments	0	285
Differences in exchange rates	903	-982
Payments to governments (taxes)	**47,895**	**77,744**
Corporate income tax	19,422	45,905
Other tax payments (except VAT)	28,473	31,839
Investments in the community[7]	**951**	**1,022**
Donations and other investments in the community	951	1,022
Total economic value distributed	**975,540**	**1,147,627**
Total economic value withheld	**194,662**	**114,845**

Grants	**2018**	**2019**
Total subsidies	13.2	**35.3**
Amount of operating grants for R&D&i projects	1.7	**2.1**
Amount of capital grants for R&D&i	0.7	**0.2**

The challenges presented by the current context also required investment in R&D&i projects in which Aqualia invested 4,291,480 euros in 2019[8].

6 Accrual criteria used.
7 Aqualia is working on defining homogeneous criteria for investments in the different types of capital (technological, infrastructure, human, etc.). Data for this will be provided in future reports.
8 This amount refers to gross investment in projects undertaken by the company.

Aqualia's results and forecasts nationwide

2019

Year with little rainfall

Service in municipalities

▲ 600

Retrieval in invoiced water volumes

Aqualia turnover

€704.5 Million

▲ **€21.6 Million** compared to 2018

▲ 4.3%
Total volume invoiced

▲ **2.3%** Volume billed in client[10] cancellations

▲ **3.0%** Amount invoiced

▲ 3.2%
Total amount

▲ **14.2%** Volume invoiced in new contracts[11]

Growth was positive everywhere, with:

The lowest in:
Cantabria
Canary Islands
Autonomous Community of Valencia

The highest in:
Castile-La Mancha
Andalusia
Balearic Islands

Cost reduction

Reinforcing synergies.

Regional teams for sewer cleaning.

Reduction in subcontracting.

Control of bank fees.

Efficient operational management.

Client management.

Pursuit of fraud in the measurement of consumption.

Reduction of in-person attention.

Electronic invoice and direct debit of invoices.

Ebitda

▲ 24.9%

Domestic turnover compared to 2018

2020

It is still too soon to anticipate the impact of COVID-19 with regard to these forecasts, because of uncertainty on how it will develop.

First of all, expectations are to increase sales figures due to:

▲ Companies acquired in 2019.

▲ Maintaining the high rates of contract renewal that Aqualia has historically recorded on maturity.

And then, even though in the first quarter of 2020 there was no significant impact on the company's activity, the company took into account the risks arising from this crisis, with a special mention for: the impact caused by liquidity stress; by the interruption of operations or breaks in the supply chain; a decrease in consumption linked to activity in the sectors served by Aqualia; and the risks linked to deviations in economic forecasts[9].

A contingency plan was also established to minimise any financial and non-financial impact that may arise from this crisis.

9 Financial statements for 2019
10 Lower invoicing: client is the end user.
11 Higher invoicing: client is the municipality.

New domestic projects signed in 2019

The 2019 business year saw a reduction in the level of activity in bidding processes for new municipal concessions that has been offset by an increase in contracting processes for operational and maintenance services for installations.

The lower level of activity in bids for new concession projects was also offset by the inclusion in the perimeter of certain companies acquired during the business year.

The following main projects deserve special mention:

Spain

Municipal concession · Infrastructure concession · O&M · Design and construction · BOT · Contracting · Renovation

Zone II

1 Balearic Islands

Eivissa, Balearic Islands
Water supply and sewerage service management for the city.
1 year / €8.5 Million

2 Catalonia

Castell-Platja D'Aro, Gerona
Water supply service management.
1 year / €3.1 Million

Baix Ebre, Tarragona
Management of the public sanitation systems service for the Baix Ebre region.
1 year / €2 Million

3 Aragón

Zaragoza
Operational supply activity services for ACUAES in the province of Zaragoza: Zaragoza and the Ebro and Bajo Ebro Aragonese corridor.
1 year / €1.3 Million

4 Murcia

San Pedro Pinatar, Murcia
Renovation project for drinking water and sewerage networks.
€5 Million

5 Autonomous Community of Valencia

Villena, Alicante
Water supply and sewerage service management.
1 year / €1.2 Million

Mutxamel, Alicante
Management of the Mutxamel water desalination plant and its distribution network for ACUAMED for two years.
2 years / €2.6 Million

Zone III

1 Andalusia

Martos, Jaén
Water supply and sanitation service management.
4 years / €9.8 Million

El Puerto de Santa María, Cádiz
Maintenance, conservation and operating service for the city's WWTP and sewerage system.
1 year / €3.5 Million

Huéscar, Granada
End-to-end water management in the municipality.
12 years / €7.7 Million

Córdoba
Cleaning and inspection services for EMACSA's sewage networks, gutters and installations.
2 years / €1.5 Million

2 Extremadura

Guadiana del Caudillo and Pueblo Nuevo de Guadiana, Badajoz
Concession of the purification service for both municipalities.
15 years / €1.7 Million

3 Canary Islands

Güímar, Santa Cruz de Tenerife
Water supply and sanitation service management.
1 year / €2.6 Million

Zone I

1 Galicia

Vigo, Pontevedra
Management of indoor swimming pools for the municipality.
2 years / €5.6 Million

Porriño, Pontevedra
Design, construction and initial operation of an industrial wastewater treatment plant for the Compañía Española de Algas Marinas, S.A.
€2.2 Million

Redondela, Pontevedra
End-to-end management of the water supply, sanitation and treatment service.
1 year / €2 Million

Oleiros, La Coruña
Management of the municipal indoor swimming pools in the Municipality
1 year / €1.7 Million

2 Asturias

Valdés, Luarca, Asturias
Water supply service.
5 years / €3.2 Million

3 Cantabria

Santander
Operation and maintenance services for the San Román de la Llanilla WWTP and associated sanitation installations assigned to Medio Ambiente, Agua, Residuos y Energía de Cantabria S.A. (MARE).
5 years / €12.9 Million

4 Basque Country

Vizcaya
Operation, maintenance and breakdown management services for secondary networks in a number of municipalities for Udal Sareak, S.A.
2 years / €2.2 Million

5 Autonomous Community of Madrid

Madrid
Canal de Isabel II, Madrid: Four contracts for operation and maintenance services for the sanitation networks in Guadarrama, Torrelaguna, Jarama, and Santillana.
4 years / €43.5 Million

Collado Villalba, Madrid
Design and construction of the El Endrinal wastewater treatment plant.
3.7 years / €11.3 Million

Madrid
Operation and maintenance services for the peripheral sanitation networks corresponding to Culebro managed by Canal de Isabel II.
4 years / €21.6 Million

Madrid
Operation and maintenance services for the Butarque and Valdebebas Wastewater Treatment Plants (WWTPs) for Canal de Isabel II.
5 years / €13.8 Million

Madrid
Services relating to urgent renovation and repair actions for the supply network and in the reclaimed water network for Canal de Isabel II (Lot 9 Culebro Network).
1 year / €3.1 Million

6 Castile-León

Ávila
Operation and maintenance service for the city's wastewater treatment plant.
20 years / €34.6 Million

Béjar, Salamanca
Water supply, sanitation and treatment service management.
4 years / €4.2 Million

Aldeatejada, Salamanca
Municipal water supply and sanitation service management.
5 years / €1.3 Million

Community of Santa Teresa, Salamanca
assignment of the water supply capture, treatment and storage contract for the Community.
8 years / €1.1 Million

7 Castile-La Mancha

La Puebla de Almoradiel, Toledo
Water supply distribution service management.
18 years / €6.7 Million

Olías del Rey, Toledo
Water supply and sewerage service management.
5 years / €3.3 Million

Villatobas, Toledo
Concession for the management of the municipality's water supply service.
20 years / €3.7 Million

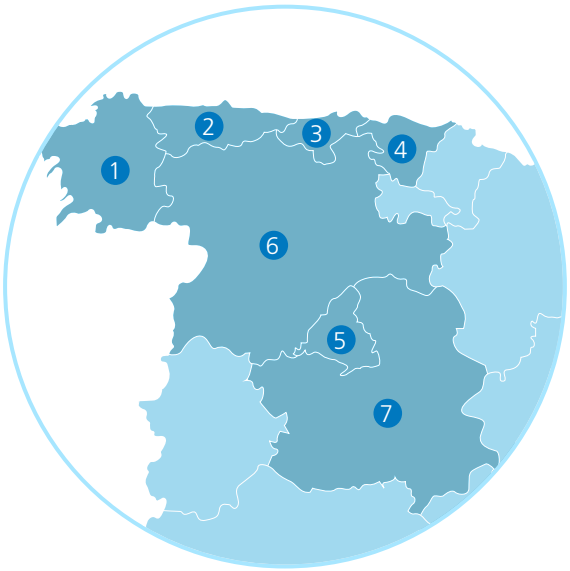
Illescas, Toledo
Water supply and sewerage service management.
1 year / €2 Million

Toledo
Management of end-to-end services for capturing, treating and distributing water and collecting sewage for the municipalities of Argés, Burguillos, Layos, Cobisa and Nambroca, in the Community of Guajaraz.
1 year / €1.4 Million

Manzaneque, Toledo
Water supply service management.
1 year / €1.1 Million

Iniesta, Cuenca
Water supply service management
5 years / €1.1 Million

Argamasilla de Calatrava, Ciudad Real
Design, construction and initial operation of the municipal wastewater treatment plant.
€3.5 Million



New Acquisitions

Agua y Gestión del Ciclo Integral del Agua, S.A.
That contributes water service concessions for San Vicente de Alcántara, Villar del Rey, Palomas, Hinojosa del Valle and Puebla de la Reina in Badajoz, Ceclavín, Garrovillas de Alconetar, Zarza la Mayor, Acehúche, Mata de Alcántara and Portezuelo in Cáceres, San Jose del Valle in Cádiz, Bolaños de Calatrava and Viso del Marqués in Ciudad Real, and Guadix and Ugíjar in Granada.
14 years / €44.8 Million

Codeur, S.A.
Acquisition of a minority stake in a company that manages the concession of the Vera (Almería) water service.
34 years / €99.1 Million

Results and forecasts at international level

Europe

1 Czech Republic

In 2019, Aqualia took control of 100% of the shareholding of SmVaK, its main subsidiary company in the country and obtained the water distribution concession for the Park Ostrava and Mosnov industrial zone for the period 2020-2023.

2 Italy

After years of immobility, the concession market in 2019 showed the first signs of recovery with a bid for the Water Service for the province of Rimini.

3 Portugal

The situation in the concession market remains stagnant. Regulatory changes are expected that may confirm the consolidation of indirect management activity through concessions to private companies. This is the field in which our contracts are developed and in which growth is expected in the future.

4 Romania

- There has been progress in the construction of civil engineering works for the Glina project for the expansion of the Bucharest purification plant.
- Completion of the Berane and Pljevlja projects and progress in the final construction stages of the Prizren project.

LATAM

1 Mexico

Aqualia was awarded the BOT contract for the Guaymas desalination plant, which is currently under construction.

2 Peru

- In 2019, five private initiatives for the treatment of wastewater went into the formulation phase These were presented in 2017 and considered significant in 2018.
- The State is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators.

3 Colombia

Construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogotá continues.

4 Panama

- Work has begun on the Arraiján WWTP engineering, construction and 10-year operation project that will treat water for 130,000 inhabitants.
- Aqualia was also awarded an assistance and advisory contract for the operational and commercial management of the IDAAN (Institute of National Aqueducts and Sewers), a body that is responsible the management of the country's water service. The contract was approved by the Comptroller General in December.

MENA

1 Algeria

At the Mostaganem EDAM:

- In May, a successful cleaning of the inflows was performed using PIG (Pipeline Inspection Gauge) technology.
- In December, the civil-engineering works for the new seawater abstraction for the EDAM in Mostaganem were completed without incident.

At the Cap Djinet EDAM:

- Civil-engineering adaptation works for the execution of inflow cleaning operations using PIG technology were completed in the first months of 2020.

In 2019, an agreement for the reassignment of management and operational control functions was signed with GS Inima, a strategic partner in these projects and that enables the optimisation of management and resource efficiency.

2 Egypt

- In March the initial operation phase was successfully completed for the design and construction of the El Alamein desalination plant, with a capacity of 150,000 m^3/day, and the operational phase began.
- Completion of construction engineering and most of the civil engineering works for the Abu Rawash wastewater treatment plant project. Civil engineering works are expected to be completed in 2020 and the electromechanical installations assembled.

3 Tunisia

In May, the initial operational phase of the Djerba EDAM project was completed without incident. Since delivery, it is the client who has been responsible for operating the plant which, with a capacity of 50,000 m^3/day, ensuring supply to the population and tourist development of the island.

4 Saudi Arabia

- Progress has continued in the diversion and adaptation works in the affected services in the Riyadh Metro, which will last until 2020.
- Bid for SWPC (Saudi Water Partnership Company), still pending assignment of the licensees, with three BOT projects for major desalination plants and wastewater treatment plants.
- Preparation of National Water Company's bid for water management in the provinces of Medina and Tabuk, with 3.6 million inhabitants, a contract that will be awarded in 2020.

5 Oman

Completion to full client satisfaction of the first full year of operations for the end-to-end cycle management of the Sohar port area, a 20-year contract in association with the Majis concessionary company.

Aqualia MACE has consolidated as a major water utility company in the United Arab Emirates

6 United Arab Emirates

- Renewal of the existing Al Ain contract and the signing of a new Abu Dhabi capital contract, both for 7 years.
- Since March, Aqualia MACE has been managing two of the three geographic areas into which the Emirate of Abu Dhabi is divided, providing services such as the operation and maintenance of the collector networks, pumping stations and wastewater treatment plants.

7 Qatar

Slowdown in investment projects due to the political and commercial blockade by Saudi Arabia and the Emirates.

In its international expansion, Aqualia is providing different services in the area of concessions as well as works and maintenance, reaching a large number of inhabitants who are benefiting from these services.

We manage the end-to-end water cycle in 96 municipalities, serving more than 950 thousand people.

Service provided by contract type

End-to-end water cycle	Contract type	No. of municipalities	No. inhabitants
Services/areas of activity	**Concession**		
	End-to-end water cycle	96	950,040

Supply	Contract type	No. of municipalities	No. inhabitants
Services/areas of activity	**Concession**		
	Distribution	33	274,884
	Registration	1	433,076
	BOT	2	1,500,000

Sewerage system	Contract type	No. of municipalities	No. inhabitants
Services/areas of activity	**Concession**		
	Sewerage system	13	219,261
	O&M		
	Sewerage system	2	2,033,125

Treatment	Contract type	No. of municipalities	No. inhabitants
Services/areas of activity	**Concession**		
	WWTP	4	1,091,010
	O&M		
	WWTP	2	2,033,125

New international projects signed in 2019

In the international market, Aqualia has maintained significant activity, both in bids in different areas and in the acquisition of companies, with the following contracts deserving special mention:

1 Colombia
(Villa del Rosario)

End-to-end water management service for the municipality.

14 years / €87.2 Million

2 Czech Republic
(Mosnov)

End-to-end water service management in the Mosnov industrial zone (northern Moravia).

5 years / €2.3 Million

3 France

Acquisition of the company SPIE (Services Publics et Industries Environnement) with 120 years of experience in the management of public water services in France and serving close to 140,000 citizens, through various contracts in the central region of the country.

8 years / €67 Million

Ethical and responsible management as the basis of our business

Aqualia's Board of Directors was formed in September 2018 by directors representing 51% of FCC and 49% of IFM's shareholding. As at 31 December 2019, the situation was as follows:

Members of the Board of Directors Position	Investment Committee	Appointment and Remuneration Committee	Audit and Control Committee	Regulatory Compliance Committee
Alejandro Aboumrad González President	P			
Nicolás Villen Jiménez Non-Executive Vice President				
Juan Rodríguez Torres Voting member			P	
Lars Bespolka Voting member	P			P
Gerardo Kuri Kaufmann Voting member		P		
Scott Longhurst[12] Voting member				
Pablo Colio Abril Voting member				
Javier Amantegui Lorenzo Secretary (non-director)				
José Fernando Cerro Deputy Secretary (non-director)	S	S	S	
Samir Azzouzi Maanan 2nd Deputy Secretary (non-director)				
Cristina López Barranco[12] 3rd Deputy Secretary (non-director)				
Jesús Ortega CCO*				S *(non-director)*

* Chief Compliance Officer.

P President S Secretary Voting member

The Board of Directors delegates its powers to the CEO, who has the support of the Managing Committee and other specific committees (Information Technology Committee, ESG Committee, Innovation Committee, Technical Committee, etc.) for the exercise of these delegated powers.

12 On 11 September 2019, Werner Kerschl resigned and Scott Longhurst was appointed in his place for a term of 4 years. On that same date, Javier Zurita Carrión resigned as Deputy Secretary and was replaced by Cristina López Barranco (indefinite position).

Aqualia organisation chart

CEO
Félix Parra

Territorial divisions

National

Director
Santiago Lafuente

Zone I
(Galicia, Castile-Leon, Asturias, Cantabria, Castile-La Mancha, Madrid and Basque Country)
Juan Carlos Rey

Zone II
(Catalonia, Balearic Islands, Autonomous Community of Valencia, Murcia, Aragon and La Rioja)
Juan Luis Castillo

Zone III
(Andalusia, Extremadura and Canary Islands)
Lucas Díaz

International

Director
Luis de Lope

Europe
Guillermo Moya

MENA
José Enrique Bofill

America
Jose Miguel Janices

Corporate divisions

Economic and Finance Division (CFO)
Isidoro Marbán

Legal Advice Division
Elena Barroso

Communication and CSR Division
Juan Pablo Merino

Water Technologies and Engineering Division
Javier Santiago

People and Culture Division
Carmen Rodríguez

Development Division
Antonio Vassal´lo

Studies and Operations Division
Pedro Rodriguez

Customer Management Division[13]
Miguel Perea

IT Division[13]
Mª Angeles Vicente

Procurement Division
Alberto Andérez

Compliance Division
Jesús Ortega

13 In October 2019, Manuel Castañedo left the Client Management and Information Technology (IT) Division and this area was divided into two divisions: Client Management and IT Management

Risk management in Aqualia

The risks identified by Aqualia are categorised in accordance with the degree of impact and probability of occurrence, according to which a management plan and periodic evaluation are established.

Strategic risks

Those that may affect the company's strategic positioning. These include reputational risks and socio-political and economic changes in the circumstances of different countries.

Operational risks

Those that may affect or have an impact on the provision of projects/services or that affect the viability or continuity of the projects/services provided. These include the quality of service to citizens, the quality of the water and the obsolescence of infrastructures that may pose risks in the provision of the company's services.

Financial risks

Those that affect financing or financial statements to a greater or lesser extent and therefore the current or future development of the business. Changing economic circumstances, and uncertainty in general, could result in price fluctuations that would affect Aqualia's results.

Compliance risks

All those legal procedures that may affect the company commercial activity or any that may have economic, reputational or legal repercussions that imply more or less severe sanctions due to the lack of compliance with domestic or international rules.

Regulatory compliance

In 2019, the culture of compliance, integrity and ethics was consolidated amongst Aqualia employees and third parties, focussing activity on the implementation of the Criminal Prevention Model, with a clear focus on risk, approved in 2018.

This model establishes an obligation to analyse criminal risks and establish controls to mitigate those risks and self-assessment by the owners of those controls to establish the level of execution and compliance with them. Self-assessment of these controls is undertaken every six months and is performed on Aqualia's daily activities. When difficulties arise in the execution of controls or deficiencies are detected (gaps) the Department of Compliance proposes action plans for risks to be solved or mitigated.

In 2019, 100% of operations relating to corruption risks and criminal risks were assessed by control owners, and controls were reinforced as mitigating measures for possible risks identified within the company.

The partner relationship policy regulates the implementation of the criminal prevention model in companies that are owned by Aqualia or in which it has a majority stake. In cases where Aqualia is a minority partner, the model is proposed. The objective for 2020 is to implement this model in the Czech Republic, Italy, Colombia, Mexico, Portugal and France.

Remodelling of the Code of Ethics and Conduct

The Code of Ethics and Conduct was also amended, including a section on the company's behaviour before entering into relations with states, non-state entities or individuals that could have received international sanctions or embargoes, and the possibility of making donations to political parties, always in compliance with the corresponding local laws and in those jurisdictions that allow it.

100%

Operations relating to corruption and criminal risks

Assessed in 2019

Objective for 2020

Implementing the model in:
Czech Republic, Italy, Colombia, Mexico, Portugal and France

Our shareholders expect good management of public services and therefore we should have an ethical attitude towards our work and the resources with which we work

Aqualia employee

The following were also approved: Agent Policies that regulate the process for selecting and contracting commercial agents; Gifts and Hospitality, that determine the boundaries, prohibitions and exceptions applicable when making gifts and granting hospitality to third parties; and Human Rights, that reflect the organisation's commitment to respecting human rights.

The scope of these policies is multi-jurisdictional and extends to all Aqualia subsidiary companies, in which it has 100% of the shareholding or a majority participation that allows their implementation.

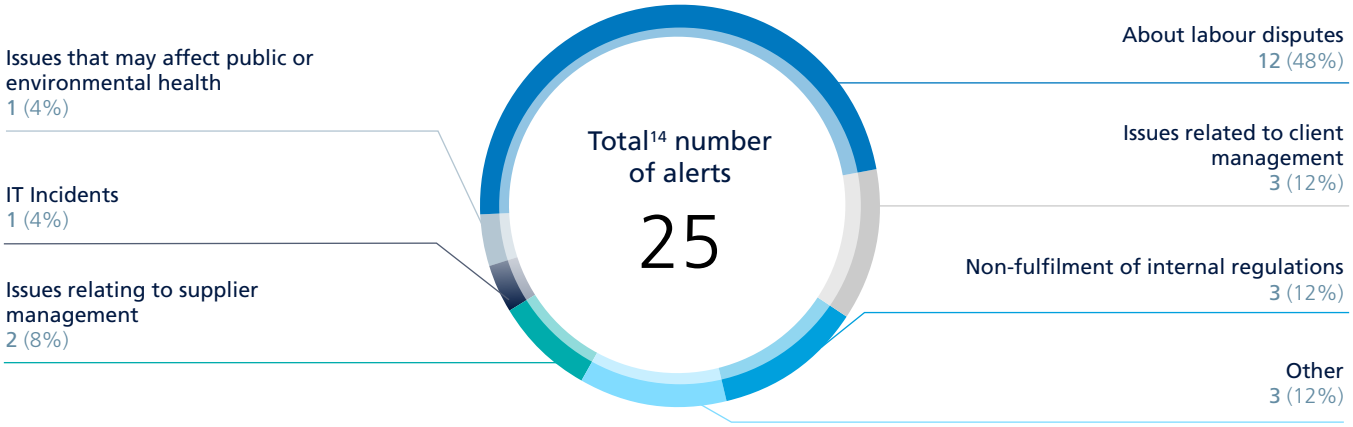
The Compliance Department also analyses third parties (partners, unique suppliers, collaborators, etc.), based on risk so as to comply with the duty of due diligence with those natural or legal persons with whom Aqualia establishes relationships in the exercise of their daily activity. This analysis involves an examination of the level of ethical culture and compliance of third parties, proposing mitigating measures where possible risks are detected, and may even recommend the unsuitability of establishing relationships with third parties whose assessment after analysis does not turn out positive.

The Compliance Officer ensures implementation, compliance with company policies and the supervision of the criminal prevention model, reporting to the CEO of Aqualia and the Board of Directors of Aqualia.

The scope of these policies is multi-jurisdictional and extends to all Aqualia subsidiary companies in which it has 100% of the shareholding

Ethical Channel

The Ethical Channel registered 25 alerts in 2019, and depending on the risk associated with each notification, decisions are made, action is taken, or management improvement plans are activated



14 20 alerts occurred in Spain and 5 outside Spain

Training for Compliance

The most outstanding training performed in 2019 was related to the Code of Ethics and Conduct, which 99% of domestic employees with a digital connection completed during the month of February. A total of 2,238 employees.

For those domestic employees without an internet connection, a communication campaign was launched so that everyone received information about the Aqualia Code of Ethics and Conduct. And we are working on extending the scope of this training to all employees. In fact, new online training on the Code of Ethics and Conduct is regularly called for new employees and for those who were unable to do it previously (on maternity/paternity leave, temporary disabilities, etc.).

In September, training began on the Code of Ethics and Conduct for international employees with an internet connection. Around 130 people were trained. In this month the members of the Board of Directors also received training on the Code of Ethics.

For the deployment of the Criminal Prevention Model training in anti-corruption, involving explanations this model as well as in international regulations concerning anti-corruption and anti-bribery, was given to the company's key employees in the different geographical areas and to the lawyers in the Legal Advice Department.

National survey to assess training in the Code of Ethics and Conduct

4.4 Satisfaction with the training given **throughout the course**

Online t**raining in the Code of Ethics and International Conduct**

4.6 Satisfaction with the training given **throughout the course**

A supply chain integrated into the business

The relationship with suppliers develops until they are considered part of the business. If there were no good suppliers with whom to establish mutual service commitments and updating on new technologies and innovations, Aqualia could not possibly provide a good service.

Aqualia employee

Sustainable model for the supply chain

Aqualia operates in 17 countries around the world, generating economic relationships with more than 14,000 suppliers, whose global value in 2019 was estimated at €465 million.

In 2019, more than 98% of contracted suppliers were local, which enabled the company's operations to contribute to the local economy of the populations in which it provided services.

15 Local suppliers are considered to be those in which, in all invoices issued, the country in the master supplier table matches the country of the division. The rest are considered to be global suppliers.
16 Data is only obtained from companies that are managed through SAP.
17 Calculation from the weighting for each type of expense over the total acquired from third parties.

As Aqualia is aware of its socio-economic and environmental impact, it has established a model for selecting suppliers and contractors consistent with its values and strategic objectives. This model is based on 5 essential criteria that apply multi-jurisdictionally.

Supplier and contractor selection criteria

1 Technical quality

Some services are required to have access to a Quality Management System in accordance with ISO 9001.

Due to the impact of its activity, Aqualia subscribes to a huge social commitment to the quality of its services, which it transfers as a responsibility and requirement to its suppliers.

2 Prevention of risks at work

Compliance with legislative requirements is established and continuous improvement is promoted.

Aqualia is committed to the safety of the people with whom it collaborates, understanding this value as inherent to productivity and quality of service.

3 Labour regulations

Compliance and provision of social insurance.

Contracting processes according to the regulatory framework

4 Preventive approach and environmental respect

Operating under sustainable criteria, minimising the environmental impact of its activities.

These environmental criteria are taken into account in the selection of Aqualia's suppliers.

5 Code of Ethics and the 10 Principles of the Global Compact

Signing contracts including a commitment to comply with legal obligations in environmental and anti-corruption matters.

The Code of Ethics is applicable to suppliers and contractors in all the countries in which Aqualia operates.

Supplier assessment

In its relations with suppliers, partners and contractors, Aqualia starts from the basis of "shared understanding", built on the pillars of integrity, transparency and mutual trust; these allow for easy communication and generate stable relationships over time.

Choice of suppliers

1) Before considering the economic factors for each operation, Aqualia takes criteria for quality, ethics and sustainability into account.

2) An exhaustive analysis of compliance with the requirements of the operation is performed, taking its volume and prior knowledge of the supplier into account.

In major operations with new suppliers, the utmost rigour is required, and may involve a visit to their installations.

Follow-up assessments

Aqualia conducts internal client satisfaction surveys in order to gain an in-depth understanding of the performance of all its suppliers during operations.

These assessments serve as selection criteria for future purchasing processes.

System for official approval

Aqualia controls and supervises its suppliers' compliance in financial, technical and data protection matters and as a part of compliance.

Depending on the assessments made by the purchasing and technical departments, strategic suppliers are established and a list of specially monitored suppliers is drawn up to supervise or even veto them.

Future projection 2020

Both shareholders and international standards require due diligence with third parties. For this reason, Aqualia is working on renewing a third-party official approval process that is applicable to suppliers.

People who work for people

Quality employment

Work-life balance

Equality and diversity

Health, safety and well-being

Leadership for international expansion

Professional development

When we talk about commitment, at Aqualia we are talking about our commitment to the well-being of people. The main objectives of the cultural transformation process in which we find ourselves immersed are to become a healthy organisation with all that this implies, and to construct an increasingly diverse, egalitarian, inclusive environment through which to deploy all our team's talent.

> *We provide a public service and we provide it with our lives, with the same public service vocation as a public administrator. When we take people to visit our installations and get to know each other better, they see very clearly that we are people who go out of their way for the end user*

Aqualia employee

Employment in 2019

Total employees
9,504

Increase
▲16.8%

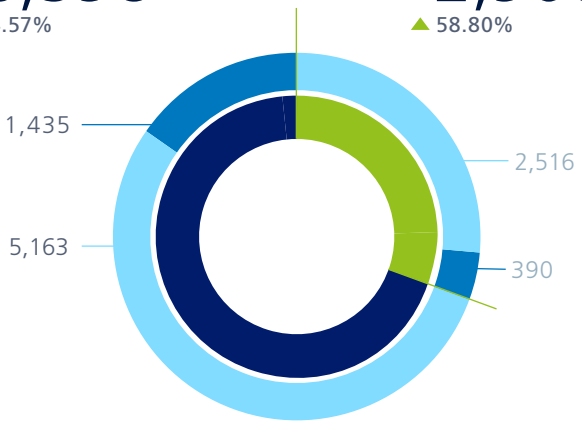
Types of contract by region and gender

5 8

- National
- International
- Men
- Women

Total employees

- 6,598 ▲4.57%
- 2,906 ▲58.80%



Indefinite contracts

- 5,676 ▲8.94%** — 85.51%* — 88.84%*

Indefinite contracts

- 1,657 ▲15.22%** — 52.37%* — 86.23%*

Temporary contracts

- 908 ▼16.83%** — 14.49%* — 11.16%*

Temporary contracts

- 1,249 ▲45.48%** — 47.63%* — 13.05%*

Discontinuous contracts

- 14 — 0.17%* — 0.35%*

Turnover

Turnover %
2.8%

Work-life balance

Measurements
60

Satisfaction survey

8

Employees who like their job
96.3%

They are proud to work at Aqualia
91.2%

Adherence to collective agreements at the VI State Water Convention
13

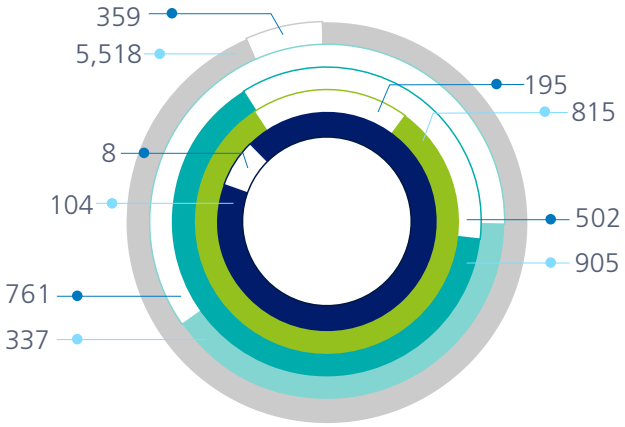
* All percentages are calculated on the total figure

** Variation compared to 2018

Equality and diversity

- Directors
- Middle management
- Technicians
- Administrative clerks
- Other positions

- Men 7,679
- Women 1,825



Distribution by age and professional category

- Up to 35 years: 2,175*
- From 35 to 55 years: 5,919*
- Over 55 years: 1,411*

*Corresponds to total figures

Directors 112
- 1
- 84
- 27

Middle management 1,010
- 95
- 697
- 218

Technicians 1,407
- 418
- 847
- 142

Administrative clerks 1,098
- 154
- 803
- 141

Other positions 5,878
- 1,507
- 3,488
- 883

Selecting and attracting talent

New recruitment Spain[18]: 1,305
- 958
- 347

New international recruitment[18]: 404
- 324
- 80

Professional development

- Domestic
- International
- Increase

Number of participants: 17,519 (21.21%)
- 56%
- 44%

Training costs: €906,323 (4.74%)
- €706,524.48
- €199,798.29

18 Refers to new contracts in 2019, not new recruitments: In some cases the same person is hired several times.

Aqualia is undergoing a process of cultural transformation within the company in accordance with the Strategic Plan and the business vision. The latter is managed via the Be Aqualia project, with the aim of becoming a healthy organisation.

Axes on which Be Aqualia works

Quality employment

The number of workers increased by 16.77%. And workers with indefinite contracts increased by 1.4 percentage points over 2018. Even though, internationally, indefinite contracts decreased in relative terms they increased in absolute terms.

By country, Aqualia's international employees are in the Czech Republic (33.89%), United Arab Emirates (11.32%), Egypt (34.58%), Italy (7.02%), Portugal (3.48%), France (2.37%), Algeria (1.94%), Colombia (1.82%) and Saudi Arabia (1.48%)[19].

Employment figures 2019[20]

Total employees
9,504

5,163	2,516
1,435	390

National · International · Men · Women

Indefinite contracts

5,676	85.51%*
▲ 8.94%**	88.84%*

Indefinite contracts

1,657	52.37%*
▲ 15.22%	86.23%*

* All percentages are calculated on the total figure
** Variation compared to 2018

With regard to collective bargaining, the **VI State Water Convention** for the whole sector at national level was signed and published. To this consolidation and extension of the agreement, one of the most significant successes in the area of labour relations, different work centres added agreements and collective conventions which led to the signing of a further 13 collective agreements in 2019.

19 In the remaining countries the percentage is less than 1%.
20 Consolidated data.

Work-life balance

In 2019 Aqualia continued to develop its work-life balance policy with:

- Promotion of the knowledge and use of work-life balance measures among employees, through communication, training and focus groups.
  - Aqualia has 60 work-life balance measures for different groups that affect job quality, flexibility, personal and professional development, family support, equality and leadership and management styles.
  - The work-life balance family support measures that promote family co-responsibility are the most used and valued among employees (Let's go together, I'll go with you and More time with you).
- Promoting a commitment to work-life balance amongst its institutional and end-clients through different communication actions: on water invoices, job offers, etc.
- The implementation of actions in the human resources area with a direct impact on work-life balance:
  - In the 180º management styles meter, employees were asked about their managers' behaviour in matters of work-life balance.
  - Training in healthy lifestyle habits in mindfulness and time management workshops (245 people received training in 2019).
  - New work-life balance measures like the Employee Attention Program (PAE) and Psicomet were launched to promote the personal development of employees.

Aqualia maintains its "efr" (responsible family company) Certificate obtained in 2017 and relies on this continuous improvement model to continue progressing in the development of work-life balance actions that benefit both the employee and society as a whole.

As a result of these actions, 69% of those surveyed in the Climate Survey are aware of Aqualia's commitment to work-life balance

Equality and diversity

The definition of the job and duties map to improve job identification and definition for employees increased the quality of the existing information, facilitating the analysis of personnel, providing stability as well as uniform criteria for Social Security contributions. This involved reclassification of task execution personnel in technical management positions.

II Equality Plan

Aqualia is working to create a company in which everyone can have the same professional opportunities regardless of cultural, demographic, social, religious or gender diversity. To this end, in 2019 an extension to the II Equality Plan was signed and the commitment to equal opportunities for men and women was reaffirmed. It also maintains the "Equality in the Company" emblem.

Five main objectives of the II Aqualia Equality Plan

	Objective	Action guidelines	Actions in 2019
	To guarantee the same opportunities for men and women at all levels	Since 2017 a General Protocol for Anonymous CVs has been maintained for selecting personnel.	Workshops on "Subconscious Gender Biases" were given to HR personnel from the area, Central Services and delegations with the aim of transmitting a series of principles and guidelines in for pre-selection, selection and recruitment of people without being influenced by stereotypes.
	To improve the balanced distribution of gender	To foster the training of women, both in STEM disciplines and in other development programmes to boost internal promotion.	Participation in the "Now you" training programme for women in STEM disciplines promoted by the Women's Institute and the Sepi Foundation.
	To promote and improve women's prospects of accessing management posts	Within the company, it fosters actions aimed at promoting women to these positions.	Five members of Aqualia's staff participated in the EOI's programme on Development of Women with High Potential.
	To foster a salary system to prevent gender discrimination	Since establishing Aqualia's wage gap in 2019, the company has been working to eliminate any barriers that may lead to discrimination.	In April 2019, the KPMG consultancy analysed salary difference due to gender with regard Aqualia's data for the 2018 business year, and the result was a gap of 10% as far as normalised total salary was concerned.
	To instil a corporate culture committed to equality	It develops and participates initiatives to raise awareness for equality.	- Aqualia developed initiatives such as www.aqualiaigualdad.com - We took part in the celebration of International Women's Day (8 March) #AqualiaEquality

Aqualia maintains its support for diversity through its adherence to the Diversity Charter signed in 2018 and the Global Compact[21].

In collaboration with the Down Syndrome Foundation and FSC Inserta promoted by ONCE (the Spanish Association for the Blind), Aqualia recruits people with disabilities in the company, in 2019 there were 128 in Spain. It also participates with the Adecco Foundation in a programme for the children of employees with certified disabilities equal to or greater than 33%, thus complying with the General Disability Law.

This commitment to including people with different abilities is also promoted by its subsidiaries, as is the case of the Czech SmVaK, which in September 2019 joined the local NGO Trianon which employs 30 people with different abilities to perform recycling work at the Nová Ves water treatment plant. This collaboration has enabled the reusable metals from replaced parts obtained while remodelling the plant (copper, aluminium and brass) to have a second life.

Meeting for Diversity

On the occasion of the International Day of People with Disabilities, Aqualia organised a Meeting for Diversity at its corporate offices in Las Tablas (Madrid). The forum was inaugurated with a testimony by the Paralympic athlete Desirée Vila "only the desire to live is incurable", after which Aqualia employees participated in a biscuit decoration workshop with people with disabilities. This action had a double objective: to support people with disabilities to foster skills that contribute to their independence and autonomy and to make Aqualia employees aware of another "reality".

21 Since 2007 Aqualia has been represented in the Global Compact by the FCC Group.

Health, safety and well-being

The management of the company's occupational safety, health and welfare is promoted by the Health and Welfare Department. In 2019, the FCC's central services were reorganised and decentralised and a Strategic Plan for 2019-2021 was designed. The plan is structured around 3 lines of action, 9 programmes, 26 projects and 64 actions.

2019-2021 Strategic Plan

3
Lines of action

9
Programmes

26
Projects

64
Actions

AXIS I

Innovation and development of actions and lines of work: improvement and integration of preventive activity

1.1. Analysis of actions against critical and/or significant risks.
1.2. Integration of work medicine.
1.3. Healthy company.
1.4. Simplification and invoicing of preventive tasks.

AXIS II

Improvement and modernisation of the Health and Welfare Department

2.1. Training and motivation for Health and Safety Technicians.
2.2. Digitisation of the department.
2.3. Facilitating and promoting knowledge.

AXIS III

Implementation of a preventive culture within the productive area

3.1. Be Aqualia management culture.
3.2. Increased participation in preventive activity.

Aqualia's Occupational Health and Safety Management system is certified for all the activities and locations in which it operates with OHSAS 18001. It has unified all the certifications at national and international level under the prism of the ENAC procedure.

Main absenteeism indicators

Accident rate	Spain 2019	Spain + International[22] 2019
Accident frequency rate	14.15	9.11
Accident severity rate	0.65	0.33
Accident incidence rate	25.29	19.93
Accident absenteeism rate[23]	1.16	0.73

22 These indicators provide information on own staff for Spain and own staff and subcontracted personnel internationally.
Frequency rate: (Number of accidents with sick leave/Number of hours worked) * 1,000,000
Severity rate: (Number of days lost/Number of hours worked) * 1,000,000
Incidence rate: Number of accidents per 1,000 inhabitants: (No. accidents * 1,000)/no. workers.

23 Accident absenteeism rate: (No. days lost/No. workers)

The accident frequency index has remained very similar in Spain, although it has decreased by 25% globally[24]. There has also been a decrease in severity 22% and the accident rate 16%.

During the 2019 business year there was one serious accident[25] in Spain and three internationally (El Alamein Works in-Egypt and two in France).

The total number of accidents resulting in sick leave in 2019 was 259. In Spain there were 161[26]. After analysing the causes, it was decided to strengthen the measures aimed at putting greater emphasis on complying with safety regulations by reminding workers of these procedures and strengthening all the necessary measures.

Preventive culture in Aqualia

Beyond legal compliance, Aqualia implemented a preventive culture at all hierarchical levels, incorporating the work of analysis and control into proactive indicators that enable the company to make optimal forecasts so that accidents do not occur.

Proactive indicators established for the monthly report

Preventive culture indicator	Number Expected	Measure	% completion
Safety rounds for directors. From the study of the accident rate in operations, contracts are selected in which a programme of visits is implemented.	168	141	84%
Safety talks for middle managers	6,676	5,561	83%
Safety observations	1,109	1,130	102%

Other indicators	Planned	Completed	% completion
Corrective measures	14,339	12,032	84%
Inspections	5,178	4,695	90.67%
Inspection of the measures	2,731	2,701	98.90%
Safety Committees	2,950	2,645	89.66%

24 25 26 In areas such as America and MENA, the concept of medical leave is basically reduced to what in Spain we consider serious accidents, so that far fewer accidents are reported with sick leave so the international frequency rate is clearly lower.

Based on these results, the measures established include the following:

System for the recognition of performance in the area of prevention

12 contracts for this recognition

New procedure on **incident reporting and organisational learning for everyone** through the Aqualia app.

Reporting plan using **the Be Aqualia** app

With regard to this being a healthy company, there should be special mention for the development of a Guide for the Implementation of Healthy Initiatives, a support tool for the organisational structure to channel all health promotion initiatives, so that they endorse Aqualia as a healthy organisation.

Also for PsicopackBe Aqualia, launched in December for each of the workers who make up the organisation, highlighting that its employees are its greatest value. Tools for this include Psicomet that enables checking the level of mental and emotional well-being, helping employees to get early identification any problem of psychological origin that they may experience; the Employee Aid Programme (PAE) that helps to resolve any psychological distress both in the company and in the private sphere; and the Interpersonal Conflict Management Procedure, a tool for the management and resolution of conflicts arising in the workplace through the mediation of a third person.

Leadership for international expansion

The need for leadership to drive Aqualia's cultural transformation and growth led the company to take a series of actions throughout 2019.

- It launched the sixth edition of the Otto Walter Cycle, aimed at middle managers approaching leadership based on a more participatory people management model, a catalyst for talent and that strengthens team cohesion, with the support of a common language shared by everyone.

- The purpose of the Otto Walter Executive Leadership and People Management Cycle was the development and transformation of management styles and the consolidation of the company managers' strategic skills.

- It assessed the management styles of 46 managers with the 180º Meter and involved 296 assessors in this improvement experience.

- It trained 61 middle managers with the aim of giving them tools to professionally develop their teams, through evaluation techniques and the application and monitoring of an action plan, as part of a continuous development process.

Professional development

Employee training was linked to meeting the company's strategic growth objectives and improving worker performance; as well as to ensuring occupational health and safety.

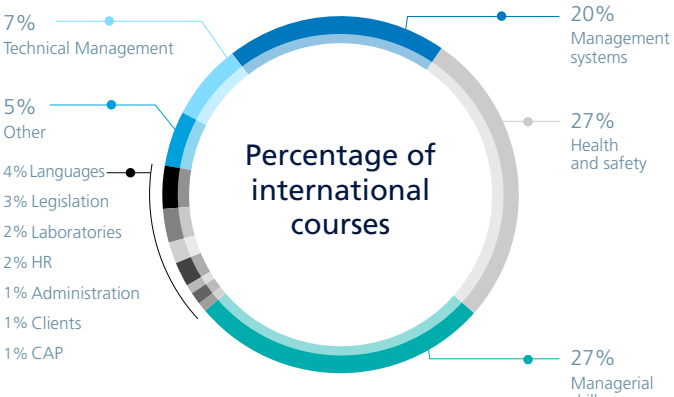
Main training figures in Aqualia

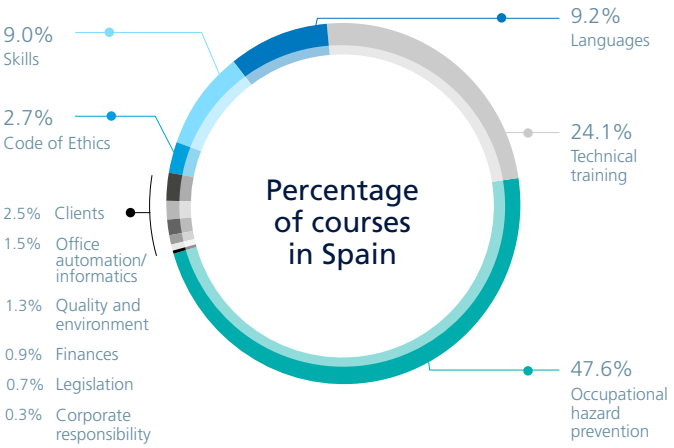
	Spain	International	Total	Total variation
Number of courses held	697	1,000	1,697	6.26%
% absenteeism	14%	1%	9%	
Number of participants trained	9,872	7,647	17,519	21.21%
Number of hours training received	76,799	37,614	114,413	3.37%
Number of women trained	2,586	933	3,519	
Number of training hours received/worker	11.64	12.94	12	-11.49%
Number of men trained	7,286	6,715	14,001	
Training costs (€)	706,524.5	199,798.3	906,323	4.74%

By type

Training aimed at personal development and employee well-being was given, prioritising courses relating to managerial and technical skills, as well as those relating to health and safety.

As for technical skills, Aqualia continues to promote and develop accreditation processes for professional skills in energy, water, safety and the environment. 5 took place in Lleida, Tarragona and Barcelona. 107 Aqualia workers took part in the accreditation processes, achieving a total certification of 55%. And 20% only failed to achieve total certification by missing out in a single unit of skill.





Training by category and gender

Men Women

Directors

	Men	Women
Training hours	858	70
No. trained	35	3
Hours/manager	24.51	23.33

Middle management

	Men	Women
Training hours	15,005	4,468
No. trained	516	142
Hours/middle manager	29.08	31.46

Technicians

	Men	Women
Training hours	7,893	7,120
No. trained	751	636
Hours/middle manager	10.51	11.19

Qualified workers

	Men	Women
Training hours	9,988	5,446
No. trained	305	279
Hours/middle manager	32.75	19.52

Other workers

	Men	Women
Training hours	25,022	929
No. trained	1,855	106
Hours/middle manager	13.49	8.76

Selecting and attracting talent

Aqualia's talent selection guarantees objectivity in the selection processes, the incorporation of diverse people and equal opportunities, enabling objective comparison, guaranteeing equality and avoiding discrimination.

With this in mind, it employs different methods and sources of recruitment within the reach of all kinds of professional profiles, and conducts interviews under the skill selection model, assigning those that are most significant to each position to ensure the duties are performed correctly.

With regard to young talent, a Selection and Professional Internship Procedure was implemented that guarantees transparency in the selection processes. This procedure has improved the good functioning of the selection processes in a timely manner, involving and training all areas of the company for its compliance.

In line with the FCC Group's recruitment policy, Aqualia is also committed to internal mobility as a source of recruitment and publishes all the positions required in the company on the Internal Mobility channel to which all workers have access. However, the results of the Labour Climate Survey conducted in 2019 indicated that 58.28% of employees pointed out that they had no knowledge of the possibilities for promotion within the company. Aqualia has made an app available to employees to address this need.

The app that Aqualia makes available to employees encourages internal mobility for all workers

The growth and specialisation of the water sector, together with the digitisation that efficient process management demands, require technical profiles. With this in mind:

- A number of agreements were renewed with universities with which Aqualia has collaborated for years and others were signed with new schools, universities and vocational training centres in different communities.
- Aqualia recruited five interns to study for a Master's Degree in Engineering and Water at the EOI (School for Industrial Organisation), with which Aqualia has had a partnership agreement since the end of 2016.
- There was participation in the first year of the Higher Degree in Water Management and the Intermediate Degree in Water Treatment Networks and Stations as part of the Professional Development promoted by Canal de Isabel II, accepting six students from the La Paloma Institute in Madrid for the 2019-2020 academic year.

Internal communication

The People Department is working to improve communication processes. Responding to a concern expressed by employees in the Climate Survey about the need to improve top-down communication. This optimisation in the processes will contribute to a reduction of administrative costs.

In 2019:

- Consolidation and universalisation of the app by which employees with access to the information systems and employee/manager website can undertake procedures.
- Applications in paper format were replaced by a telematic procedure and approval via Work Flow, which will improve security in GDPR matters, speed up the approval of requests and enable savings in cost and time.
- The processes for cash advances and the settlement of expenses were standardised.

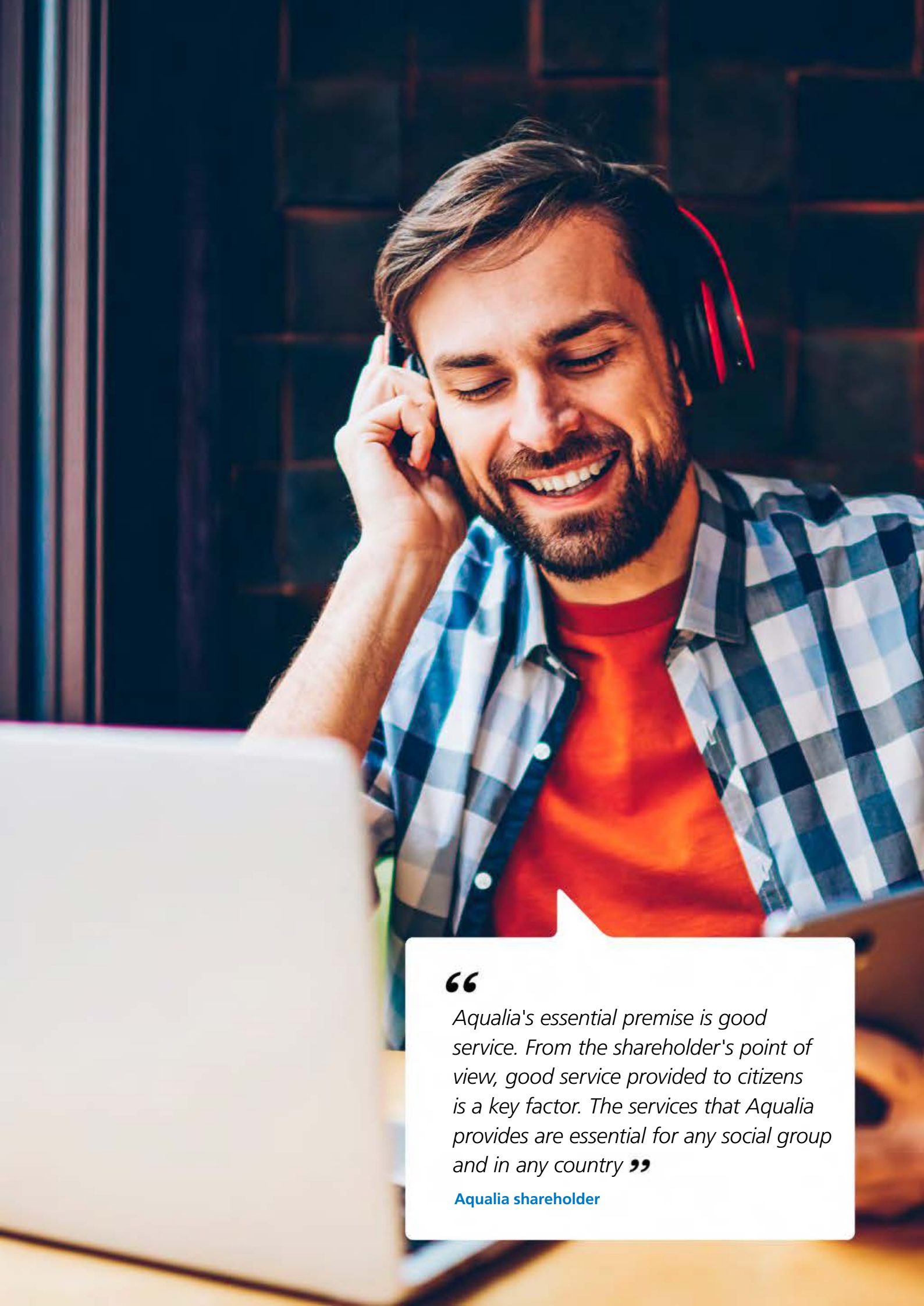
The challenge for Aqualia's internal communication is to reach 100% of employees because each and every one of Aqualia's 9,504 employees is important. Cultural transformation applies to each and every one of them and the goal "that no one is left behind" is what motivates the entire Aqualia team in daily communication.

Digital transformation from a human perspective

Technology for optimal service

Management systems for omni-channel communication

The ambitious investment in technological development that we are making at Aqualia aims to improve the efficiency and competitiveness of our services; to implement digitisation processes in management, communication and operations projects from a human and environmentally friendly perspective; and to promote more sustainable, social and connected cities, with a priority purpose: to give citizens better service.



“Aqualia's essential premise is good service. From the shareholder's point of view, good service provided to citizens is a key factor. The services that Aqualia provides are essential for any social group and in any country”

Aqualia shareholder

Main figures

Technology for optimal service

Water quality

Water quality certifications

% of activity with ISO certificate:

95%
Spain

52.9%
International

81.4%
Average

Investments in Aqualia's technological capital

Mobility project
€235,798

Asset management
€61,989

+ hours
of Aqualia's human capital work

Smart cities implementation of comprehensive remote reading and Water Analytics
€166,230.60

Smart meters
▲ 22.6%

Remote access
▲ 29.7%

Omni-channel Management and Customer Service

	Spain 2018	Spain 2019	Increase	International
Overall complaints index on all channels	0.34%	0.27%	-20.59%	
Total complaints received through all channels	8,931	8,477	1,632[27]	
Percentage of claims relating to invoicing/total complaints	83%	78%	95.64%[28]	

Customer service activity indicators

Telephone customer service[29]

804,519
No. aqualiacontact calls received

107,076
Surveys

96.7%
Level of satisfaction excellent, very good, good

Virtual office[29]

120,788
Interactions

Electronic invoicing

24.8%
On new registrations

Implementation project

Microsoft Dynamics CRM

CRM Microsoft Dynamics

For the management of the Omni-channel

App for clients

31,151
Interactions managed on mobile devices

Electronic invoices

2,035,650
Total issued in Spain and internationally

27 28 Refers to the Czech Republic, Portugal and Italy: countries where in 2019 Aqualia had a client management relationship directly with citizens. In 2020 data from Colombia and France will be available.

29 aqualicontact

Aqualia's technological capital consists of all those solutions, implemented nationally and internationally, that enable the company to provide an optimal and efficient service in the end-to-end water cycle, and which include the necessary technologies to improve day-to-day care and people's well-being.

Given the population growth forecasts for large cities, Aqualia is collaborating with governments and municipalities in their bid to implement effective models for water management, Smart Cities, that convert cities and municipalities into centres with interconnected structures (water, buildings, traffic lights, waste, etc.) that enable more efficient management of services and minimise CO_2 consumption.

Digital transformation in Aqualia has been designed with the main aim of providing the best service for the company's clients and technicians.

This transformation is a business challenge that goes far beyond people, since it involves adapting technologies to processes and people, so as between us to improve the efficiency in the use of a scarce resource like water while at the same time providing clients with the best service.

Pillars of digitisation

1 Global management

to provide the business with specialised solutions that in turn contribute fully integrated solutions so as to achieve global efficiency.

2 Omni-channel operations

with clients to provide the best customer service.

3 Mobility

to provide field technicians with the best solutions to facilitate optimal operations, maintenance and care for Aqualia's clients.

4 Analytics & AI

servicing technicians and clients, applying technologies and Big Data.

Technology for optimal service

In 2019, the new Aqualia LIVE technology platform was created for the global digitisation of the end-to-end water cycle using the latest technologies for efficient water management and better service to citizens.

This technological development returns as profit for all citizens since it improves the efficiency and competitiveness of the company.

Main features

Proven experience
It covers all processes in all the services provided by Aqualia in different countries and provides a solution for clients, citizens and workers.

Adaptability
It is adapted to the specific needs of Aqualia's services, generating efficiency in each individual case.

Modularised solution
Global management through specialised modules, integrated to provide a global vision.

Technological suitability
Choosing the best technology applicable to water management.

Mobility

- Solutions designed for efficient field management, with user experiences focused on technical personnel.
- It enables citizens to understand and manage their information in real time from any smartphone device, tablet, computer, etc.

We are continuously innovating for the client to have the best response, for waiting times to be the minimum possible, so that when there is a fault we are the fastest and most efficient in addressing it, and so that at all times the standard of the service we provide is of the highest quality. First, for the citizen and second, because you have to protect that little treasure called brand identity that connects you with all your stakeholders

Aqualia employee

Technologies gathered under the Aqualia LIVE banner

Advanced technology for water quality

This module has a structure that responds to the need for laboratories to be able to decide independently as required by the UNE-ISO 17025 standard, and to the analytical needs of contracts managed by the Aqualia Group, in accordance with regulations[30].

This year the ENAC-accredited Oviedo Central Water Quality Laboratory was officially opened, in which Aqualia has invested 2.5 million euros in renovating installations and in 16 new items of equipment that enable the analysis of about 300 different parameters, with some 280,000 analytical results per year and approximately one parameter every 22 seconds.

This benchmark Aqualia network laboratory with a capacity to make practically all kinds of analysis of drinking and waste water (it is already a Collaborating Entity for Cuenca) is technically recognised as one of the most important in the sector at a national level.

A laboratory for the analysis of drinking water control was also inaugurated this year in Badajoz. So with six in Spain and two in the Czech Republic, there are eight laboratories in the Aqualia LAB network, managed by Hidrotec S.L.U, a subsidiary company of Aqualia.

> *Aqualia presents a public image of trust, which is most important because it lets you know that the water you are drinking is of high quality*
>
> **External stakeholder**

Number of ISO 9001 certifications
(certified volume of water produced)

ASPECT	2018			2019		
	Spain	International	Aqualia	Spain	International	Aqualia
% activity with ISO 9001 certificate	95.00%	54.70%	**83.50%**	95.00%	52.90%	**81.40%**

ASPECT 3	2018	2019	%[31]
Parametric results in drinking water	1,008,107	**1,148,044**	**13.88%**
% compliant results	99.95%	**99.93%**	**0.02%**

Overall figures have been maintained, but as international production increased, the relative terms decreased.

30 European regulations transposed into Spanish law through Royal Decree 902/2018 of 20 July, which establishes the sanitary criteria for the quality of water for human consumption.

31 Increase due to a more precise count of the number of results in Spain.

Mobility

The work order project was completed in which Aqualia applies computer technologies and geolocation to processes. This has brought about an improvement in work equipment times and efficiency.

In the second quarter of the year a new project was designed and launched, with the aim of applying this technology to the programming, monitoring, maintenance control and operational review of networks for small WWTPs that are isolated and far away from each other. It is already operating very satisfactorily in the WWTPs in Asturias and there have been clear improvements.

Aqualia's mobility is global in scope. It is currently established in Spain and has achieved the following:

- It avoids travel.
- Faster response to incidents.
- Improved efficiency in breakdown teams.

Furthermore, in the third quarter of 2019 a mobility project for meter reading was initiated and which uses smartphones to manage service user meter reading by geolocating the reading points and managing the whole process online.

In this way, coverage is given to all processes involving Aqualia's workers, both work orders like meter reading and reporting incidents, etc. As there is only one mobile application for all processes, work productivity is improved and service to the citizen as a result of this.

Investment in the Mobility Applications project

11

Modules

€88,028.80
Work orders

€51,940.00
Readings

€95,829.80
Investment in **mobile terminals**

€235,798.50
Investment **in mobile applications**

Asset and maintenance management tool

Aqualia developed the first version of this asset and maintenance management tool in accordance with the requirements of the company's expert personnel, originating in the production areas and the zonal technical departments, coordinated by the company's Operations Department.

The first pilot schemes will be deployed during the first quarter of 2020, when the tool's performance level the will be tested, addressing any improvements to performance that may have been detected.

Investment in asset management

€61,989

+ Hours of Aqualia's human capital work

Aqualia is an integrated company. And when I say integrated, I mean that we work with the same computer tools in all parts of Spain and with the same organisational structures, because we have an organisation linked to the territory, not linked to activities. For many years now we have opted for close contact with the territory, with the citizen and with the client

Aqualia employee

Smart cities

In 2019 Aqualia developed the ambitious Aqualia Water Analytics (AWA) project, for the smart management of water in cities. The digitisation of network and consumption information from telemetry meters using Big Data technologies enables the application of advanced analytical techniques and artificial intelligence to optimise management and improve efficiency.

Water Analytics captures the information from the devices installed in the networks (Scadas) and with the application of mathematical algorithms enables the identification of anomalous behaviours and improves the network's hydraulic performance, with the subsequent more efficient use of a scarce resource such as water.

With the implementation of Water Analytics, Aqualia's services can make a cross-analysis between the water supplied through the network and the consumption generated from remote meter readings, achieving reliable and verifiable data on an hourly basis (24x7).

This cross-analysis between the amount of water consumed and that supplied to the network enables the detection of escapes and fraudulent use of drinking water, as well ensuring the efficient use of water resources.

The 79,091 smart meters installed in 2019 enable comprehensive remote reading in the municipalities of Vendrell, Denia, Guía de Isora, Adeje, Rota, Formentera and Santa Eulalia. As well as major consumers in municipalities such as Catalonia, Almería, Jaén, Vigo and Salamanca.

In December 2019 the ratio of smart meters to the total was 2.5%. The aim in 2020 is to reach 4% because an additional 50,000 meters will be installed for the Denia and Canary Islands projects.

Activity indicators	Spain 2018	Spain 2019	Increase
Remote access to meter reading	55,634	72,181	29.74%
No. channels available to expand reading	107,369	121,067	12.76%
Smart meters installed	64,524	79,091	22.58%

Smart City technology applied to the end-to-end water cycle

AI: Artificial Intelligence
ML: Machine Learning
: Internet of Things

Aqualia WA (Water Analytics)

This is a support tool for decision-making and the automation of processes, with the most advanced artificial intelligence standards, to improve technical efficiency and service to citizens, collaborating with environmental sustainability

The implementation of Water Analytics together with comprehensive remote reading provides benefits for:

1 Water operators

- Optimising network performance, also allowing detection of possible escapes, fraud and other incidents.
- Automation of operational processes and early detection of incidents, minimising their impact on the system.
- Knowing client consumption curves 365 days a year and 24 hours a day, for better prediction of demand and network management.
- Making hourly water balances to know the distribution of consumption by hours.

2 Municipalities

- Providing the necessary tools for the correct control and consumption of water and energy and hydraulic management.
- Optimising the water cycle, and making better use of the water.
- Minimise the impact on the environment in your surrounding area.

3 Users

- Early detection of incidents means better service to the user.
- Remote access via app that enables optimal and responsible consumption.

Plans for the implementation of Aqualia Water Analytics at an international level include the analysis of projects in Portugal to establish remote reading in the fixed network of the municipality of Fundao in 2020 with the aim of optimising hydraulic performance; in Italy, for remote reading in those meters that are difficult to access, and in the Czech Republic, to determine what the best remote reading protocol would be (LoraWan, NB Iot, Wireless Mbus), with a view to starting a project in the short term.

Meanwhile in France just over 30% of remote meters use the "Walk by" system that enables fewer consumption estimates and an improvement in the reading cycle.

2019 saw the deployment of Aqualia WA in the Denia service, later extending it to the rest of the municipalities with remote reading systems and with intelligent network management projects. The Denia Municipality Council has special technical-geographic features and a planned mass deployment of remote reading is already underway.

€166,230.61

Aqualia Water Analytics

Investment in the application

+ Hours of Aqualia's human capital work

Application of the BIM methodology to the installations operation

In 2019 the implementation of the BIM methodology was completed (Business Intelligence Model) in Aqualia.

BIM Methodology: holistic approach

Phase 1
Engineering

Phase 2
Construction

Phase 3
Operation and maintenance of the installations

The participation of the Engineering Department in this project has contributed to:

- Preparing the organisation to address projects that require the preparation/maintenance of a BIM model for the project.
- The Aqualia BIM models also being useful in the III operation and maintenance phase for the installations.
- The BIM project for the installation making it possible to feed the computer tools for Aqualia's asset management and maintenance management.

Management systems for communication: Omni-channel operations

Aqualia offers its clients an **omni-channel experience** in their relationship with the company applying the tools and technologies necessary for this.

Omni-channel operations

Integrates the different communication channels

- Face-to-face office
- Office online
- Telephone helpline
- Mobile device

So that all of them interrelate **in real time**

This effort has materialised

Project to implement Microsoft Dynamics CRM

Microsoft Dynamics CRM will enable all channels to be interrelated in real time with greater accessibility, availability and integrity in the information from the interactions. This is one of the axes of the CSR Master Plan.

This is a company that is always innovating, maintains close contact, gives a quick response and provides a public service

External stakeholder

The water sector is very demanding. We are used to people calling immediately to complain about any cut-off to supply or drop in water quality. I think that says a lot about a sensitive service that demands very high standards

External stakeholder

We strive every day and we are very proud at Aqualia to have the lowest complaint rates in the sector. We try very hard to make our customer service the best possible

Aqualia employee

Customer Service indicators

The main Customer Service channels and management indicators for 2019 are the following:

Customer service by telephone[32]

804,519
No. aqualiacontact calls received

107,076
Surveys conducted on calls received in 2019

Satisfaction level:
▲ **96.69%** Excellent, very good and good

	Spain		Czech Republic		Italy	
	2018	2019	2018	2019	2018	2019
No. aqualiacontact calls received	747,391	804,519	38,667	37,924	35,585	43,923
Enquiry calls received	55.97%	56.41%	57.68%	55.82%		
Request calls received	28.59%	28.22%	33.32%	37.30%		
Breakdown calls received	15.03%	14.92%	7.57%	4.79%		
Complaint calls received	0.41%	0.44%	1.44%	2.08%		

Virtual office[33]

120,788
Interactions managed in 2019

33.02% Modification of data

24.32% Electronic invoicing

22.12% Payment via bank card

1.7% Complaints

Twitter @aqualiacontact

This channel also remains active, within the omni-channel project, as well as SMS messages for notification of invoices with incidents and warnings of network failures.

Application for mobile devices through the app made available to our clients

31,151
Interactions managed in 2019

59.96% payment via **bank card**

The efficiency of all client relationship channels enables us to have a **very low complaints rate, 0.27% to December 2019.**

▼ 12
calendar days (8-9 business days)
average response time for complaints

32 33 aqualiacontact

Transparent management and accessibility of information

Clients can complete any service-related operation or be up to date with everything related to the municipal water service via the corporate and local websites from where access to the aqualiacontact virtual office is provided.

Due to its commitment to transparency, Aqualia informs citizens about the current rates approved by the proper authorities in each municipality. This is done through different websites that are adapted to the specific nature of each territory and service and are accessible in the official languages of the different regions and countries in which Aqualia provides its services.

Invoice management

The growth of the company necessarily involves the integration and digitisation of processes for efficient management. This is why Aqualia maintains the "Switch to e-invoicing" campaign, to continue increasing electronic invoicing.

There are currently 449,231 clients who choose to receive this type of invoice, of which 97.4% are from Spain and 2.6% international: Italy, Portugal and the Czech Republic[34].

Aqualia increased the number of electronic invoices issued by 17%, thus contributing to the fight to preserve the environment.

It is essential to minimise the differences between the quantity of water supplied by the network and that which is finally consumed by users. For this the networks need to be renovated to avoid escapes and plans designed to prevent fraudulent use.

In this year 2,656 cases of fraud were detected, more than in 2018 (8,898), due to the measures implemented to detect them (designation of the figure of the "Fraud Inspector" in the local offices in Spain; a tool to inspect fraud committed; a new fraud module in the company's commercial management programme to detect irregularities, etc.).

295,000 meters were renewed with the aim of improving the index of unaccounted for water and increasing the metrological efficiency of the consumption registered by each meter. The forecast is to renew a minimum of 10% of the total each year, increasing this ratio in 2019 to 11.4%.

Global Aqualia 2019

Proportion of electronic invoicing compared to total invoicing

Total: 14%

Spain: 16%
International: 5%

24.8%
The ratio of e-invoicing in new registrations

The global goal in e-invoicing
End of 2020

20%

ASPECT	2018		2019	
	Spain	International	Spain	International
No. electronic invoices issued	1,764,587	60,648	1,950,575	85,075
No. clients with e-invoicing	385,221	11,187	449,231	12,134

Confidentiality certificates

The different channels that make up the aqualiacontact omni-channel experience are certified according to Standard UNE-ISO 27001[35], "Information Security Management Systems", in compliance with the security objectives stipulated by law and ensuring Aqualia's commitment to safeguarding our clients' data, integrity, availability and confidentiality.

With the entry into force on 25 May 2018 of EU Regulation 2016/679, GDPR, as well as the entry into force on 5 December 2018 of Organic Law 3/2018, on the Protection of Personal Data and guarantee of digital rights (LOPDGDD), Aqualia began the process of regulatory adaptation in data protection matters reaching an optimal degree of maturing for the system in the first half of 2019 according to the results from the Regulatory Compliance Review visits made by the Data Protection Coordinator.

34 In 2019 Aqualia purchased the French company but France has not been included in the e-invoice because they do not have this modality. It will be implemented in 2020.
35 Scope of certification: Spain

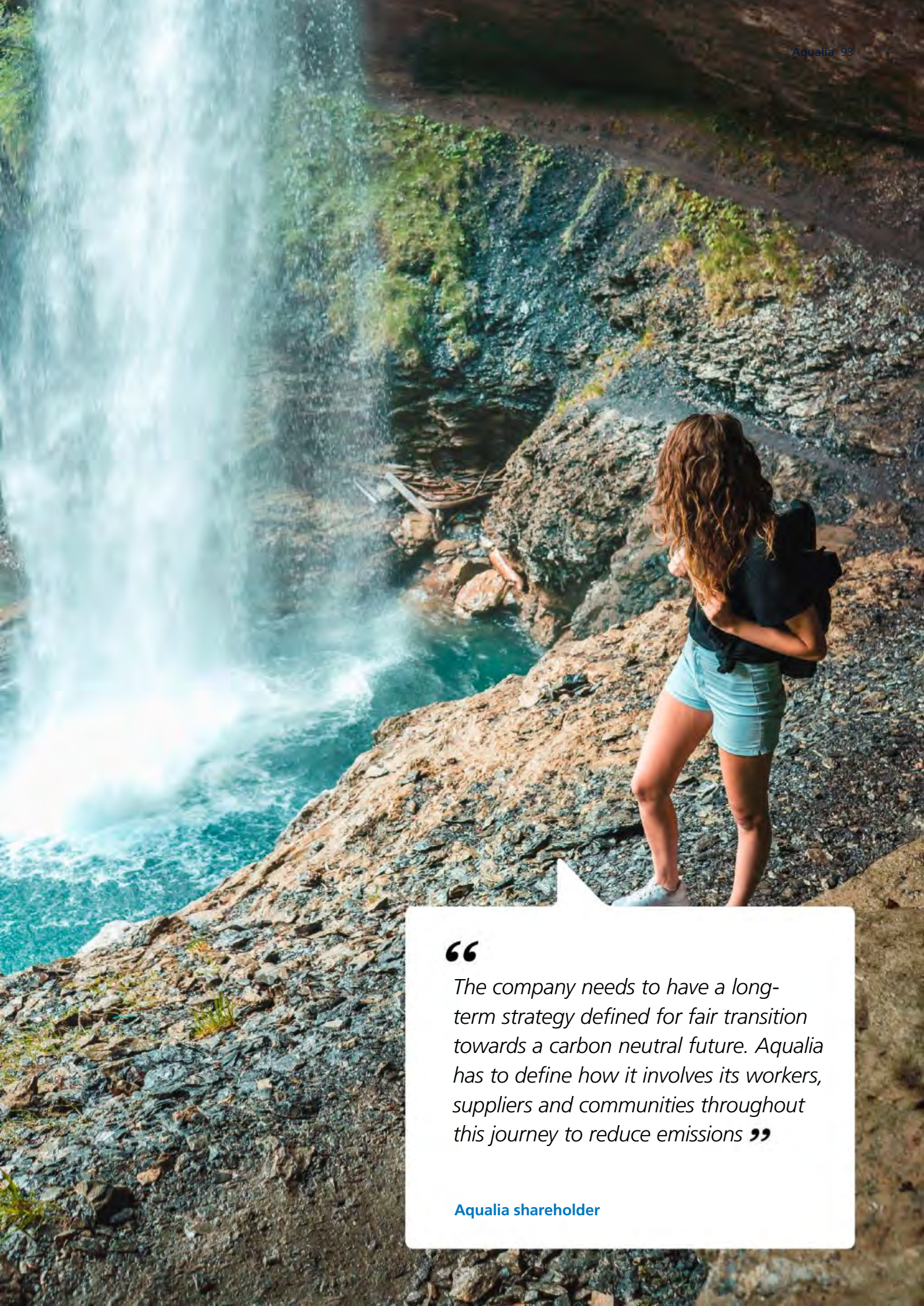
Water, a natural resource

End-to-end water cycle management

Reduction of water consumption, a matter of collaboration

Energy efficiency and reduction of emissions

Aqualia's activity is an integral part of the natural environment, so caring for the environment is essential to our business. Promoting a transition that is fair and reduces water and energy consumption, defining a strategy with lower emissions and engaging in the retrieval and protection of ecosystems are inescapable obligations to continue guaranteeing the sustainability of the planet.



> *The company needs to have a long-term strategy defined for fair transition towards a carbon neutral future. Aqualia has to define how it involves its workers, suppliers and communities throughout this journey to reduce emissions*

Aqualia shareholder

Circularity in end-to-end water cycle management

1 Intake

853.2 Million m^3
Gross volume of water withdrawn from management
Chg. 2019/2018 1.3%

2 Treatment

218
Number of drinking water treatment plants (DWTPs)
Chg. 2019/2018 1.9%

25
Number of seawater desalination plants (SWDP) managed by Aqualia[36]
Chg. 2019/2018 0.0%

627.9 Million m^3
Drinking water produced
Chg. 2019/2018 0.2%

146.4 Million m^3
Water consumed in the purification process

3 Storage

2,730
Number of drinking water tanks/deposits
Chg. 2019/2018 -0.4%

4 Distribution

45,981.9 km
Supply network
Chg. 2019/2018 1.3%

674.3 Million m^3
Water distributed
Chg. 2019/2018 1.3%

1,193
Drinking water pumping stations (DWPS)
Chg. 2019/2018 -2.8%

36 In 2019 the number corresponds to both seawater desalination and ground water desalination plants. The 2018 data (2 desalination plants) correspond exclusively to desalination plants included in aqualia BI.
The 2018 data was corrected to 25.
37 According to GWI (Global Water) data.
38 Increase mainly due to the sewerage network managed in Abu Dhabi.

E+ Water-energy interaction

Related SDG

8

Return to nature

580.3 Million m³
Treated water that is not re-used is returned to nature

7

Re-use

50.9 Million m³
Reused water
Chg. 2019/2018 25.8%
91.7% used for irrigation

6

Sanitation and water treatment

33,886 km
Sewage network[38]
Chg. 2019/2018 16%

853
Number of wastewater treatment plants
Chg. 2019/2018 -0.2%

136,147 GJ
Self-generated energy
Chg. 2019/2018 4.7%

99.18% of the total
Non-hazardous wastes
Revaluation: 28% by recycling, rest eliminated.

631.2 Million m³
Treated water
Chg. 2019/2018 -16.1%

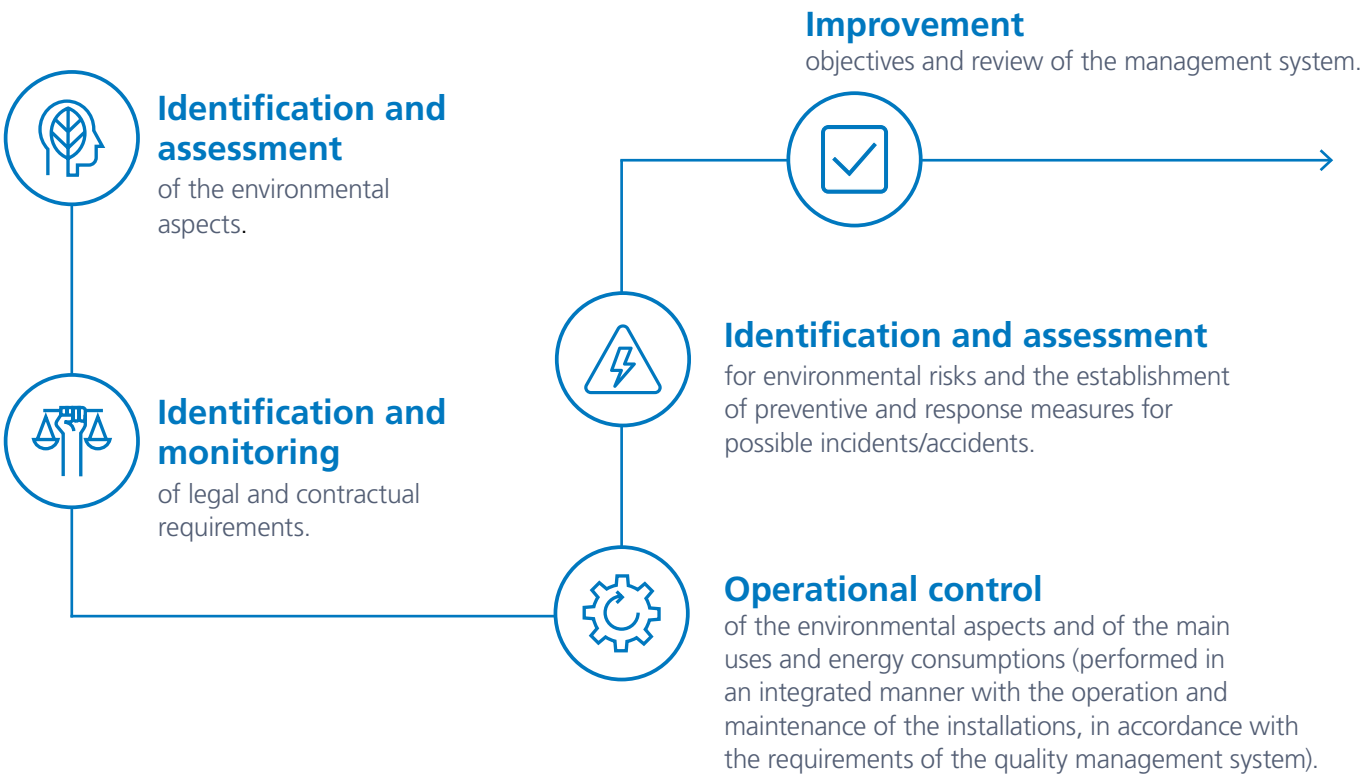
5

Consumption[37]

25 M
Citizens served

Management approach

The Environmental (ISO 14001) and Energy (ISO 50001) management system, integrated with the Quality (9001) system, establishes the following requirements:



Main aspects taken into account and controls established

Waste (hazardous and non-hazardous)	Energy consumption
Storage and final management in accordance with current legislation. Agricultural use for WWTP sludge.	The company also makes energy reviews in accordance with ISO 50001 and RD 56/2016, with improved measurement, calculation of pump energy performance, optimisation and improvement of processes, installations and production equipment, optimisation of energy purchase (power), maintenance and improved hydraulic performance in the network.

For the management of environmental risks, "General Environmental Risk Sheets" are available and adaptable by contract to the specific circumstances. These sheets contain: The preventive measures to be taken in case of risk and the response to be taken in case of risk materialisation.

Here are some examples of preventive measures: covered storage of identified chemicals and hazardous wastes, with bunds and absorbents to collect spillage, chlorine gas escape detection systems, etc.

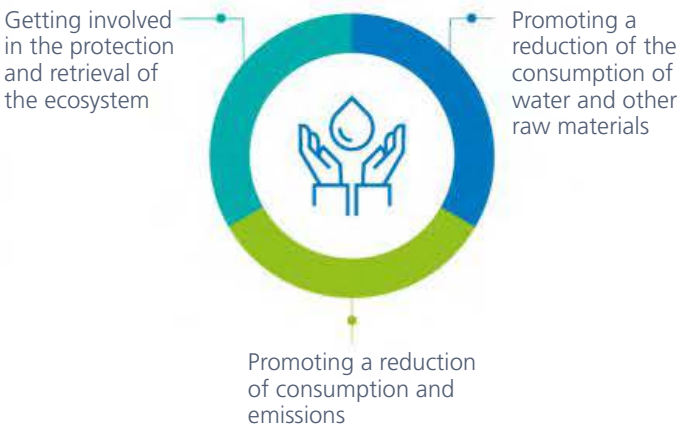
The implementation degree of the environmental and energy management system in 2019 was as follows:

Year 2019	Production (€)	ISO 14001	ISO 50001
Spain	804,624,745	95.0%	79.5%
International	382,264,596	52.9%	26.5%
Aqualia	1,186,889,341	81.4%	62.4%

Change compared to 2018	ISO 14001	ISO 50001
	83.5%	68.8%

In 2019, the ISO 14001 certification was extended in Caltaqua (Italy) for the sewage treatment plants in Cammarella and Serradifalco and ISO 14001 certification for Oman Sustainable Water Services, S.A.O.C. (Oman). Certification increases in absolute terms, but decreases in relative terms compared to 2018. The percentage decreases in the international arena as international production increases.

By actively listening to stakeholders, it has been verified that because of its activity. Aqualia is integral part of the natural environment and, therefore, caring for the environment is part of its business. This is brought about by a three-fold action:



Reduction of water consumption, a matter of collaboration

Reduction of water consumption

Promotion of responsible consumption amongst citizens

- Smart measurement systems to foster on-line information for citizens about their consumption.
- Citizen awareness campaigns, visits to installations, citizen contests, etc.
- Adaptation of the drought plans in contracts, in accordance with the Hydraulic Administration.

Reduction of unregistered water

- Improved hydraulic performance in the water distribution networks.
- Elimination of fraud.
- Control and reduction of municipal consumption.

Use of alternative resources

- Re-use of wastewater.
- Desalination of seawater and underground water.
- Recharging aquifers for use as an alternative resource.

Investment in technology and innovation through smart management leads to constant improvement and the development of monitoring and measurement programmes that are available to the operator, administrations and citizens and allow greater control and more efficient consumption (Aqualia GIS, Aqualia GESRED, centralised Scada Platform and the Takadu Platform for hydraulic management, etc.).

Circularity initiatives also contribute to reducing water consumption. However, they are only possible with the collaboration of citizens and public administrations, essential in the installation of the necessary infrastructures and the implementation of suitable consumption habits.

Natural resource	2018	2019	Change
Volume of raw water abstracted for management (m^3)	842,207,759	853,187,434	1.3%
Drinking water produced (m^3)	626,778,319	627,890,891	0.2%
Treated water (m^3)[39]	752,295,856	631,224,578	-16.1%
Purchased raw water (m^3)	218,530,066	218,663,738	0.1%
Purchased treated water (m^3)	240,998,886	250,391,606	3.9%

▲0.7%

Efficiency in global water distribution networks

Network efficiency

146,456,771

Total water consumed in the purification and desalination processes (m^3) in 2019

2018 145,879,932
Change 0.4%

674,285,310

Volume of water distributed

2018 665,553,608
Change 1.3%

74.4%

Distribution network efficiency

2018 73.7%
Change 0.7%

39 The decrease is mainly due to the completion of a purification contract in Saudi Arabia (at the Hadda and Arana WWTPs) (146 hm^3 purified)

The results in consumption and efficiency are the result of excellent collaboration between Aqualia and the municipalities. With regard to this, great achievements have been made in reducing consumption in some municipalities, such as Ibiza.

Reduction of consumption in Ibiza in figures

92 million litres compared to 2017

Avoiding the extraction of **512 million litres** of underground catchments in favour of higher production of desalinated water that enables the recovery of the aquifers on the island of Ibiza.

Water abstraction Classification according to extraction sources	2018	2019	Change
% sea water abstracted[40]	27.5%	26.6%	-0.9%
% reservoir/lake abstraction	8.4%	7.8%	-0.6%
% gallery/drilled well abstraction	3.1%	3.4%	0.3%
% spring water abstraction	8.8%	8.1%	-0.7%
% piped well abstraction	18.5%	19.2%	0.7%
% river abstraction	33.6%	34.8%	1.1%
% unspecified abstraction (others)	0.1%	0.1%	0.0%

Re-use of the WWTP outlet water	2018	2019	Change
Total volume of water treated in WWTP	752,295,856	631,224,578	-16.1%
Amount of water re-used by use:	40,450,458	50,890,362	25.8%
Irrigation	37,176,514	46,687,578	25.6%
Various uses undefined	3,273,944	4,202,784	28.4%
% total re-used	5.38%	8.06%	2.69%
% re-used for irrigation, over the total re-used	91.91%	91.74%	-0.18%

The 25% increase in the amount of water re-used for irrigation is explained by the increase in the New Cairo WWTP, which, as decided by the client, is progressively increasing the amount of water purified and re-used and is not yet operating at 100% of its capacity.

40 In 2018 an estimate of the data was given. The percentage is 27.5%.

Energy efficiency and reduction of emissions

▼ Reduction of emissions from energy consumption

1 Use of renewable energy

- PPA projects* for the acquisition of renewable energy with Green Certificate.
- Profitability studies for the installation of photovoltaic solar energy panels.
- Installation of micro turbines in the distribution systems.

2 Generation of energy in water cycle management

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

3 Reduction in electricity consumption in the WWTP

- Replacement of existing equipment with more energy-efficient equipment.
- Development of wastewater treatment technologies with low energy consumption.
- Electrodialysis: energy-efficient desalination processes.

4 Transformation of the vehicle fleet

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

Use of renewable energy

Aqualia's commitment to the Sustainable Development Goals (SDGs) approved by the General Assembly of the United Nations in 2015 directly affects sustainable energy consumption through SDG7.

With this in mind, in 2019 important steps were taken to modify Aqualia's *energy mix*, progressing towards a renewable energy consumer/producer profile.

An agreement was signed to purchase renewable energy of photovoltaic origin ["Power Purchase Agreement" (PPA)] in Spain amounting to 76 GWh/year over the next 10 years. This represents approximately 17% of the total energy consumed nationwide. With this agreement Aqualia is supporting the financial feasibility required for the construction of the photovoltaic plants specified in the agreement.

A study was also conducted on 1300 power supply points for the installation of photovoltaic solar panels in the facilities managed by Aqualia.

GDO Certificate of Origin

76 GWh/year

They certify Aqualia as a consumer of renewable energy for consumption in the installations of clients who so require it.

In the study of 1,300 electrical supply points were detected

52 technically, financially and contractually qualified installations were detected.

8.3 GWh/year
They are expected to generate

▲ 5,276 kW
With an installed power

* (PPA) Power Purchase Agreement

Self-generated energy in the end-to-end water cycle

Energy	2018	2019	Change
Renewable energy produced (GJ)[41]	130,635	136,147	4.2%
Consumed renewable energy GJ	130,635	136,147	4.2%
Total energy GJ	3,494,054.5	3,417,339.3	-2.2%
% renewable energy compared to total energy	3.7%	4.0%	0.2%
Ratio of energy intensity/turnover[42]	0.32%	0.29%	
Total business revenue	1,106,110,000	1,186,889,341	

The ratio of energy intensity over the turnover decreases by three percentage points while maintaining the total energy consumed but nevertheless increasing turnover by 7.3%.

▲4.2%

renewable energy produced and consumed

Energy consumption emissions

The management and energy optimisation of production installations is a strategic line of action for the company. For this control, Aqualia conducts energy audits on a collection of installations that account for 85% of the company's total energy consumption. And it monitors the opportunities for improvement detected in the audits, the actions taken and the results obtained in them through the Aqualia RT/Aqualia BI computerised reporting tool.

In 2019 it also extended energy management to office buildings, defining the implementation of monitoring and action systems on energy consumption variables. Although this consumption has less impact on the company's carbon footprint than the production installations, it still represents a direct action that Aqualia implements over its employees to make them aware of its environmental commitment.

Energy and reagent consumption	2018	2019	Change
Consumption of reagents in tons[43]	35,318	36,125	2.3%
Electrical energy consumed GJ	3,264,175.9	3,157,427	-3.3%
Combustible energy GJ[44]	229,879	259,912	13.1%
Total energy consumption GJ	3,494,055	3,417,339	-2.2%

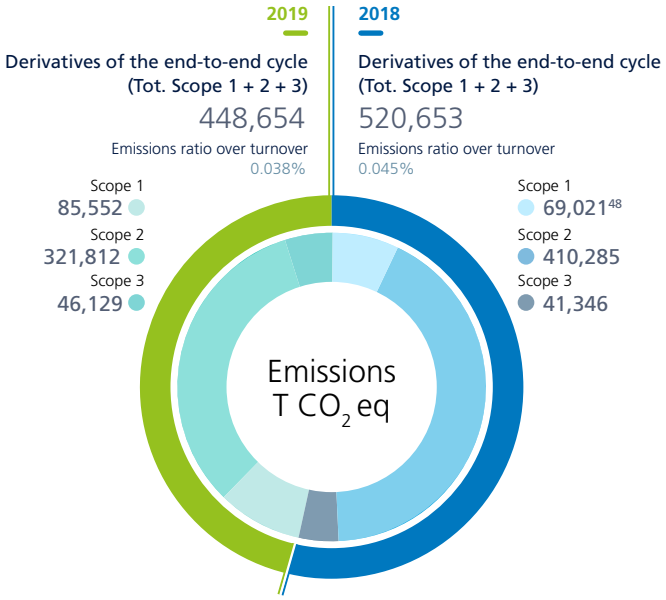
41 Moderate increase mainly due to the generation of self-consumption in Smvak (Czech Republic).
42 Does not include the renewable energy produced and consumed by the company.
43 2018 value in Spain corrected to 24,244 Tons. From the 22,616 tons reported in February 2019.
44 Increase essentially due to the fact that there are a greater number of gas and diesel consumption points within the framework agreement for the supply of these fuels in Spain. This is how the percentage of diesel not verified by the company is reduced.

Total energy consumption by type	2018	2019	Change
Total energy consumption (GJ)	**3,494,055**	**3,417,339**	**-2.2%**
Electric GJ	3,264,175.9	3,157,427	-3.3%
Gas GJ[45]	30,976.9	48,755	57.4%
Diesel installations GJ[46]	3,756.8	9,985	165.8%
Diesel fleets GJ[47]	191,494.7	197,899	3.3%
Petrol fleets GJ	3,650.3	3,274	-10.3%

A calculation of the company's carbon footprint is performed in all Aqualia's operations, with Spain and Portugal being the countries that are verified in accordance with the guidelines of the UNE-ISO 14064 Standard by AENOR. This shows that the component with the greatest impact on Aqualia's carbon footprint is the consumption of electrical energy (Scope 2), which represents 72% of total emissions.

The increase in scope 1 emissions is due to a new percentage of fraction anaerobically digested in WWTPs (it goes from 2% to 15%), as defined in the process of verifying the carbon footprint in Spain in 2018.

Scope 2 has been significantly reduced by using electrical energy emission factors for 2017 for all countries (excluding Spain)[49].



Chg. 19/18 Summation	Scope 1	Scope 2	Scope 3
-13.8%	24.0%	-21.6%	11.6%

Transformation of the vehicle fleet

Aqualia signed a Carbon Fund Climate Project for a Sustainable Economy (FES-CO_2) with the Spanish Government, for three years 2018-2020, with the aim of contributing to constructing a low-carbon national production system. This represents an undertaking to change a certain number of vehicles within the company's fleet, with the aim of reducing CO_2 and NOx.

Objectives

- The transformation of current vehicles to LPG[50].
- Biogas powered vehicles.

45 46 Increase due to the increase in supplies in Spain covered by the NG supply framework agreement. This framework agreement is the source of information on the consumption data for this fuel in Spain.
47 The increase is due to the fact that Italy is beginning to report this year.
48 The Scope 1 emissions finally verified in HC 2018 were higher than those indicated in the 2018 Report, due to the update of emission coefficient data.
49 Source: "CO_2 emission from fuel Combustion - 2019 ", published by the International Energy Agency. The factors used in 2018 came from various sources of calculation, dating from 2011 to 2016 depending on the country.
50 LPG vehicles reduce CO_2 emissions compared to petrol; but they do release less NOx compared to Diesel.

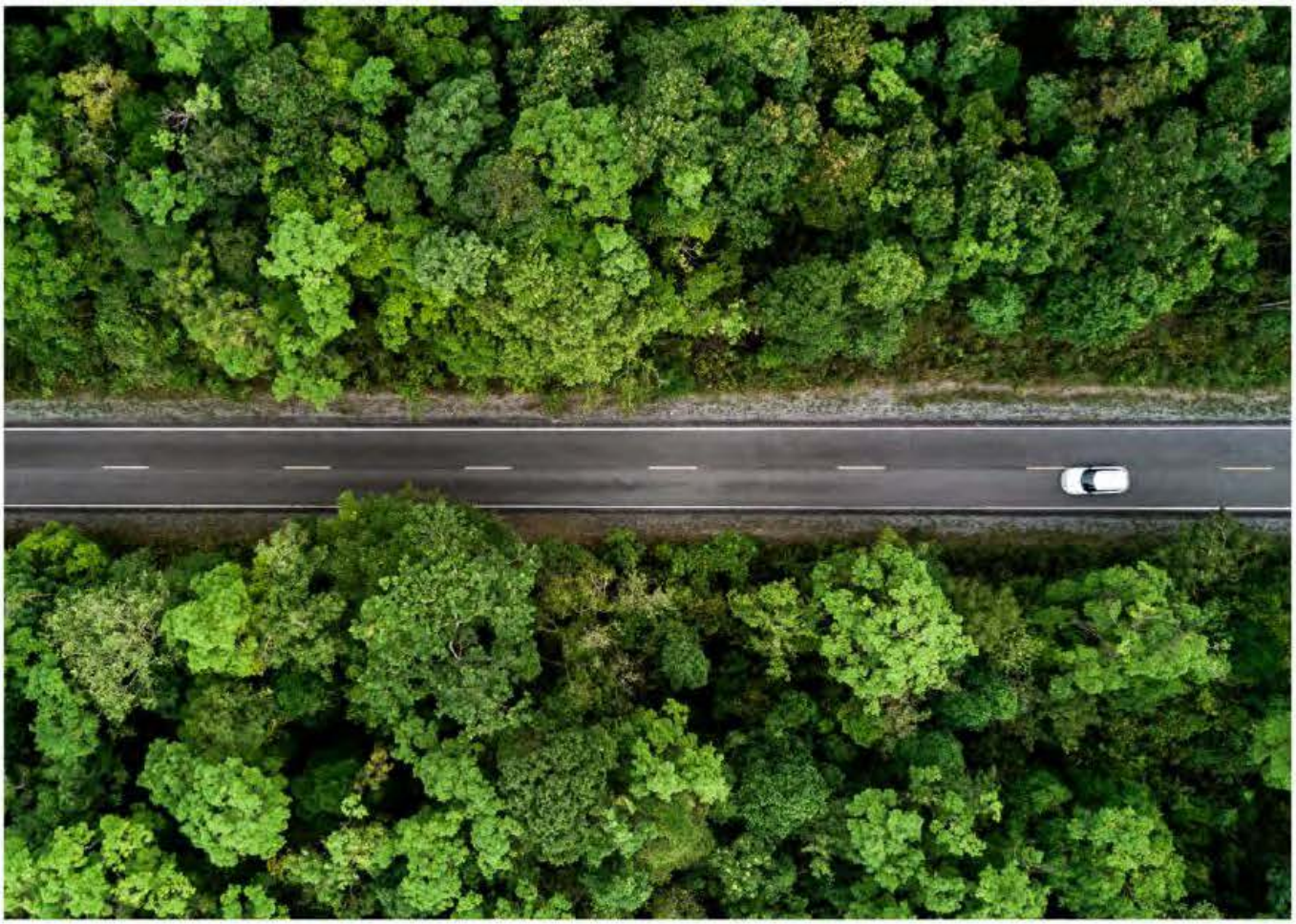
Protection and retrieval of the ecosystem

Obtaining value-added products in the water treatment process

- Biofuel, biofertiliser and bioplastic production process in wastewater treatment.
- Metals and reagents from the brine proceeding from the desalination plants.

Retrieval of the key ecosystem in the water cycle

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



Aqualia's commitment to natural capital: biodiversity

In the different countries where Aqualia operates, it has operational sites that are owned, leased or managed next to protected areas or areas outside protected areas with high biodiversity. The care and protection of these areas is essential for the preservation of ecosystems that give us access to high quality water, food, medicines and all those resources that nature provides for us. And that is why Aqualia and each of its employees strive to maintain environmentally friendly infrastructures.

Initiatives for the protection of the environment include:

El Salitre Water Treatment Plant in Colombia: recovery of the Bogotá river

In 2019, construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogotá continued. A project that was designed seeking the comprehensive recovery of the Bogotá river, the protection of neighbouring ecosystems and the health and safety of the inhabitants in the area.

Biodiversity protection initiatives during construction in 2019

Construction of the metropolitan park

4,100
Native species of trees planted

3,133
Pending plantation

Sports and leisure installations

Forest and landscape management plan

100%
Inventory of individual trees present on the property

Forest compensation
Recovery of the area's physical, ecological and landscape conditions.

Technical rescue and relocation of wildlife in ecosystems:

- Madre Vieja Río Neuque.
- Juan Amarillo Wetland.
- Wetland Filter.

▼ **Decreased risk of floods**
Improvement of adjacent properties and neighbourhoods: Engativá and Subá

▲ **Increase in green areas adjacent to the river**
Water quality improvement

SmVak in the Czech Republic: focussing on biodiversity

The biodiversity approach also continued to be applied at the SmVaK installations in the Czech Republic.

Initiatives launched

Construction of small ponds at wastewater treatment plant locations.

Revaluation and selection of a number of suitable buildings/water tanks, for which specialised NGOs have been consulted.

Establishment of flower meadows, often in places where reconstruction has been prepared.

Medina del Campo WWTP: recovery of the lagoons

With the entry into operation of the WWTP in Medina del Campo in 2008, Aqualia transformed the old lagoon system for filtering wastewater by launching a sustainable water purification and re-use project that would enable the ecosystem to recover.

The initiatives that the company is launching within the framework of this project and its commitment to the protection of the ecosystem include:

- **Increased water quality** → Conditions for the development of aquatic life.
- **Ensuring a continuous water level throughout the year** → Habitat stability.
- **Construction of nests on the surface layer of water and in vegetation areas** → Facilitating the breeding of different species of birds.

Montagu's harrier
Released after recovery in the Medina del Campo lagoons.

The disused purification ponds had become a recurring stop for birds during migration. For this reason, instead of replacing the old system, Aqualia opted to protect and maintain it, turning the lagoons into a refuge habitat for birds during their migratory passage.

Important milestones in the project

- **Success with nesting in the surrounding area** → Maintaining a high level of activity in the summer months, an unprecedented circumstance in the steppe lagoons in the area.
- **Enabling an area for wading birds** → Creating ideal conditions for this type of birds to stop over.

Birds sighted in the lagoon

Monthly average

50
Different species

400-700
Birds

125
Majority species in the aquatic habitat and surrounding area

Uncommon species in the area

- Black stork
- Ruff
- Spoonbill
- Flamingo
- Red phalarope
- Peregrine falcon
- Bluethroat
- Tufted and brown duck
- White-headed duck
- Great crested grebe
- Wryneck
- Grebe
- Black necked grebe
- Curlew
- Dwarf gull
- Garganey duck
- Whiskered tern
- Glossy ibis
- Turnstone

Great variety of birds of prey

Hawks: Marsh harrier, Montagu's harrier, Common buzzard

Red kite

Common kestrel

Eleonora's Falcon

Eagles: Imperial, Golden, Short-toed and Booted

They add value to the ecosystem

At the environmental level: ▲ increased biodiversity

At the ornithological level: lagoons as a focus of attraction for migratory species

Alcázar de San Juan (Ciudad Real, Spain)

In line with its environmental commitment, in 2019 Aqualia continued to promote this project that generates and protects biodiversity hot spots from wastewater.

Biodiversity protection initiatives in 2019

Hotspots for biodiversity and GHG absorption

In 2019, support was continued for the Aguas de Alcázar environmental awareness programme which has been running since 2016; it seeks to convert wastewater treatment into a true system for generating hotspots for biodiversity.

>10,000
Users

400
Activities

Work is underway to ensure that this wetland acts as a greenhouse gas absorption system.

Protection of the hundred-year-old *Lestes macrostigma*

From Aguas del Alcázar the presence of a damselfly was detected, this is a vulnerable species apparently extinct in the region

01. Phenological monitoring of the insect, of the quality of water that its habitat receives.

02 Protection of the ecosystem of this species of damselfly, genetically different from the rest of the known populations in the world.

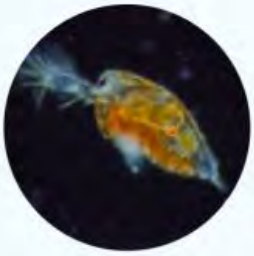
In 2019, an aquatic larvae detection campaign was launched so that, once they emerged as adults, they were marked to enable verification of their capacity for dispersal towards other wetlands in the region.

Through the sustainable use of purified water, the La Mancha Biosphere Reserve now has a unique new species.

Mesocosm, the quality of water as a guarantee of life

Observation and experimentation with small crustaceans continued in the Alcázar lagoons:

- **Identification of hotspots for biodiversity**: high number of species such as copepods, ostracods, cladocerans, etc.
- **Analysis of water quality** the presence of these species enables possible leakage to be detected.
- **Verifying the proper functioning of the wetland**: which contributes to the fight against climate change through the absorption of carbon dioxide.



Cabo de Gata. Níjar (Almería, Spain)

In 2019, from Emanagua, biodiversity implementation measures were coordinated with the Cabo de Gata-Níjar Natural Park, which established the guidelines to be followed for its protection:

Using hunting mesh

in the tanks, to allow the passage of native species.

Painting the tanks

in shades of brown that enable its integration into the environment (there is a specific RAL number).

Assessment and prior approval

on behalf of the park before any work is undertaken in the interior, as well as coordination during the same, to ensure the subsequent restoration of the flora and fauna to what it was before constructing the trench.

Innovation for sustainability

WWTPs as biofactories

Avoid, assess and recover waste

Autogeneration of power

Re-use of water

Innovation is part of the culture at Aqualia. To respond to a water reality where resources are at risk, our work focusses on rethinking formulas and solutions for efficient water management, concentrating on the circularity of the end-to-end water cycle.

“Municipalities are currently demanding innovative and sustainable projects when contracting concessionary companies”

Aqualia employee

Data

Total patents in force

13

Ongoing projects

20

- **2** Quality
- **9** Eco-efficiency
- **3** Smart management
- **6** Sustainability

Main fields of research

- **9** Biofactory
- **7** Renewable energy
- **7** Carbon neutral projects
- **6** Regeneration and re-use of water

An approach from the SDG perspective

Aqualia undertakes its four main lines of activity in innovation projects, which are also aligned with different SDGs, always including Climate Action (SDG 13)

Quality

Development of innovative technologies, maximising the efficiency and reliability of uninterrupted water service (24 h/d and 365 d/year) to guarantee the highest quality in:

- Water, meeting and exceeding compliance with applicable national and international standards in real time. 6
- Services, improving technical and economic feasibility as well as minimising the environmental impact so as to exceed user expectations. 3
- Resources (water, nutrients, bioenergy, etc.), optimising the value of the materials recovered through water treatment.

Sustainability

- Development of cutting-edge technologies that promote the sustainability of the company whilst protecting the environment and biodiversity.
- Improved energy efficiency in the company's solutions and services. 7
- Revaluation of by-products from the end-to-end water cycle. 9

Eco-efficiency

- Developing advanced technologies that optimise the use of renewable resources. 12
- Avoiding the generation of waste in the company's processes and services.
- Finding solutions that enable growth in all water markets in accordance with eco-efficiency requirements. 8

Smart management

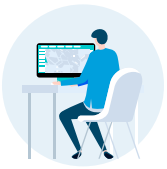
- Improving the end-to-end management of water resources with the development and implementation of smart technologies.
- Increasing the safety and resilience of the infrastructures in cities and communities with the control and planning of processes to minimise impacts due to climate change, pollution, natural disasters, population growth. 11
- Providing transparent and suitable information on water services for all those involved in its management and use, to foster responsible consumption and the re-use of water and resources. 17

Promoting the circularity of water

In the current situation where water resources are at risk, Aqualia is working to position the water sector as a circular sector, knowing that this commitment will benefit citizens, public administrations and industries[51] in the following areas:

Social

▲ Increasing employment and reducing the risk of water supply which has a direct impact on people's health and well-being.



Economic

▼ Reducing the costs of the end-to-end water cycle and increasing new revenues, competitiveness, business reputation and new business opportunities.

Environmental

▼ Reducing the consumption of water, natural resources and energy, waste generation, the carbon footprint, emissions, atmospheric pollution and pressure on biodiversity.

WWTPs as biofactories

Purification is the operation that presents the greatest opportunities within the end-to-end water cycle. That is why Aqualia focusses on accelerating efforts to transform WWTP stations into circular stations or biofactories.

The biofactory model is based on the following axes[52]:

Axis I
Water
Treats 100% of wastewater, giving a second chance for other uses: agricultural, irrigation and possible re-use as drinking water.

Axis II
Energy
GHG emissions are avoided and reduced by energy self-sufficiency and the production of biofuels.

Axis III
Biosolids
The residues are converted into fertilisers for agricultural use and raw materials to produce energy for other industries.

Axis IV
Air
The new systems neutralise odours and reforestation neutralises the environmental impact.

Axis V
Biodiversity
Biofactories incorporate the integration of the environmental surroundings through infrastructure.

Axis VI
Shared value
It encourages entrepreneurship, research and social innovation for the benefit of all.

The following are the main projects to convert WWTPs into circular stations or biofactories:

- Projects aimed at **avoiding, recovering, transforming and revaluing** waste in usable resources destined for agricultural use and energy recovery.
- Projects aimed at **producing renewable energy**, being able to be self-sufficient and generate surpluses.
- Projects aimed at **regenerating water** for subsequent re-use in agricultural, urban, industrial and environmental projects.

51 52 Spanish Chamber of Commerce: "The Circularity of Water".

Towards a reduction in energy consumption

Many of the projects promoted by Aqualia also aim to work on energy eco-efficiency and sustainability so as to progress towards a carbon neutral society. This is achieved firstly by being self-generators of energy collected from the WWTPs and, secondly by being more efficient and applying technology to optimise energy consumption.

Eco-efficiency, smart management and sustainability projects are designed directly or indirectly to reduce GHG emissions into the atmosphere.

Programme type

● European ● National

Aqualia project type	Main projects	Objectives relating to the end-to-end water cycle		Goals relating to climate change	Achievements in projects completed in 2019
		On the transformation of waste into resources and biofactories	Renewable biofuel energy	Carbon neutral target by 2050	
Quality. Development of innovative technologies, maximising the efficiency and reliability of uninterrupted water service (24 h/d and 365 d/year) to guarantee the highest quality.	**Life Methamorphosis** ● Phase: final 2015-2020.	Transforming waste into value.	Converting leachate from municipal waste and slurry to biomethane.	Biofuel production.	Using biomethane in cars and trucks, reducing energy consumption and the carbon footprint.
	Life Memory ● Phase: completed 2014-2019.	Producing disinfected and nutrient-rich water for re-use.	Directly converting organic matter contained in the waste water into biogas.	Self-generated energy. Up to 80% reduction of CO_2 emissions.	Patent for anaerobic[53] procedure with membrane filtration process. Self-sustainable purification of the space required by 25% and sludge production around 50%.
Smart management Improving the end-to-end management of water resources with smart technologies. Increasing infrastructure safety and resilience with process control and planning. Providing transparent and suitable information about the service.	**Life Icirbus** ● Phase: final 2015-2020.	Generation of construction materials and biofertilisers.			National patent with co-owners (INTROMAC CTAEX, DISAMIN)[54].
	H2020 Run4Life ● Phase: final 2017-2021.	Nutrient retrieval from the separation of grey and black water.	Bioenergy production.	Self-generated energy.	Sanitary water and irrigation for the ZFV gardens.

53 EP16382140.8 (granted 10/12/2019)

54 Nº. 201930876 (requested 08/10/2019)

Aqualia project type	Main projects	Objectives relating to the end-to-end water cycle		Goals relating to climate change	Achievements in projects completed in 2019
		On the transformation of waste into resources and biofactories	Renewable biofuel energy	Carbon neutral target by 2050	
Eco-efficiency Developing advanced technologies that will optimise the use of renewable resources. Avoiding the generation of waste in the company's processes and services. Finding solutions that enable growth in all water markets in accordance with eco-efficiency requirements.	**H2020 Scalibur** ● Phase: start 2018-2022.	WWTP sludge treatments. Converting organic matter into by-products.	Converting waste into energy value through the production of biomethane and its use as a fuel for vehicles.	Energy recovered for vehicle fuel, avoiding fossil energy emissions.	First project with SmVaK participation in the Czech Republic.
	BBI Deep Purple ● Phase: start 2019-2023.	Developing biorefinery works to produce and recover cellulose and plastics using organic matter from wastewater and municipal wastes.	Treatment of wastewater treatment and municipal wastes to generate new materials and biofuels with no contribution from external fossil fuels.	Self-generated energy of solar origin, minimising the carbon footprint.	Patent applied for together with the Rey Juan Carlos University.
	BBI B-Ferst ● Phase: start 2019-2023.	Developing and assessing new biofertilisers from municipal wastes and purification by-products.	Avoiding the energy required to generate artificial fertiliser (urea).	Reduction of the carbon footprint in the production of fertilisers.	
	H2020 Mides ● Phase: final 2016-2020.	Using organic material from wastewater as fuel.	Desalination with no contribution from external electric energy.	The microbial desalination cell (MDC) reduces the energy cost of desalination tenfold.	Reduction of energy cost x10. Application of patent for the microbial desalination cell (MDC).
	RIS3 Valorastur ● Phase: final 2016-2020.	Reducing the generation of waste that is transformed into new resources.		Eco-efficient purification with control of energy consumption.	
	Interconecta Advisor ● Phase: final 2018-2022.	Converting industrial waste into bioenergy.	From the residues of the meat industry, biofuel is produced for WWTP vehicles.	Decrease in the cost of transporting waste used to produce biofuel.	
	Life Answer ● Phase: completed 2016-2019.	Maximising the retrieval of nutrients from wastewater.	Maximising the retrieval of energy from wastewater.	Energy savings in the process and recycling residual aluminium from cans.	Reduction of energy consumption in Mahou. Patent for bio-electrochemical fluidised bedding[55].

55 EP14382131.2 (granted 29.11.2019

Aqualia project type	Main projects	Objectives relating to the end-to-end water cycle		Goals relating to climate change	Achievements in projects completed in 2019
		On the transformation of waste into resources and biofactories	Renewable biofuel energy	Carbon neutral target by 2050	
Sustainability The development of cutting-edge technologies that promote the sustainability of the company whilst protecting the environment and biodiversity. Improved energy efficiency in the company's solutions and services. Revaluation of by-products from the end-to-end water cycle.	**Life IntExt** ● Phase: start 2019-2023.	Simplification of water re-use with decentralised solutions.	Assessment and adaptation of low-cost purification technologies to minimise energy costs.	Assessment and adaptation of low-cost purification technologies to minimise energy cost, the carbon footprint and waste, trying to provide sustainable and economic solutions.	
	Life Ulises ● Phase: start 2019-2022.	Promotion of the re-use of water at the WWTP outlet.	Transformation of a conventional WWTP into an "energy production factory".	Elimination of the WWTP's carbon footprint.	Biomethane cleaning with the ABAD process[56].
	H2020 Sabana ● Phase: final 2016-2020.	Production of new biofertilisers and biostimulants.	Using algae to produce oxygen without electricity.	Reduction of the carbon footprint.	Design of two new algae production plants.
	H2020 Incover ● Phase: completed 2016-2019.	Using the algal biomass in higher value products such as biofertilisers and bioplastics. Producing water for re-use with a number of treatment options.	Solar purification and disinfection.	Biofactory with no greenhouse gas emissions.	3000 m^2 pilot plant in Almería.
	FP7 All-gas ● Phase: completed 2011-2019.	Water for re-use.	Biomethane to move up to 20 vehicles/ha with a positive energy balance.	Avoiding electricity consumption and producing biofuel with a neutral carbon footprint.	Three test vehicles that have covered 70,000 km each exclusively with biomethane. The processes were patented: LEAR Low Energy Algae Reactor[57]: granted 06.01.2016 ABAD Bioenergy[58]: granted 29.03.17

56 (EP 15382087.3)

57 (EP 2875724)

58 (EP15382087.3)

Commitment to the community

High quality water and for everyone

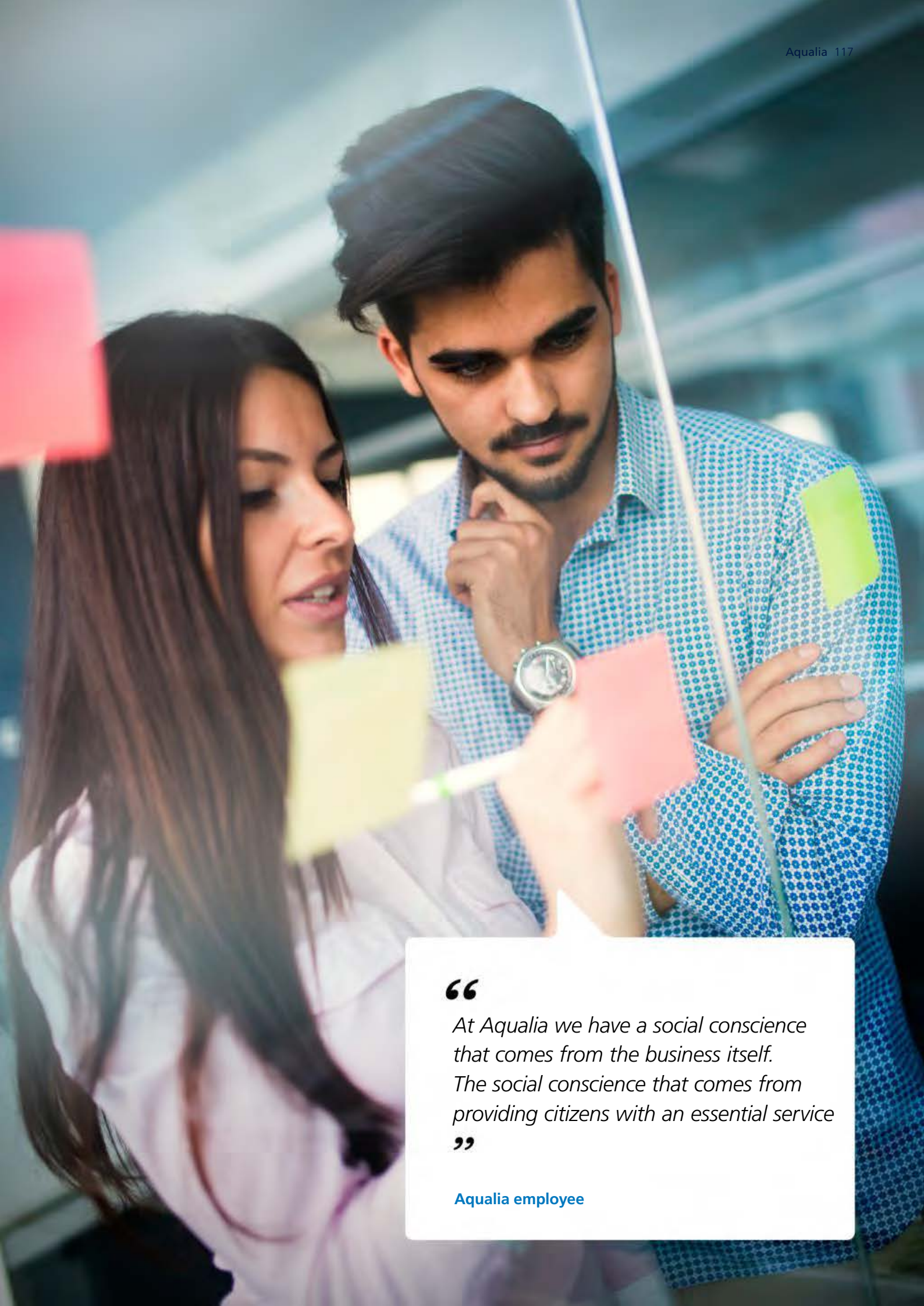
A collaborative perspective

Sensitivity and awareness-raising campaigns

Dialogue with the community

Shared knowledge for the city of the future

By providing a vital service for the health and development of communities, Aqualia generates an essential link with them in which guaranteeing universal and equitable accessibility to water represents its highest value. Engaging our stakeholders as protagonists in this challenge will become the key to building a better future together.



“At Aqualia we have a social conscience that comes from the business itself. The social conscience that comes from providing citizens with an essential service”

Aqualia employee

Main indicators for community engagement in 2019

Social investment[59]

€2,732,661.7

▲ 9.5%
Increase compared to 2018

Environmental
3.5%

Sports
7.1%

Other
7.7%

Communication and dialogue with stakeholders
64.2%

Awareness and education
9.5%

Cultural and academic
7.8%

High quality water for everyone

National

▲ 58%
Application of vouchers, social fees and solidarity funds

33%
Discounts depending on income

67%
Other concepts - pensioners, people at risk of social exclusion, large families, etc.

Citizens benefited 17,293
Through a collaboration agreement with Cáritas

International

Sudanese refugees 1,500
Benefited by access to drinking water: #SedSolidarios (*ShowSolidarity) project

Community centres
12
in the Quispicanchi province with drinking water "A Peru with Water" Project

59 In 2019 the criteria for calculating this concept changed to include the activities undertaken by the company in matters of awareness, diversity, sport, culture, image and communication with stakeholders. Under these criteria social investment in 2018 totalled €2,494,616.

A collaborative perspective

Collaboration with the PPPs For Cities Centre[60] for case studies:

El Salitre* WWTP

1,000
Direct jobs

New Cairo Wastewater Treatment Plant

1 Million
Inhabitants benefited

El Realito Aqueduct

232.1 Million $
Impact on the Mexican economy

Cap Djinet Desalination Plant

154.0 Million $
Impact on the Algerian economy

* Wastewater treatment plant

Sensitivity and awareness-raising campaigns

▲1 Million YouTube views in the Aqualia Connections campaign to highlight the commitment to SDGs

Aqualia for equality

Against gender violence

3,300
People participated in the #AqualiaWithYou Campaign

21,840
Km travelled by citizens in support of gender violence victims

In the 17th Edition of the international children's drawing contest

160,000
People informed and made aware

4,213
Hours dedicated to training

244,079 page views → **4,213** hours dedicated to training on the end-to-end water cycle

60 International reference centre for good practices and standards in supporting governments in the implementation of infrastructures for high quality water resources.

Aqualia structures the creation of value for the community through the Citizen Connection axis in the 2019 CSR Master Plan. The plan's action guidelines are aimed at implementing initiatives that contribute to the sustainable development of communities.

High quality water and for everyone

Aqualia's greatest contribution to the community is the end-to-end, efficient and innovative management of the water cycle, as well as solutions for civil engineering works and infrastructure maintenance aimed at saving water for the community.

Through this area of activity Aqualia facilitates access to water and sanitation for everyone, contributing to Sustainable Development Goal (SDG) 6: "Clean water and sanitation". Each of its goals inspire Aqualia's different phases and areas of activity.

Current context: Price, accessibility and infrastructure

The price of water is a determining factor for both the accessibility of this basic necessity, in that it may act as an obstacle for those groups at risk of exclusion; as well as fostering renovation and efficiency in end-to-end water cycle infrastructures.

According to the latest studies published in 2019 by the AEAS, in Spain investment in the renovation of infrastructures is between 70% and 80% of that required which means that infrastructures are ageing. This situation makes it impossible to guarantee the quality of the water, the sustainability of the services and to meet future challenges such as climate change.

The possible avenues for financing for this renovation include a gradual increase in rates for citizens. This solution would enable the recovery of costs, one of the basic premises in the EU Water Framework Directive, which proposes that not only is water paid for at what it costs on a day-to-day management basis, but should also fund construction and infrastructure costs and their renovation. In this way, the cost per m^3 of water that citizens would consume would cover the management and supply of water and infrastructure maintenance.

Spain is investing between 70% and 80% less than necessary in the renovation of infrastructures, leading to ageing. The solution to this problem requires a collaborative perspective.

Access to clean water and sanitation

Aqualia's actions at the national level

Although the capacity to set tariffs and regulate the provision of services in the end-to-end water cycle in Spain is the exclusive responsibility of Public Administration, Aqualia actively promotes the inclusion of social discounts, social tariffs and solidarity funds in those municipalities where this option is regulated.

The company is also working to improve coordination with social services in the municipalities to protect citizens at risk of social exclusion. Through them, those cases with difficulties in the water service are identified and solutions provided so they may benefit from easier access methods.

Of the 263 services consulted on the application of this option, 58% pointed out that they apply social tariffs compared to 42% that do not. Of those, 33% are applied as discounts depending on income and 67% as other discounts for pensioners, large families, people at risk of social exclusion, etc.

Aqualia has had a collaboration agreement with Cáritas Spain since 2015 that, under the slogan "No citizen without water" supports the entity's initiatives aimed at fighting poverty, inequality and improving the living conditions of those at risk of exclusion.

In 2019 Aqualia donated €54,130.7 to Caritas centres that provide care and accompaniment programmes for people in situations of exclusion.

The aim is to provide universal and equitable access to safe drinking water at an affordable price for everyone by 2030

Barbate (Cádiz)
Denia (Alicante)
Jaén, Molíns de Rei (Barcelona)
Sant Andreu de la Barca (Barcelona)
Vigo (Pontevedra)

These are among the regions where citizens with financial difficulties or at risk of exclusion have benefited in 2019.

Water invoices **€54,130.70**

Details of Aqualia's donation to Cáritas

Centres **131**

Citizens benefited **17,293**

Aqualia's actions at international level

In 2019 Aqualia signed an agreement with UNHCR to support humanitarian initiatives in national and international territory. In 2019, under this strategic alliance Aqualia launched a number of awareness-raising initiatives aimed at company employees, citizens and institutional clients.

Actions to support this organisation include the addition of messages on invoices inviting users to send an SMS at a cost of 1.20 euros to support availability of drinking water for refugees. For each SMS with the UNHCR WATER message sent to 28014, Aqualia undertook to donate the same amount.

On the occasion of World Refugee Day on June 20, Aqualia organised Refugee Week, during which a number of actions were carried out, including: The installation of UNHCR information tables at the central offices in Madrid, Seville and Barcelona; an experiential awareness talk at the head offices and a photographic exhibition entitled "The most important thing" by the American photojournalist Brian Sokol.

According to UNHCR data, each refugee spends an average of 6 hours a day getting water, carrying containers of up to 20 litres. A task that is mainly carried out by women and children, putting their physical integrity at risk while they are doing it and preventing children from going to school and women from training or working.

In order to help reduce this problem, Aqualia launched the #SedSolidarios (#ShowSolidarity) Christmas campaign. An action that consisted of promoting the solidarity of Aqualia workers and clients in which they "recorded the kilometres travelled" on the www.sedsolidarios.com website and made a symbolic contribution to reducing the distance that Sudanese refugees in Uganda travel every day to collect drinking water.

The aim of this campaign was to reach a total of 14,400 kilometres to build a solar-powered water drip plant in a Ugandan camp for refugees from South Sudan, giving them access to good quality water.

By 2030, to extend international cooperation and the support provided to developing countries to increase capacity in activities and programmes relating to water, sanitation, water abstraction, desalination, efficient use of water resources, wastewater treatment, recycling and re-use technologies.

6.1
Drinking water for everyone

Aqualia's Donation **€30,000**

Refugees benefiting **1,500**

100 employees attended and learned first-hand about a global problem affecting 70 million people, including internally displaced persons, asylum seekers and refugees

Views **18,385**

The **"Aqualia and UNHCR, strategic alliance for water and sanitation"** video was the 6th most viewed in 2019

A collaborative perspective

Collaborative perspective for achieving the SDGs

Water Decade: #StepBywater

Aqualia supports the Decade of Action for Water 2018-2028, which seeks to promote compliance with SDG 6 and its respective goals.

Under the claim #StepByWater (step by step, drop by drop), this initiative promotes the creation of alliances to initiate actions aimed at preserving water as a human right, achieving its optimal management, improving its quality by reducing pollution, and promoting support and cooperation.

With the signing of this initiative, Aqualia confirmed its commitment to its rules and regulations.

Rules & Regulations for the Aqualia Water Decade

01 Fostering and promoting
the principles and objectives of the Water for Action Decade as a champion of progress and sustainable development.

02 Promoting, raising awareness, training and educating
with regard to the importance of the Sustainable Development Goals (SDGs), and in particular, SDG 6 as a transversal objective for achieving the rest of the objectives.

03 Supporting
cooperation and dialogue spaces to promote the search for global solutions to the challenges presented by water and the climate crisis, in an environment of synergies and alliances with all the agents involved.

04 Encouraging
Public Administrations, supranational entities, companies, associations and society in general to join the "Cultural Water Revolution" and to take Action for Climate with dissemination, communication and publication of activities.

05 Supporting
municipal and provincial governments in the consolidation of plans aimed at achieving the objectives and goals of the 2030 Agenda.

06 Acting
with a global rather than a local perspective.

07 Providing
spaces for reflection and transfer of knowledge and research on SDG6 and optimal water management as a vital facet of sustainable development, facilitating the exchange of good practices.

08 Supporting
innovation processes aimed at meeting Sustainable Development Goals and especially those relating to water and Climate Action.

09 Promoting
in its value chain, knowledge of the Water for Life Decade, the principles of this manifesto and support for it, as well as promoting any actions taken.

10 Working
so that the objectives proposed by the United Nations become a reality, step by step, even beyond the time horizon set by the UN.

PPPs For Cities Centre

Since 2016 Aqualia has been collaborating the with PPPs for Cities Centre, a UN initiative through its UNECE Regional Forum and the "International Centre of Excellence on PPPs" (ICoE) programme, which is held in Spain at the IESE Business School.

This centre was founded with the aim of becoming an international benchmark in the preparation of good practices and standards in supporting and assisting governments in their implementation. This centre relies on the work at six Specialised Centres (SC) located in different parts of the world.

Within the framework of this collaboration, Aqualia leads the water management area and contributes with its experience in the development of public-private collaboration projects.

In 2019 the United Nations selected the El Salitre WWTP (Wastewater Treatment Plant) in Colombia as a case study. It is the largest wastewater sanitation project that has been undertaken so far in Colombia and stands out for the significant social, environmental and economic impacts it is having on Bogotá.

Two other selected cases are the New Cairo treatment plant in Egypt and the El Realito aqueduct in Mexico.

The case of the Cap Djinet desalination plant also represents good practice regarding public-private collaboration.

6.4
To increase the efficient use of hydraulic resources

By 2030, to significantly increase the efficient use of water resources in all sectors and ensure the sustainability of freshwater abstraction and supply so as to be able to cope with water scarcity and significantly reduce the number of people suffering from water shortages.

Case studies highlighted as benchmarks by the international community for the direct benefits they bring to citizens and countries

WWTP El Salitre, Colombia

Investment
$388 Million

1,000
Direct jobs created
Construction phase

58% of the cost financed by World Bank credit, ensuring its supervision and development

New Cairo Water Treatment Plant, Egypt[61]

Private investment
$140 Million

1,500 **>150** indirect jobs
Direct jobs created
Construction phase
63 regular jobs (60 regular)

1 Million Inhabitants benefited from the increase in fresh water; a reduction in pollutants to the river, which improved public health; and better quality of water used in agriculture

El Realito Aqueduct, Mexico

Investment
$152.7 Million

$232.13 Million
Impact
on the Mexican economy

900 Jobs generated → **70** Fixed jobs in 23 years → **0.02%** Short-term increase in Mexican national GDP

Cap Djinet desalination plant, Algeria

Investment
$138.0 Million

Impact $154.0 Million
on the Algerian economy
0.09% Impact on the national GDP

100 Jobs generated → **44** Fixed O&M jobs

61 PPP For Cities Case Studies: New Cairo Wastewater Treatment Plan (Egypt). IESE and PPP for Cities.

Participation in business associations

Aqualia is encouraging the creation of alliances with other entities and associations to jointly face the challenges of the water sector and the societies in which it operates.

Supporting and strengthening the participation of local communities in improving water and sanitation management.

6.b Partnerships for development with communities

International

- Aquafed
- Specialist Centre on PPPs in Smart and Sustainable Cities (PPP for Cities) (UN-IESE)

1 America

- National Association of Water and Sanitation Utilities of Mexico (ANEAS)
- Water Environment Federation (WEF)

Europe

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

1 Portugal

- Associaçao das Empresas Portuguesas para o Sector do Ambiente (AEPSA).
- Associaçao Portuguesa de Distribuçao e Drenagem de Aguas (APDA).

2 Italy

- Federazione Italiana delemprese dei servizildrici, Energetici e Vari (Utilitalia).

3 France

- Association Scientifique et Technique pour l'Eau et l'Environnement.
- Fédération des Distributeurs d'Eau Indépendants
- Fédération Professionnelles des Entreprises de l'Eau

4 Czech Republic

- SOVAK ČR – The Water Supply and Sewerage Association of the CR
- SVH ČR – Association of the Water management companies of the CR
- CZSTT - Czech Society for Trenchless Technology (CZSTT)
- Czech-Polish Chamber of Commerce
- APROVAK – Association of Water Supply and Sewerage Operators
- SRMSK – Association for the Development of the Moravian-Silesian Region
- SP ČR – Confederation of Industry of the CR
-HK ČR – Czech Chamber of Commerce

National

- Spanish Association Technological Platform for Water Supply and Sanitation (AEAS)
- Spanish Association for Desalination and Re-use (AEDyR)
- Spanish Association of Providers of Urban Water Services (AGA)
- Spanish Association of Manufacturers of Capital Goods (SERCOBE)
- Association of Infrastructure Construction and Concessionary Companies (SEOPAN)

1 Andalusia

- Andalusia Water Supply and Sanitation (ASA)
- Centre for New Water Technologies (CENTA Foundation)

2 Catalonia

- Agrupació de Serveis de'Aigua de Catalunya (ASAC)
- Associació Abastaments Aigua (AAA)
- Catalan Water Partnership (CWP)
- Associació Industrial per la Producció Neta (AIPN)

3 Valencia

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

4 Canary Islands

- Canary Island Association of Urban Water Distribution and Treatment Employers for the Province of Las Palmas (ADITRAGUA)
- International Desalination Association (IDA)
- Canary Islands Water Centre Foundation (FCC)

5 Madrid

- IMDEA-AGUA

6 Balearic Islands

- Association of Water Industry Employers in the Balearic Islands (ASAIB)
- Ibiza and Formentera Water Alliance

7 Zaragoza

- ZINNAE Urban Cluster for the Efficient Use of Water

Sensitivity and awareness-raising campaigns

As part of its commitment to society, Aqualia is launching a number of sensitivity and awareness-raising initiatives aimed at its stakeholders in order to involve them in the transformation processes that are required to face social challenges and problems.

The company resorts to innovation, active listening and the establishment of alliances in the deployment of actions to address issues such as responsible consumption of water and sanitation, protection of the environment, information on the water cycle and the promotion of diversity and equality.

Aqualia Connections

In 2019 the most important corporate campaign that was developed was the Aqualia Connections campaign, aimed at the media for their role as reporters and prescribers as well as users of the public services provided by Aqualia. The objective of this campaign was two-fold:

- To highlight the importance of Aqualia's commitment to the United Nations Sustainable Development Goals (SDGs).
- To transform how we relate to our stakeholders, providing a specific platform to communicate our commitment to them and the initiatives that have been launched jointly.

Using the www.conexionesaqualia.com website as a platform, the company published a bi-monthly report in 2019 on the milestones, data and experiences of the different agents involved in the management of the end-to-end water cycle.

The popularity of some of the videos launched within the framework of this campaign, which involved interviews with suppliers and professionals working internationally in the water sector, also contributed to there being over a million views on YouTube since its launch.

Of the 10 most viewed videos in 2019, five correspond to the #ConexionesAqualia campaign:

3rd #ConexionesAqualia:
connected with the sector
57,329 views

4th #ConexionesAqualia:
connected with suppliers
23,719 views

7th #ConexionesAqualia:
connected with our clients
17,388 views

8th #ConexionesAqualia:
connected to the planet
17,032 views

9th #ConexionesAqualia:
connected to children and young people
11,019 views

Aqualia connections in 2019

Website

>16,000
Sessions
12,514 users

YouTube

1 Million
Views

Innovative and environmentally responsible culture

In 2019, under the banner #contralaescasezhídrica, Aqualia launched an awareness and sensitivity campaign for the rational and sustainable use of water by citizens.

In collaboration with the municipalities supporting the campaign, the company published information and awareness messages through all the company's own channels. These municipalities included: La Guardia (Jaén), Ibiza and Formentera (Balearic Islands), Candeleda (Ávila), Lleida, Torderà (Barcelona) and La Bisbal del Penedès (Tarragona).

On the occasion of World Water Day, March 22, and under the United Nations slogan "Leaving no one behind", Aqualia launched numerous awareness-raising activities on the good use of water, aimed at all audiences and with the participation of about 10,000 people, mainly schoolchildren.

The activities carried out in more than 15 municipalities throughout Spain included: workshops on the responsible use of water, open days, participation in sectoral conferences and meetings and school visits to desalination plants. In Sicily, through the Caltaqua subsidiary, the award ceremony took place for the poetry contest "Water is life. It is a crime to waste it". (L'acqua è vita. Sprecarla è un crimine).

In 2019 Aqualia organised the H2Ohh! Campaign in Vigo, with the aim of highlighting the company's capacity to guarantee water service in the city, the quality of supply and the treatment and distribution network. The campaign's motto, based on the renewal of the water formula, seeks to highlight the importance of this essential and vital resource for the city and the company's efforts to distribute, care for and preserve it 24 hours a day, 365 days a year.

In 2019, a "100% healthy desalinated water" awareness campaign was also launched, with a two-fold objective: highlighting the importance of Aqualia's work in the Canary Islands and encouraging the use of tap water by banishing false myths about desalinated water.

Other awareness-raising actions aimed at promoting the consumption of tap water should also be mentioned, these include: The Aguas de Alcalá initiative with a competition among Secondary Education students to design the representative logo and motto for tap water in Alcalá de Henares; and the #aguadelgrifo campaign with which SmVak, Aqualia's Czech subsidiary company, continues to promote the consumption of tap water in restaurants in the territory in which it operates.

YouTube views

125,137

"H2Ohh! Auga, give life to Vigo "was the most viewed video of 2019

▲32,800

YouTube views

The video "13 ways of taking care of water that nobody every told you about"

Raising awareness in future citizens

In 2019 Aqualia launched the 17th edition of the Children's Drawing Contest with the aim of highlighting the value of the daily work involved in bringing water from nature to the tap. This international contest, convened in Spain, Portugal, Italy and the Czech Republic, invited 3rd- and 4th-year schoolchildren to take part in the contest in the municipalities in which it provides service.

In 2019, this contest was organised on the www.investigadoresdelagua.com microsite and it was great success with the involvement of over 160,000 people and 16,193 users who visited the website.

aqualiaeduca website

The www.aqualiaeduca.com website is comprehensive online educational channel that provides educational content where boys and girls, the educational community and citizens can discover and learn about the world of water management and the importance of using this resource responsibly.

From its launch in 2018 until 31 December 2019 the website had 13,906 visitors. This translates into a total of 502 hours training in end-to-end water cycle management.

Digital drawing contest for children

▲160,000
People informed and made aware

150,000 schoolchildren
6,800 teachers
2,000 employees
1,000 municipalities
850 press/media

Website water researchers

16,193 users
31,612 sessions
244,079 page views

▲7,500
Participants

4,213 hours dedicated to training on the end-to-end water cycle

Equality and Equity

Aqualia maintains a firm commitment to promoting gender equality, a key issue for the company that is managed both with internal company stakeholders and externally to raise awareness in society. In keeping with this commitment, on the occasion of International Women's Day, Aqualia organised a number of initiatives within the framework of the #AqualiaIgualdad awareness campaign and based on innovation as a lever for transformation.

6th #EmpleoParaTodas (#EmploymentForEveryone) report: women at risk of exclusion in the workplace

Collaboration with Adecco Foundation in organising the "6th #EmploymentForAllWomen report: women at risk of exclusion in the workplace". Aqualia published this report on its www.aqualiaigualdad.com website, as well as a campaign video and the "Excluded" interactive game that the foundation produced to raise awareness.

Dialogue spaces

Promotion of dialogue spaces in Santander, Lleida, Jerez and Madrid to share experiences, discuss and examine the role of innovation in the elimination of barriers and making faster progress towards gender equality. Aqualia also supports regional awareness and solidarity initiatives such as the Women's Race in Castelló d'Empúries, in Girona, the proceeds of which are used to fight cancer.

"You take the first step and Aqualia takes it with you"

Under this motto, the company challenged citizens to record the kilometres they travel daily on the www.aqualiacontigo.com website as a sign of support for victims of gender violence. With a target that exceeded 9,197 kilometres, Aqualia made a commitment to collaborate with the Adecco Foundation to organise a training camp for the reinsertion of women who have been victims of gender violence and workshops for their children.

This initiative was well received at a regional level, with the participation of 17 municipalities where Aqualia provides services, and the support of 12 municipalities for the #AqualiaContigo (#AqualiaWithYou) campaign, under this framework a number of actions were organised in support of gender equality.

#AqualiaContigo (#AqualiaWithYou) campaign

3,300
People

17 Affiliated municipalities
12 Municipalities organised events

21,840
Kilometres

Two-fold objective:
The initial proposal was to travel 9,197 km.

"You take the first step and...

...Torrox gives it with you" (Malaga)	Walk against gender violence **>500 participants.** Statements, poetry and phrases in memory of the victims. The fountain in the plaza was dyed purple as a symbol.
...Bañeza gives it with you" (León)	Two treadmills to add kilometres in the fight against gender violence. **100 participations - 42 km.**
...Martos gives it with you" (Jaén)	Solidarity with victims of gender violence: -Tree with the names of the victims on the leaves. - Candle lighting.
...Salamanca gives it with you"	Solidarity walk to the town hall.
...Ibiza gives it with you"	Solidarity walk organised by the Municipal Water Service and the Denia Sports Centre. **>150 people.**

www.aqualiacontigo.com website

16,000 visits/month
>50 posts
>350 likes on Twitter
>100 impacts in local and national media

Sanitation and responsible use

Aqualia, together with more than one hundred entities in the sector, joined the "Do not feed the sewer monster" campaign launched by the Spanish Association for Water Supply and Sanitation (AEAS) on occasion of World Sanitation Day, established by the United Nations to call attention to the priority of sanitation for global development.

In order to report and raise awareness about the damage caused by flushing certain products and waste down the toilet, Aqualia is collaborating with a number of municipalities in which it provides services, including: Soller (Balearic Islands), Granadilla de Abona (Canary Islands) and Velez-Málaga (Andalusia), etc.

In Panama, the Ministry of Health and its Sanitation Programme participated in the adaptation of the Aqualia Glu-Glu comic that explains how a treatment plant works in order to raise awareness on the importance of the proper use of sanitation.

A communication strategy is also being developed at the El Salitre Wastewater Treatment Plant in Bogotá (Colombia) to highlight the value of this installation, which will provide service for almost 3 million citizens and contribute to the decontamination of the Bogotá River.

Of the other initiatives launched in 2019, there should be special mention for the development of 360º campaigns to raise awareness of fraud in purifiers for sale and the need for responsible water consumption in the face of imminent water shortage. These actions undertaken in the regions of Écija (Seville), Cártama (Málaga), Lora del Río (Seville) and Valverde del Camino (Huelva) have benefited 100,000 citizens.

Dialogue with the community

Faced with current macro-challenges such as the climate emergency, technological disruption and the social gap, citizens are becoming increasingly demanding with companies in terms of transparency and sustainability, they are demanding authenticity from brands and coherence between what is said and what is done.

This shift in the model is particularly significant in the case of Aqualia, whose end-to-end water cycle management service is both a public asset and vital for the health and development of the countries. Aqualia is aware of its responsibility to society and so has signed a commitment to contribute to the sustainable development of those communities in which it operates.

With the aim of recognising the work of information professionals in promoting a responsible culture with regard to water, Aqualia announced in 2019 the fourth edition of the Aqualia Journalism Award "Water management in municipalities". An initiative that seeks to reward journalistic work that reflects the importance of managing the end-to-end water cycle in the daily life of citizens.

Aqualia Journalism Prize

This year prize was awarded to a journalist from La Verdad de Murcia, for his work entitled "The municipal water service loses 300,000 euros a year due to network fraud".

Impact of campaigns on corporate channels

YOUTUBE
1 Million views
1,260 subscribers

TWITTER
4,793 followers

LINKEDIN
9,078 followers
25 users/day

Shared knowledge for the city of the future

In 2019, an effort was made to reinforce Aqualia's perception as an international company: A company in close contact that contributes local and international value while being adaptable to new cultures.

At international level

In 2019 the company increased its international presence at numerous strategic events and forums of international importance with a view to solidifying its positioning in the sector as a benchmark for innovative solutions that meet the challenges of the future and respond to new public-private collaboration models. The following events deserve special mention:

1 **Bogota Colombia)**
Water Forum WEEK
Forum on water treatment and sanitation.

2 **Peru**
Expoagua
Forum on management models and infrastructures in the region.

3 **Portugal**
ENEG 2019 Portugal
Forum on water and sanitation management.

4 **Riyadh (Saudi Arabia)**
Saudi Water Forum 2019
Forum to promote the sustainability of water resources.

5 **London (United Kingdom)**
Global Water Summit 2019
Forum on the analysis of trends in the water sector.

6 **Oman**
Oman Energy & Water Exhibition and Conference
Forum to debate sustainable planning in the water sector.

7 **Dubai (UAE)**
IDA World Congress Dubai
Conference specialising in innovation in desalination.

8 **Mexico**
ANEAS Exhibition
Forum on water management.

9 **Madrid (Spain)**
Urban Water Summit 2019
Forum organised by iAgua, on innovations in the sector.

Denia (Spain)
Desalination Week
International forum organised by Aqualia. Innovation in desalination.

Madrid (Spain)
SIGA 2019
Innovative Solutions for Water Management Fair.

Valencia (Spain)
AEAS Conference
Water industry conference.

Madrid (Spain)
CIBECOM
Latin American Communication Summit.

Annexes

About this report

Sustainability report verification

Table of contents: GRI standards

About this report

Aqualia has been publishing an annual Sustainability Report since 2005. This report was prepared in accordance with the comprehensive compliance option for the preparation of sustainability reports under the Global Reporting Initiative, 2016 GRI Standards version. This year, standard 403 has been renewed in accordance with the 2018 version. This report was verified by an independent external entity (AENOR).

The reporting methodology was based on the application of the methodology proposed by the International Integrated Reporting Council (IRC) to prepare Integrated Reports from the perspective of the capitals with which the organisation creates value for society.

The table of GRI content and the verification report are available on: https://www.aqualia.com/es/responsabilidad-social/memorias- rsc (Sustainability Report 2019).

The report pays particular attention to issues identified as significant in the materiality analysis, the results of which appear in the section on active listening in this document. And it responds to all those material issues identified in this "active listening", as contemplated in the GRI table. It also covers other GRI Standards that, while not being so significant for the organisation, nevertheless contribute to the transparency and understanding of Aqualia's activities.

As a result of the identification and prioritisation in 2018 of the Sustainable Development Goals to which the company is committed, this report then goes one step further by providing metrics on the contribution to these goals.

This year, as a restatement of the information, it is indicated that under Thematic Standard 413, Local communities, The following have been included: concern about access to water, providing a specific descriptive indicator, AQ AH2O, which describes the actions required to achieve access for everyone; sensitivity and awareness-raising for the use of resources, with the specific indicator AQCyS 1, which describes the campaigns conducted.

The indicators associated with client experience that are detailed in the report are also included in indicator 103-3: "Assessment of the management approach".

Throughout the document, national data refer to the territory of Spain where the company's head offices are located.

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

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

With this exercise in transparency, Aqualia is accountable for its commitments in the area of sustainability under an economic, social and environmental approach to all its stakeholders and from the perspective of Value Creation for the company's capital.

AENOR

VERIFICACIÓN DE LA MEMORIA DE SOSTENIBILIDAD

VMS-2020/0017

AENOR ha verificado la Memoria de la organización

FCC AQUALIA, S.A.

TITULADA: INFORME DE SOSTENIBILIDAD AQUALIA 2019. ESCUCHAR

Conforme con:	Estándares GRI
Opción GRI aplicada:	Exhaustiva
Proceso de Verificación:	Para conceder este Documento de Verificación, AENOR ha comprobado la adecuación de la memoria a lo requerido por GRI y ha trazado los datos e información contenidos en dicha memoria.
Fecha de emisión:	2020-05-23

Rafael GARCÍA MEIRO
Director General

AENOR INTERNACIONAL, S.A.U
Génova, 6. 28004 Madrid. España
Tel. 91 432 60 00.- www.aenor.com

Original Electrónico

Table of contents: GRI standards

GRI 102: GENERAL CONTENTS 2016

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE
1. Organisational profile		
102-1	Name of the organisation	FCC Aqualia S.A. In the document, this name will be replaced by the Aqualia trademark.
102-2	Activities, brands, products, and services	Pages 14-17, 29, 94-95 The local websites will be found on the Aqualia link: https://www.aqualia.com/es/webs-locales.
102-3	Location of headquarters	Avda. del Camino de Santiago 40. 28050 Madrid. Spain.
102-4	Location of operations	Pages 14-17, 44-47
102-5	Ownership and legal format	Page 14
102-6	Markets served	Pages 14-17, 44-47
102-7	Scale of the organisation	Pages 14-17
102-8	Information on employees and other workers	Pages 62-75 In activities relating to civil engineering works that require specialised machinery, labour needs to be subcontracted.
102-9	Supply chain	Pages 56-59
102-10	Significant changes to the organisation and its supply chain	Pages 6-11 and 18-21
102-11	Precautionary principle or approach	Pages 52-55 https://www.fcc.es/es/informe-anual-de-gobierno-corporativo Section on E. Control Systems and Risk Management. Page 71).
102-12	External initiatives	Pages 124-125
102-13	Membership of associations	Page 126
2. Strategy		
102-14	Statement from senior decision-maker	Pages 6-11
102-15	Key impacts, risks and opportunities	Pages 6-11, 24-27
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Pages 16-17, 52-53
102-17	Mechanisms for advice and concerns about ethics	Pages 52-53

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE
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102-18	Governance structure	Pages 50-51
102-19	Delegating authority	Pages 50-51
102-20	Executive-level responsibility for economic, environmental, and social topics	Pages 6-11
102-21	Consulting stakeholders on economic, environmental, and social topics	Pages 30-35
102-22	Composition of the highest governance body and its committees	Pages 50-51
102-23	Chair of the highest governance body	Page 50
102-24	Nominating and selecting the highest governance body	2019 Corporate Governance Report https://www.fcc.es/es/informe-anual-de-gobierno-corporativo C.1.10. Page 32).
102-25	Conflicts of interest	2019 Corporate Governance Report https://www.fcc.es/es/informe-anual-de-gobierno-corporativo (D.6 Mechanisms established to detect, determine and resolve possible conflicts of interest. Page 68).
102-26	Role of highest governance body in setting purpose, values, and strategy	2019 Corporate Governance Report https://www.fcc.es/es/informe-anual-de-gobierno-corporativo (F. Internal Risk Control and Management Systems relating to the process of issuing Financial Information. F.1.2. Page 81).
102-27	Collective knowledge of the highest governance body	2019 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo(C. Structure of the Company's Administration). C.1.3. Page 21).
102-28	Evaluating the highest governance body's performance	2019 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo(C. Structure of the Company's Administration. C.1.17. Page 37).
102-29	Identifying and managing economic, environmental and social impacts	Pages 6-11, 24-27
102-30	Effectiveness of risk management processes	Pages 52-53
102-31	Review of economic, environmental, and social topics	Pages 30-35
102-32	Highest governance body's role in sustainability reporting	Pages 6-11
102-33	Communicating critical concerns	Pages 6-11, 30-35
102-34	Nature and total number of critical concerns	Pages 30-35
102-35	Remuneration policies	2019 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo(C. Structure of the Company's Administration). Page 19).
102-36	Process for determining remuneration	2019 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo(C. Structure of the Company's Administration). Page 19).
102-37	Stakeholders' involvement in remuneration	2019 Corporate Governance Report https://www.fcc.es/en/informe-anual-de-gobierno-corporativo(C. Structure of the Company's Administration). Page 19).

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE
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102-41	Collective bargaining agreements	All employees are subject to collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Pages 32-33
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6. Practices for the preparation of reports		
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102-46	Defining report content and topic Boundaries	Pages 30-35
102-47	List of material topics	Pages 32-35
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102-53	Contact points for questions regarding the report	www.aqualia.com
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102-55	GRI content index	Pages 138-149
102-56	External assurance	Page 137

GRI 200: ECONOMIC STANDARDS

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
103-1	Explanation of the material topic and its Boundary	Pages 32-35	
103-2	The management approach and its components	Pages 42-43: economic performance; 52-53: risk management; 52-53: corruption prevention systems; 56-59: supply chain; 82-87: technological development.	
103-3	Evaluation of the management approach	Pages 40-43; 52-53; 56-59; 82-87	

GRI 201: ECONOMIC PERFORMANCE 2016

Associated material issues: Risk management

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
201-1	Direct economic value generated and distributed	Page 42 Modifications to the breakdown of issues relating to traceability of the data with Consolidated Aqualia annual accounts have been included. Specifically: -VEG: items relating to financial income and other income have been included and that relating to the sale of assets deleted. -VED: several expense items have been included (exchange differences, changes in inventories and the fair value of financial instruments) and investments in infrastructure eliminated. Only amounts relating to donations and sponsorships have been maintained. The data for 2018 have been modified to make both years comparable.	
201-2	Financial implications and other risks and opportunities due to climate change	Pages 24-27	
201-3	Defined benefit plan obligations and other retirement plans	There are no retirement plans.	
201-4	Financial assistance received from government	Page 42	

GRI 203: INDIRECT ECONOMIC IMPACTS 2016

Associated material issues: Risk management, technological development

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
203-1	Infrastructure investments and services supported	Pages 78, 82-85 and 87. Consolidated annual accounts 2019	
203-2	Significant indirect economic impacts	Pages 6-11, 119 and 125	

GRI 204: PROCUREMENT PRACTICES 2016

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
204-1	Proportion of spending on local suppliers	Pages 40 and 57	

GRI 205: ANTI-CORRUPTION 2016

Associated material issues: Ethics and integrity, corruption prevention and mitigation systems, transparency

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
205-1	Operations assessed for risks relating to corruption	a and b) The was a total of 10 company operations relating to corruption risks and they were all assessed to identify the risks. c) The following were identified: Bribery, influence peddling, fraud against the public treasury, corruption in business, illegal financing of political parties and price changes in public bidding and auctions.	
205-2	Communication and training about anti-corruption policies and procedures	Pages 41 and 53 a) 2,238 employees were informed regarding the organisation's policies and procedures to fight corruption and 80 received specific training. c) At national level, 12 commercial partners (6 national and 6 international) were informed regarding anti-corruption procedures.	
205-3	Confirmed incidents of corruption and actions taken	In 2019, a case relating to corruption was reported via the Ethics Channel. It ended up being filed/dismissed.	

GRI 300: ENVIRONMENTAL STANDARDS

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
103-1	Explanation of the material topic and its Boundary	Pages 32-35	
103-2	The management approach and its components	Energy page: 96-97, 100-102; Water: 98-99; Biodiversity: 103-107; Emissions: 102; Circular Economy: 94-95; Innovation: 110-115	
103-3	Evaluation of the management approach	Pages 97, 100-102, 98-99, 103-107, 102 and 94-95	

GRI 302: ENERGY 2016

Associated material issue: Energy consumption/renewable energies

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
302-1	Energy consumption within the organization	Pages 100-102	
302-2	Energy consumption outside of the organization		*
302-3	Energy intensity	Page 101. Covers consumption within the organisation.	
302-4	Reduction of energy consumption	Pages 100-102	
302-5	Reductions in energy requirements of products and services	Pages 94-95, 101, 113-115	

GRI 303: WATER 2016

Associated material issue: Efficient resource management, circular water economy

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
303-1	Water withdrawal by source	Page 99	
303-2	Water sources significantly affected by withdrawal of water	Aqualia performs water abstraction via administrative concessions in which the proper water management authority decides on the abstraction point and the quantities abstracted.	
303-3	Water recycled and reused	Page 99	

* This information is unavailable

GRI 304: BIODIVERSITY 2016

Associated material issue: Biodiversity

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
304-1	Operational centres owned, leased and managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Installations in protected areas or areas of great value for diversity: National + International: 122; Total installations: National + International: 6,463.	
304-2	Significant impacts of activities, products and services on biodiversity	Pages 103-107	
304-3	Habitats protected or restored	Pages 103-107	
304-4	Species on the IUCN Red List of Threatened Species and national conservation lists whose habitats are in areas affected by the operations		*

* This information is unavailable

GRI 305: EMISSIONS 2016

Associated material issue: Climate change

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
305-1	Direct (Scope 1) GHG emissions	Page 102	
305-2	Energy indirect (Scope 2) GHG emissions	Page 102	
305-3	Other indirect (Scope 3) GHG emissions	Page 102	
305-4	GHG emission intensity	Page 102	
305-5	Reduction of GHG emissions	Page 102	
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable.	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable.	

GRI 306: EFFLUENTS AND WASTE 2016

Associated material issue: Circular economy of water

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
306-1	Water discharge depending on quality and destination	743,878,473.49 m^3	
306-2	Waste by type and disposal method	Total volume of water discharges, expected and unforeseen m^3 2018: 892,707,507; 2019: 743,878,473; Change: -16.7% Waste by type and disposal method (Tn) 2018: 501,398.7; 2019: 546,854.7; Change: 9.1% Total hazardous wastes (HW): 2018: 1,467.8; 2019: 4,490.1; Change: 205.9% Disposal 2018: 1,390.8; 2019: 4,368.7; Change: 214.1%; Revaluation (Tn) 2018: 77.0; 2019: 121.4; Change: 57.8% Total non hazardous wastes (NHW): 2018: 499,930.8; 2019: 542,364.5; Change: 8.5% Disposal 2018: 50,132.0; 2019: 152,125.6; Change: 203.5% Revaluation 2018: 449,798.9; 2019: 390,238.9; Change: -13.2% Of the total revalued: Recycling 100.0% The changes in the 2018 data for waste are due to the fact that the consolidation performed in January 2019 had errors because it did not take all the movements for 2018 into account. For this reason, a new calculation for consolidated data for 2018 and 2019 was made up to 20/04/2020. The increase in HW (205.91%) was due to the removal of a fibre cement pipe in a major network renovation undertaken in a UG, in Denia (Spain) of more than 3,000 Tn. And the accounting of new countries such as Algeria, Mexico, Oman and the Emirates, although their contribution was insignificant. The increase in NHW (8.49%) was due to accounting for the countries. The 3.8% variation in Spain was due to the number of 1/2 annual waste withdrawals depending on the years; so the production of waste is not always directly related to production.	
306-3	Significant spills	5	
306-5	Bodies of water affected by water discharge and/or runoff	3	

GRI 308: ENVIRONMENTAL ASSESSMENT FOR SUPPLIERS 2016

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
308-1	New suppliers that were screened using environmental criteria	Pages 58-59	
308-2	Negative environmental impacts in the supply chain and actions taken	Pages 58-59	

GRI 400: SOCIAL STANDARDS

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
103-1	Explanation of the material topic and its Boundary	Pages 20-26	
103-2	The management approach and its components	Pages 64-75: Job creation, equal opportunities, diversity and life-work balance, safety, health and well-being; 53-55: Human Rights Promotion; 88, 90-91: Client experience; 120-125: Access to water; social action; public-private partnerships; 127-132: sensitivity and awareness-raising.	
103-3	Evaluation of the management approach	Pages 64-75; 53-55; 79, 88, 91; 118-119; 120-132	

GRI 401: EMPLOYMENT 2016

Associated material issue: Creation of employment, equal opportunities, diversity and work-life balance

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
401-1	New employee hires and employee turnover	% Rotation: Total 2.82% Spain 2.42% and International 3.6%. Total Rotation: men 184/ women 84 Voluntary leave: men 17/ women 12 Voluntary departure: men 167/ women 72	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 66 Social benefits are independent of the employment arrangement and include the following: subsidised loans, life insurance, accident insurance and family aid.	
401-3	Parental leave	Data for Spain: No. of employees with maternity leave: 48 No. of employees with paternity leave: 168 100% of the affected employees returned after maternity leave. The remaining requested paid leave to care for children and returned to work afterwards. 100% of the affected employees returned after paternity leave. 100% of the affected employees who returned after maternity/paternity leave were retained 12 months after their return.	

GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

Associated material issues: Safety, occupational health and welfare of the employee

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
403-1	Occupational health and safety management system	In 2019 the VI State Water Agreement was signed right across the sector. 40.43% of Aqualia workers in Spain are represented on health and safety committees. H&S Committees are mainly constituted in Aqualia services.	
403-2	Hazard identification, risk assessment, and incident investigation	Pages 70-72	
403-3	Occupational health service	Pages 70-72	
403-4	Worker participation, consultation and communication on occupational health and safety	Pages 70-72	
403-5	Worker training on occupational health and safety	Page 74	
403-6	Promotion of worker health	Pages 70-72	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 70-72	
403-8	Workers covered by an occupational health and safety management system	Spanish legislation requires that all ORP measures be extended to all employees on the staff or subcontracted (100% in Spain) who work in the organisation's installations.	
403-9	Work-related injuries	Pages 70-71	
403-10	Work-related ill health	There is only a residual risk of occupational illness.	

GRI 404: TRAINING AND TEACHING 2016

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
404-1	Average hours of training per year per employee	Page 74	
404-2	Programs for upgrading employee skills and transition assistance programs	Pages 72-74	
404-3	Percentage of employees receiving regular performance and career development reviews	Page 72	

GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016

Associated material issues: Equal opportunities, diversity and work-life balance

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
405-1	Diversity in governance bodies and employees	Pages 50-51	
405-2	Ratio of basic salary and remuneration of women to men	Page 68	

GRI 412: HUMAN RIGHTS ASSESSMENT 2016

Associated material issues: Promotion of and respect for Human Rights

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
412-1	Operations that have been subject to human rights reviews or impact assessments.	All operations with Aqualia's suppliers and subcontractors are committed to the ten principles of the Global Compact.	
412-2	Employee training on human rights policies or procedures	Page 55	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	100% of contracts with suppliers.	

GRI 413: LOCAL COMMUNITIES 2016

Material issues: Social action; public-private partnerships, access to water

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
413-1	Operations with local community engagement, impact assessments, and development programs	Pages 118-133	
413-2	Operations with significant actual and potential negative impacts on local communities	There are no operating centres that have or could have significant negative impacts on local communities.	
AQ AH2O	Actions to achieve access to water for everyone	Pages 118-125	
AQ CyS 1	Sensitivity and awareness-raising campaigns	Pages 127-132	

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
414-1	New suppliers that were screened using social criteria	Page 59 Implementation in its entirety in Spain. At the international level, coverage is being worked on by 100% of suppliers.	
414-2	Negative social impacts in the supply chain and actions taken	Page 59	

GRI 416: CLIENT HEALTH AND SAFETY 2016

Associated material issue: water quality

GRI STANDARD	DESCRIPTION	DIRECT RESPONSE. PAGE	OMISSIONS
416-1	Assessment of the health and safety impacts of product and service categories	100%	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sanitary fines: €12,000.	

* This information is unavailable

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Further information:

Communications Division and CSR
Av. del Camino de Santiago 40.
28050 Madrid (Spain)
comunicacion@aqualia.es

www.aqualia.com

The 2019 Florida Statutes

255.065 Public-private partnerships; public records and public meetings exemptions.—

(1) DEFINITIONS.—As used in this section, the term:

(a) "Affected local jurisdiction" means a county, municipality, or special district in which all or a portion of a qualifying project is located.

(b) "Develop" means to plan, design, finance, lease, acquire, install, construct, or expand.

(c) "Fees" means charges imposed by the private entity of a qualifying project for use of all or a portion of such qualifying project pursuant to a comprehensive agreement.

(d) "Lease payment" means any form of payment, including a land lease, by a public entity to the private entity of a qualifying project for the use of the project.

(e) "Material default" means a nonperformance of its duties by the private entity of a qualifying project which jeopardizes adequate service to the public from the project.

(f) "Operate" means to finance, maintain, improve, equip, modify, or repair.

(g) "Private entity" means any natural person, corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, nonprofit entity, or other private business entity.

(h) "Proposal" means a plan for a qualifying project with detail beyond a conceptual level for which terms such as fixing costs, payment schedules, financing, deliverables, and project schedule are defined.

(i) "Qualifying project" means:

1. A facility or project that serves a public purpose, including, but not limited to, any ferry or mass transit facility, vehicle parking facility, airport or seaport facility, rail facility or project, fuel supply facility, oil or gas pipeline, medical or nursing care facility, recreational facility, sporting or cultural facility, or educational facility or other building or facility that is used or will be used by a public educational institution, or any other public facility or infrastructure that is used or will be used by the public at large or in support of an accepted public purpose or activity;

2. An improvement, including equipment, of a building that will be principally used by a public entity or the public at large or that supports a service delivery system in the public sector;

3. A water, wastewater, or surface water management facility or other related infrastructure; or

4. Notwithstanding any provision of this section, for projects that involve a facility owned or operated by the governing board of a county, district, or municipal hospital or health care system, or projects that involve a facility owned or operated by a municipal electric utility, only those projects that the governing board designates as qualifying projects pursuant to this section.

(j) "Responsible public entity" means a county, municipality, school district, special district, or any other political subdivision of the state; a public body corporate and politic; or a regional entity that serves a public purpose and is authorized to develop or operate a qualifying project.

(k) "Revenues" means the income, earnings, user fees, lease payments, or other service payments relating to the development or operation of a qualifying project, including, but not limited to, money received as grants or

otherwise from the Federal Government, a public entity, or an agency or instrumentality thereof in aid of the qualifying project.

(l) "Service contract" means a contract between a responsible public entity and the private entity which defines the terms of the services to be provided with respect to a qualifying project.

(2) LEGISLATIVE FINDINGS AND INTENT.—The Legislature finds that there is a public need for the construction or upgrade of facilities that are used predominantly for public purposes and that it is in the public's interest to provide for the construction or upgrade of such facilities.

(a) The Legislature also finds that:

1. There is a public need for timely and cost-effective acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, operation, implementation, or installation of projects serving a public purpose, including educational facilities, transportation facilities, water or wastewater management facilities and infrastructure, technology infrastructure, roads, highways, bridges, and other public infrastructure and government facilities within the state which serve a public need and purpose, and that such public need may not be wholly satisfied by existing procurement methods.

2. There are inadequate resources to develop new educational facilities, transportation facilities, water or wastewater management facilities and infrastructure, technology infrastructure, roads, highways, bridges, and other public infrastructure and government facilities for the benefit of residents of this state, and that a public-private partnership has demonstrated that it can meet the needs by improving the schedule for delivery, lowering the cost, and providing other benefits to the public.

3. There may be state and federal tax incentives that promote partnerships between public and private entities to develop and operate qualifying projects.

4. A procurement under this section serves the public purpose of this section if such procurement facilitates the timely development or operation of a qualifying project.

(b) It is the intent of the Legislature to encourage investment in the state by private entities; to facilitate various bond financing mechanisms, private capital, and other funding sources for the development and operation of qualifying projects, including expansion and acceleration of such financing to meet the public need; and to provide the greatest possible flexibility to public and private entities contracting for the provision of public services.

(3) PROCUREMENT PROCEDURES.—A responsible public entity may receive unsolicited proposals or may solicit proposals for a qualifying project and may thereafter enter into a comprehensive agreement with a private entity, or a consortium of private entities, for the building, upgrading, operating, ownership, or financing of facilities.

(a)1. The responsible public entity may establish a reasonable application fee for the submission of an unsolicited proposal under this section.

2. A private entity that submits an unsolicited proposal to a responsible public entity must concurrently pay an initial application fee, as determined by the responsible public entity. Payment must be made by cash, cashier's check, or other noncancelable instrument. Personal checks may not be accepted.

3. If the initial application fee does not cover the responsible public entity's costs to evaluate the unsolicited proposal, the responsible public entity must request in writing the additional amounts required. The private entity must pay the requested additional amounts within 30 days after receipt of the notice. The responsible public entity may stop its review of the unsolicited proposal if the private entity fails to pay the additional amounts.

4. If the responsible public entity does not evaluate the unsolicited proposal, the responsible public entity must return the application fee.

5. If the responsible public entity chooses to evaluate an unsolicited proposal involving architecture, engineering, or landscape architecture, it must ensure a professional review and evaluation of the design and construction proposed by the initial or subsequent proposers to assure material quality standards, interior space utilization, budget estimates, design and construction schedules, and sustainable design and construction standards consistent with public projects. Such review shall be performed by an architect, a landscape architect, or an engineer licensed in this state qualified to perform the review, and such professional shall advise the responsible public entity through completion of the design and construction of the project.

(b) The responsible public entity may request a proposal from private entities for a qualifying project or, if the responsible public entity receives an unsolicited proposal for a qualifying project and the responsible public entity intends to enter into a comprehensive agreement for the project described in the unsolicited proposal, the responsible public entity shall publish notice in the Florida Administrative Register and a newspaper of general circulation at least once a week for 2 weeks stating that the responsible public entity has received a proposal and will accept other proposals for the same project. The timeframe within which the responsible public entity may accept other proposals shall be determined by the responsible public entity on a project-by-project basis based upon the complexity of the qualifying project and the public benefit to be gained by allowing a longer or shorter period of time within which other proposals may be received; however, the timeframe for allowing other proposals must be at least 21 days, but no more than 120 days, after the initial date of publication. If approved by a majority vote of the responsible public entity's governing body, the responsible public entity may alter the timeframe for accepting proposals to more adequately suit the needs of the qualifying project. A copy of the notice must be mailed to each local government in the affected area.

(c) If the solicited qualifying project provided in paragraph (b) includes design work, the solicitation must include a design criteria package prepared by an architect, a landscape architect, or an engineer licensed in this state which is sufficient to allow private entities to prepare a bid or a response. The design criteria package must specify reasonably specific criteria for the qualifying project such as the legal description of the site, with survey information; interior space requirements; material quality standards; schematic layouts and conceptual design criteria for the qualifying project; cost or budget estimates; design and construction schedules; and site development and utility requirements. The licensed design professional who prepares the design criteria package shall be retained to serve the responsible public entity through completion of the design and construction of the project.

(d) Before approving a comprehensive agreement, the responsible public entity must determine that the proposed project:

1. Is in the public's best interest.

2. Is for a facility that is owned by the responsible public entity or for a facility for which ownership will be conveyed to the responsible public entity.

3. Has adequate safeguards in place to ensure that additional costs or service disruptions are not imposed on the public in the event of material default or cancellation of the comprehensive agreement by the responsible public entity.

4. Has adequate safeguards in place to ensure that the responsible public entity or private entity has the opportunity to add capacity to the proposed project or other facilities serving similar predominantly public purposes.

5. Will be owned by the responsible public entity upon completion, expiration, or termination of the comprehensive agreement and upon payment of the amounts financed.

(e) Before signing a comprehensive agreement, the responsible public entity must consider a reasonable finance plan that is consistent with subsection (9); the qualifying project cost; revenues by source; available financing; major assumptions; internal rate of return on private investments, if governmental funds are assumed in order to deliver a cost-feasible project; and a total cash-flow analysis beginning with the implementation of the project and extending for the term of the comprehensive agreement.

(f) In considering an unsolicited proposal, the responsible public entity may require from the private entity a technical study prepared by a nationally recognized expert with experience in preparing analysis for bond rating agencies. In evaluating the technical study, the responsible public entity may rely upon internal staff reports prepared by personnel familiar with the operation of similar facilities or the advice of external advisors or consultants who have relevant experience.

(4) PROJECT APPROVAL REQUIREMENTS.—An unsolicited proposal from a private entity for approval of a qualifying project must be accompanied by the following material and information, unless waived by the responsible public entity:

(a) A description of the qualifying project, including the conceptual design of the facilities or a conceptual plan for the provision of services, and a schedule for the initiation and completion of the qualifying project.

(b) A description of the method by which the private entity proposes to secure the necessary property interests that are required for the qualifying project.

(c) A description of the private entity's general plans for financing the qualifying project, including the sources of the private entity's funds and the identity of any dedicated revenue source or proposed debt or equity investment on behalf of the private entity.

(d) The name and address of a person who may be contacted for additional information concerning the proposal.

(e) The proposed user fees, lease payments, or other service payments over the term of a comprehensive agreement, and the methodology for and circumstances that would allow changes to the user fees, lease payments, and other service payments over time.

(f) Additional material or information that the responsible public entity reasonably requests.

Any pricing or financial terms included in an unsolicited proposal must be specific as to when the pricing or terms expire.

(5) PROJECT QUALIFICATION AND PROCESS.—

(a) The private entity, or the applicable party or parties of the private entity's team, must meet the minimum standards contained in the responsible public entity's guidelines for qualifying professional services and contracts for traditional procurement projects.

(b) The responsible public entity must:

1. Ensure that provision is made for the private entity's performance and payment of subcontractors, including, but not limited to, surety bonds, letters of credit, parent company guarantees, and lender and equity partner guarantees. For the components of the qualifying project which involve construction performance and payment, bonds are required and are subject to the recordation, notice, suit limitation, and other requirements of s. 255.05.

2. Ensure the most efficient pricing of the security package that provides for the performance and payment of subcontractors.

3. Ensure that the comprehensive agreement addresses termination upon a material default of the comprehensive agreement.

(c) After the public notification period has expired in the case of an unsolicited proposal, the responsible public entity shall rank the proposals received in order of preference. In ranking the proposals, the responsible public entity may consider factors that include, but are not limited to, professional qualifications, general business terms, innovative design techniques or cost-reduction terms, and finance plans. The responsible public entity may then begin negotiations for a comprehensive agreement with the highest-ranked firm. If the responsible public entity is not satisfied with the results of the negotiations, the responsible public entity may terminate negotiations with the proposer and negotiate with the second-ranked or subsequent-ranked firms, in the order consistent with this procedure. If only one proposal is received, the responsible public entity may negotiate in good faith, and if the responsible public entity is not satisfied with the results of the negotiations, the responsible public entity may terminate negotiations with the proposer. Notwithstanding this paragraph, the responsible public entity may reject all proposals at any point in the process until a contract with the proposer is executed.

(d) The responsible public entity shall perform an independent analysis of the proposed public-private partnership which demonstrates the cost-effectiveness and overall public benefit before the procurement process is initiated or before the contract is awarded.

(e) The responsible public entity may approve the development or operation of an educational facility, a transportation facility, a water or wastewater management facility or related infrastructure, a technology infrastructure or other public infrastructure, or a government facility needed by the responsible public entity as a qualifying project, or the design or equipping of a qualifying project that is developed or operated, if:

1. There is a public need for or benefit derived from a project of the type that the private entity proposes as the qualifying project.

2. The estimated cost of the qualifying project is reasonable in relation to similar facilities.

3. The private entity's plans will result in the timely acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of the qualifying project.

(f) The responsible public entity may charge a reasonable fee to cover the costs of processing, reviewing, and evaluating the request, including, but not limited to, reasonable attorney fees and fees for financial and technical advisors or consultants and for other necessary advisors or consultants.

(g) Upon approval of a qualifying project, the responsible public entity shall establish a date for the commencement of activities related to the qualifying project. The responsible public entity may extend the commencement date.

(h) Approval of a qualifying project by the responsible public entity is subject to entering into a comprehensive agreement with the private entity.

(6) INTERIM AGREEMENT.—Before or in connection with the negotiation of a comprehensive agreement, the responsible public entity may enter into an interim agreement with the private entity proposing the development or operation of the qualifying project. An interim agreement does not obligate the responsible public entity to enter into a comprehensive agreement. The interim agreement is discretionary with the parties and is not required on a qualifying project for which the parties may proceed directly to a comprehensive agreement without the need for an interim agreement. An interim agreement must be limited to provisions that:

(a) Authorize the private entity to commence activities for which it may be compensated related to the proposed qualifying project, including, but not limited to, project planning and development, design, environmental analysis and mitigation, survey, other activities concerning any part of the proposed qualifying project, and ascertaining the availability of financing for the proposed facility or facilities.

(b) Establish the process and timing of the negotiation of the comprehensive agreement.

(c) Contain such other provisions related to an aspect of the development or operation of a qualifying project that the responsible public entity and the private entity deem appropriate.

(7) COMPREHENSIVE AGREEMENT.—

(a) Before developing or operating the qualifying project, the private entity must enter into a comprehensive agreement with the responsible public entity. The comprehensive agreement must provide for:

1. Delivery of performance and payment bonds, letters of credit, or other security acceptable to the responsible public entity in connection with the development or operation of the qualifying project in the form and amount satisfactory to the responsible public entity. For the components of the qualifying project which involve construction, the form and amount of the bonds must comply with s. 255.05.

2. Review of the design for the qualifying project by the responsible public entity and, if the design conforms to standards acceptable to the responsible public entity, the approval of the responsible public entity. This subparagraph does not require the private entity to complete the design of the qualifying project before the execution of the comprehensive agreement.

3. Inspection of the qualifying project by the responsible public entity to ensure that the private entity's activities are acceptable to the responsible public entity in accordance with the comprehensive agreement.

4. Maintenance of a policy of public liability insurance, a copy of which must be filed with the responsible public entity and accompanied by proofs of coverage, or self-insurance, each in the form and amount satisfactory to the responsible public entity and reasonably sufficient to ensure coverage of tort liability to the public and employees and to enable the continued operation of the qualifying project.

5. Monitoring by the responsible public entity of the maintenance practices to be performed by the private entity to ensure that the qualifying project is properly maintained.

6. Periodic filing by the private entity of the appropriate financial statements that pertain to the qualifying project.

7. Procedures that govern the rights and responsibilities of the responsible public entity and the private entity in the course of the construction and operation of the qualifying project and in the event of the termination of the comprehensive agreement or a material default by the private entity. The procedures must include conditions that govern the assumption of the duties and responsibilities of the private entity by an entity that funded, in whole or

part, the qualifying project or by the responsible public entity, and must provide for the transfer or purchase of property or other interests of the private entity by the responsible public entity.

8. Fees, lease payments, or service payments. In negotiating user fees, the fees must be the same for persons using the facility under like conditions and must not materially discourage use of the qualifying project. The execution of the comprehensive agreement or a subsequent amendment is conclusive evidence that the fees, lease payments, or service payments provided for in the comprehensive agreement comply with this section. Fees or lease payments established in the comprehensive agreement as a source of revenue may be in addition to, or in lieu of, service payments.

9. Duties of the private entity, including the terms and conditions that the responsible public entity determines serve the public purpose of this section.

(b) The comprehensive agreement may include:

1. An agreement by the responsible public entity to make grants or loans to the private entity from amounts received from the federal, state, or local government or an agency or instrumentality thereof.

2. A provision under which each entity agrees to provide notice of default and cure rights for the benefit of the other entity, including, but not limited to, a provision regarding unavoidable delays.

3. A provision that terminates the authority and duties of the private entity under this section and dedicates the qualifying project to the responsible public entity or, if the qualifying project was initially dedicated by an affected local jurisdiction, to the affected local jurisdiction for public use.

(8) FEES.—A comprehensive agreement entered into pursuant to this section may authorize the private entity to impose fees to members of the public for the use of the facility. The following provisions apply to the comprehensive agreement:

(a) The responsible public entity may develop new facilities or increase capacity in existing facilities through a comprehensive agreement with a private entity.

(b) The comprehensive agreement must ensure that the facility is properly operated, maintained, or improved in accordance with standards set forth in the comprehensive agreement.

(c) The responsible public entity may lease existing fee-for-use facilities through a comprehensive agreement.

(d) Any revenues must be authorized by and applied in the manner set forth in the comprehensive agreement.

(e) A negotiated portion of revenues from fee-generating uses may be returned to the responsible public entity over the life of the comprehensive agreement.

(9) FINANCING.—

(a) A private entity may enter into a private-source financing agreement between financing sources and the private entity. A financing agreement and any liens on the property or facility must be paid in full at the applicable closing that transfers ownership or operation of the facility to the responsible public entity at the conclusion of the term of the comprehensive agreement.

(b) The responsible public entity may lend funds to private entities that construct projects containing facilities that are approved under this section.

(c) The responsible public entity may use innovative finance techniques associated with a public-private partnership under this section, including, but not limited to, federal loans as provided in Titles 23 and 49 C.F.R., commercial bank loans, and hedges against inflation from commercial banks or other private sources. In addition, the responsible public entity may provide its own capital or operating budget to support a qualifying project. The budget may be from any legally permissible funding sources of the responsible public entity, including the proceeds of debt issuances. A responsible public entity may use the model financing agreement provided in s. 489.145(6) for its financing of a facility owned by a responsible public entity. A financing agreement may not require the responsible public entity to indemnify the financing source, subject the responsible public entity's facility to liens in violation of s. 11.066(5), or secure financing of the responsible public entity by a mortgage on, or security interest in, the real or tangible personal property of the responsible public entity in a manner that could result in the loss of the fee ownership of the property by the responsible public entity, and any such provision is void.

(10) POWERS AND DUTIES OF THE PRIVATE ENTITY.—

(a) The private entity shall:

1. Develop or operate the qualifying project in a manner that is acceptable to the responsible public entity in accordance with the provisions of the comprehensive agreement.

2. Maintain, or provide by contract for the maintenance or improvement of, the qualifying project if required by the comprehensive agreement.

3. Cooperate with the responsible public entity in making best efforts to establish interconnection between the qualifying project and any other facility or infrastructure as requested by the responsible public entity in accordance with the provisions of the comprehensive agreement.

4. Comply with the comprehensive agreement and any lease or service contract.

(b) Each private facility that is constructed pursuant to this section must comply with the requirements of federal, state, and local laws; state, regional, and local comprehensive plans; the responsible public entity's rules, procedures, and standards for facilities; and such other conditions that the responsible public entity determines to be in the public's best interest and that are included in the comprehensive agreement.

(c) The responsible public entity may provide services to the private entity. An agreement for maintenance and other services entered into pursuant to this section must provide for full reimbursement for services rendered for qualifying projects.

(d) A private entity of a qualifying project may provide additional services for the qualifying project to the public or to other private entities if the provision of additional services does not impair the private entity's ability to meet its commitments to the responsible public entity pursuant to the comprehensive agreement.

(11) EXPIRATION OR TERMINATION OF AGREEMENTS.—Upon the expiration or termination of a comprehensive agreement, the responsible public entity may use revenues from the qualifying project to pay current operation and maintenance costs of the qualifying project. If the private entity materially defaults under the comprehensive agreement, the compensation that is otherwise due to the private entity is payable to satisfy all financial obligations to investors and lenders on the qualifying project in the same way that is provided in the comprehensive agreement or any other agreement involving the qualifying project, if the costs of operating and maintaining the qualifying project are paid in the normal course. Revenues in excess of the costs for operation and maintenance costs may be paid to the investors and lenders to satisfy payment obligations under their respective agreements. A responsible public entity may terminate with cause and without prejudice a comprehensive agreement and may exercise any other rights or remedies that may be available to it in accordance with the provisions of the comprehensive agreement. The full faith and credit of the responsible public entity may not be pledged to secure the financing of the private entity. The assumption of the development or operation of the qualifying project does not obligate the responsible public entity to pay any obligation of the private entity from sources other than revenues from the qualifying project unless stated otherwise in the comprehensive agreement.

(12) SOVEREIGN IMMUNITY.—This section does not waive the sovereign immunity of a responsible public entity, an affected local jurisdiction, or an officer or employee thereof with respect to participation in, or approval of, any part of a qualifying project or its operation, including, but not limited to, interconnection of the qualifying project with any other infrastructure or project. A county or municipality in which a qualifying project is located possesses sovereign immunity with respect to the project, including, but not limited to, its design, construction, and operation.

(13) DEPARTMENT OF MANAGEMENT SERVICES.—

(a) A responsible public entity may provide a copy of its comprehensive agreement to the Department of Management Services. A responsible public entity must redact any confidential or exempt information from the copy of the comprehensive agreement before providing it to the Department of Management Services.

(b) The Department of Management Services may accept and maintain copies of comprehensive agreements received from responsible public entities for the purpose of sharing comprehensive agreements with other responsible public entities.

(c) This subsection does not require a responsible public entity to provide a copy of its comprehensive agreement to the Department of Management Services.

(14) CONSTRUCTION.—

(a) This section shall be liberally construed to effectuate the purposes of this section.

(b) This section shall be construed as cumulative and supplemental to any other authority or power vested in or exercised by the governing body of a county, municipality, special district, or municipal hospital or health care system including those contained in acts of the Legislature.

(c) This section does not affect any agreement or existing relationship with a supporting organization involving such governing body or system in effect as of January 1, 2013.

(d) This section provides an alternative method and does not limit a county, municipality, special district, or other political subdivision of the state in the procurement or operation of a qualifying project pursuant to other statutory or constitutional authority.

(e) Except as otherwise provided in this section, this section does not amend existing laws by granting additional powers to, or further restricting, a local governmental entity from regulating and entering into cooperative arrangements with the private sector for the planning, construction, or operation of a facility.

(f) This section does not waive any requirement of s. 287.055.

(15) PUBLIC RECORDS AND PUBLIC MEETINGS EXEMPTIONS.—

(a) As used in this subsection, the term "competitive solicitation" has the same meaning as provided in s. 119.071(1).

(b)1. An unsolicited proposal received by a responsible public entity is exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution until such time as the responsible public entity provides notice of an intended decision for a qualifying project.

2. If the responsible public entity rejects all proposals submitted pursuant to a competitive solicitation for a qualifying project and such entity concurrently provides notice of its intent to seek additional proposals for such project, the unsolicited proposal remains exempt until the responsible public entity provides notice of an intended decision concerning the reissued competitive solicitation for the qualifying project or until the responsible public entity withdraws the reissued competitive solicitation for such project.

3. An unsolicited proposal is exempt for no longer than 90 days after the initial notice by the responsible public entity rejecting all proposals.

(c) If the responsible public entity does not issue a competitive solicitation for a qualifying project, the unsolicited proposal ceases to be exempt 180 days after receipt of the unsolicited proposal by such entity.

(d)1. Any portion of a meeting of a responsible public entity during which an unsolicited proposal that is exempt is discussed is exempt from s. 286.011 and s. 24(b), Art. I of the State Constitution.

2.a. A complete recording must be made of any portion of an exempt meeting. No portion of the exempt meeting may be held off the record.

b. The recording of, and any records generated during, the exempt meeting are exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution until such time as the responsible public entity provides notice of an intended decision for a qualifying project or 180 days after receipt of the unsolicited proposal by the responsible public entity if such entity does not issue a competitive solicitation for the project.

c. If the responsible public entity rejects all proposals and concurrently provides notice of its intent to reissue a competitive solicitation, the recording and any records generated at the exempt meeting remain exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution until such time as the responsible public entity provides notice of an intended decision concerning the reissued competitive solicitation or until the responsible public entity withdraws the reissued competitive solicitation for such project.

d. A recording and any records generated during an exempt meeting are exempt for no longer than 90 days after the initial notice by the responsible public entity rejecting all proposals.

(e) This subsection is subject to the Open Government Sunset Review Act in accordance with s. 119.15 and shall stand repealed on October 2, 2021, unless reviewed and saved from repeal through reenactment by the Legislature.

History.—s. 2, ch. 2013-223; s. 1, ch. 2016-153; s. 1, ch. 2016-154.

Note.—Former s. 287.05712.

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THE SUNRISE CITY
FORT PIERCE
CITY MANAGER'S OFFICE Florida

TO : The Honorable Mayor and Members of the City Commission

FROM : Nicholas C. Mimms, P.E., ICMA-CM, City Manager NCM

RE : Unsolicited Proposal for Wastewater Treatment Plant

DATE : June 15, 2021

FCC Aqualia USA Corp. submitted an unsolicited proposal to the City of Fort Pierce proposing a public-private partnership for the design, construction, finance and long-term operation and maintenance of a new Water Reclamation Facility in September 2020 and subsequently provided a revised, more thorough proposal in May 2021.

City staff reviewed all information provided in accordance with Florida State Statutes as delineated by the attached checklist. According to our internal review, the proposer meets the guidelines to be considered an unsolicited proposal as determined by the State of Florida.

FPUA staff has not provided any feedback regarding this proposal; however, an overview of public-private partnerships is scheduled to be presented at the FPUA Board Meeting today, June 15, 2021.

Being that this is a high priority strategic goal for the City of Fort Pierce, this item will be discussed during a Joint Meeting with the Fort Pierce Utilities Authority Board on Tuesday, June 22, 2021, for review, consideration, and direction.

If you have any questions or need additional information, please contact my office.

Attachment

c: City Clerk
City Attorney
FPUA Board
John Tompeck, FPUA

Internal review of FCC Aqualia USA Corp's submittal in accordance with FLORIDA STATE STATUTES 255.065:

1. It is a qualifying project.

(i) "Qualifying project" means:

1. A facility or project that serves a public purpose, including, but not limited to, any ferry or mass transit facility, vehicle parking facility, airport or seaport facility, rail facility or project, fuel supply facility, oil or gas pipeline, medical or nursing care facility, recreational facility, sporting or cultural facility, or educational facility or other building or facility that is used or will be used by a public educational institution, or any other public facility or infrastructure that is used or will be used by the public at large or in support of an accepted public purpose or activity;
2. An improvement, including equipment, of a building that will be principally used by a public entity or the public at large or that supports a service delivery system in the public sector;
3. A water, wastewater, or surface water management facility or other related infrastructure; or
4. Notwithstanding any provision of this section, for projects that involve a facility owned or operated by the governing board of a county, district, or municipal hospital or health care system, or projects that involve a facility owned or operated by a municipal electric utility, only those projects that the governing board designates as qualifying projects pursuant to this section.

2. This can be used to generate a Request for Proposals.

(b) The responsible public entity may request a proposal from private entities for a qualifying project or, if the responsible public entity receives an unsolicited proposal for a qualifying project and the responsible public entity intends to enter into a comprehensive agreement for the project described in the unsolicited proposal, the responsible public entity shall publish notice in the Florida Administrative Register and a newspaper of general circulation at least once a week for 2 weeks stating that the responsible public entity has received a proposal and will accept other proposals for the same project. The timeframe within which the responsible public entity may accept other proposals shall be determined by the responsible public entity on a project-by-project basis based upon the complexity of the qualifying project and the public benefit to be gained by allowing a longer or shorter period of time within which other proposals may be received; however, the timeframe for allowing other proposals must be at least 21 days, but no more than 120 days, after the initial date of publication. If approved by a majority vote of the responsible public entity's governing body, the responsible public entity may alter the timeframe for accepting proposals to more adequately suit the needs of the qualifying project. A copy of the notice must be mailed to each local government in the affected area.

3. **The unsolicited proposal addresses all project approval requirements.**

(4) PROJECT APPROVAL REQUIREMENTS. —An unsolicited proposal from a private entity for approval of a qualifying project must be accompanied by the following material and information, unless waived by the responsible public entity:

☒A description of the qualifying project, including the conceptual design of the facilities or a conceptual plan for the provision of services, and a schedule for the initiation and completion of the qualifying project.

☒A description of the method by which the private entity proposes to secure the necessary property interests that are required for the qualifying project.

Project approval requirements continued:

☒A description of the private entity's general plans for financing the qualifying project, including the sources of the private entity's funds and the identity of any dedicated revenue source or proposed debt or equity investment on behalf of the private entity.

☒The name and address of a person who may be contacted for additional information concerning the proposal.

☒The proposed user fees, lease payments, or other service payments over the term of a comprehensive agreement, and the methodology for and circumstances that would allow changes to the user fees, lease payments, and other service payments over time.

☒Any pricing or financial terms included in an unsolicited proposal must be specific as to when the pricing or terms expire.

Fort Pierce Utilities Authority

Memorandum

To:	FPUA Board
From:	John Tompeck, Director of Utilities
Date:	May 25, 2021
Subject:	Joint Meeting FPUA Board/City Commission to Discuss Aqualia Unsolicited Proposal for Relocation of the WRF

At the 5/18 Board meeting you were handed a package which contained a memo to the FPUA Board from the City Commission and a copy of the Aqualia unsolicited proposal for relocation of the WRF. The City Commission requested a joint meeting with the FPUA Board to discuss the proposal, and suggested meeting dates of 6/16 and 6/22. Subsequently I requested that you respond to Linda Cox on your availability for these dates.

Staff has reviewed the request and recommends the following:

- Discuss the public-private partnership (P3) concept at our next regularly scheduled Board meeting on June 15th so the Board will be adequately informed to determine if you wish to proceed with that concept.
- Proceed with the meeting with the City Commission. Solicit their thoughts on proceeding with a P3 as a parallel path to our established plan to relocate the plant in partnership with St. Lucie County.
- The joint meeting should focus on the P3 concept, including the pros and cons of a P3 approach but not whether FPUA should accept the unsolicited proposal from Aqualia.
- The Board should not discuss or evaluate specifics of the Aqualia proposal at the joint meeting. Doing so is premature in my opinion.
- Engage with our partners at the County to determine their interest in working with us should we proceed down this parallel path.

Discussed below is the background and rationale for each of these recommendations.

The City has been looking at the Aqualia proposal over the last several months. There has not been any discussion on the pros and cons of a P3 and how that fits in with our current plan to relocate the Water Reclamation Facility by partnering with St. Lucie County, which was presented to the City Commission on 3/8. Staff believes it would be beneficial to discuss this at a joint meeting with the City Commission.

In terms of evaluating the Aqualia proposal, a little background is necessary. Back in November when the subject first came up, I commented at the 11/16/20 City Commission meeting that it was inappropriate for the City to accept the Aqualia unsolicited proposal. The clear language of

the Charter, Article XII, Section 169 (a) states the "Authority (FPUA) shall have exclusive jurisdiction, control and management of the utilities of the City and all of its operations and facilities." That section goes on to note that "except as otherwise provided . . . the Authority shall be free from the jurisdiction, direction, and control of other city officers and of the City Commission." As you can see, the Charter provides FPUA with the exclusive authority and ultimate responsibility for the provision of utility services. That includes deciding whether acceptance of an unsolicited P3 proposal is appropriate and warranted under the circumstances, or whether the right course of action would instead be conducting an open and public request for proposals (RFP) for the project. Any decision made by the City Commission on this proposal is non-binding on FPUA and could have negative implications in regard to the progress FPUA has made toward relocating the WRF.

Florida Statute 255.065 discusses Public-Private partnerships. It specifically states that a "responsible public entity may receive an unsolicited proposals or may solicit proposals for a project and may thereafter enter into a comprehensive agreement with a private entity . . . for building, upgrading, operating, ownership or financing of facilities." The statute defines responsible public entity as "a county, municipality, school district . . . that serves a public purpose and is authorized to develop or operate a qualifying project." Based on the wording in the Charter, FPUA has exclusive authority to develop and operate the wastewater treatment plant and is the "responsible public entity" here. The City should not have accepted the Aqualia unsolicited proposal.

All that aside, if the Board would like us to pursue this path, we need to do it the right way to ensure that FPUA delivers the best and most economical solution for our customers and the City of Fort Pierce. Doing otherwise would be counter to FPUA's mission.

As a Board, we have not discussed the P3 concept. I'd like the opportunity for Staff to present that concept to you prior to the joint meeting. Once you understand it, you may decide to direct Staff to develop procurement documents to solicit bids, on a parallel basis to our established plan. I'm planning on a presentation at the board meeting on June 15th.

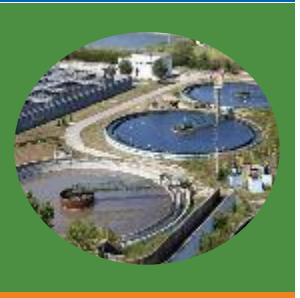
If the Board decides to pursue this route, we would need to develop a detailed scope document and specific requirements for a P3. In my opinion it is bad business practice to simply accept an unsolicited proposal of this magnitude without looking at, evaluating and considering other proposals. If we go in this direction, staff recommends the meeting with the City Commission should focus on the merits of pursuing a P3 as a parallel path. It would be premature for Aqualia to make a presentation at this juncture. It is possible that Aqualia may be hurting themselves competitively by doing so should we decide to pursue a formal request for proposals for the project.

We have been working with the County as a partner in moving the WRF. They should be included in all meetings and we should request the City to invite them to any joint meetings on this subject to determine if they would want to continue to partner with us using an alternate P3 approach.

Please contact me if you have any questions.

Thanks!

cc: R N Koblegard



FPUA
COMMUNITY PROUD

Public-Private Partnership – PPP

FPUA Board Meeting June 15, 2021

What is a PPP

The National Council for Public-Private Partnerships (NCPPP) defines a public-private partnership as:

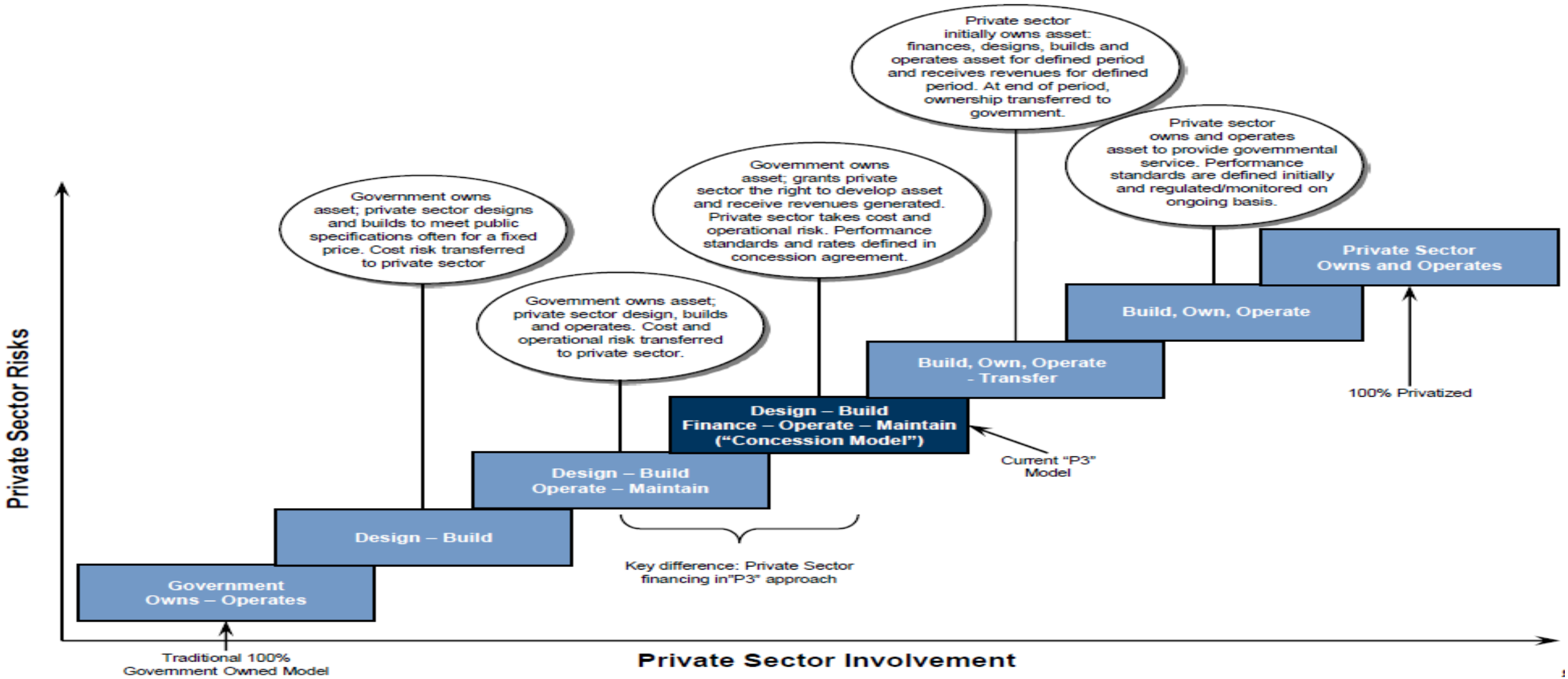
"A contractual agreement between a public agency (federal, state, or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and reward potential in the delivery of the service and/or facility."

Common PPP

- Highways
- Airports
- Railroads
- Bridges
- Tunnels
- Ports
- Tunnels
- Schools
- Prisons
- Dormitories
- Stadiums
- Water & WW Facilities

FPUA
COMMUNITY PROUD

Spectrum of Private Sector Risk and Involvement



Advantages

- Accelerated Time of Construction
- Reduced Management Overhead & Time
- Delegation of Risk
- Leverage Value of Land to Offset Construction Costs
  - Taxes
  - Sales Proceeds

Pitfalls

- Conflict of Priorities
- Principal Hires an Agent to Act in the Principal's Best Interest, but the Agent has a Conflicting Agenda
- Information Asymmetry - When the Agent is Better Informed Than the Principal it May Blur The Line of Responsibility
- Moral Hazards – Where Either Party Takes Excessive Risks Because the Other Party Bears The Burdon
- Separation of Ownership and Decision Making Rights

Unsolicited Proposals

Aqualia	**NewCo**
Profits from MWRF O&M	Profits from Redevelopment
Finances	Finances
Constructs	Constructs
New Technology	Technology TBD
Owns for 30 Yrs.	FPUA Owns
Operates with Private Employees	FPUA Operates
Leverage Cash Reserves	Property Sale Offset Debt
Taxes Offset Debt	Taxes Offset Debt

Where We Are Now

- **Plan A:** Partnership with Saint Lucie County
  - Interlocal Agreement
- **Plan B:** Proceed Independently with Option for Partnership
  - Raftelis/Hazen – Evaluate Rates
  - Update MWRF Design
  - Apply for State & Federal Grants
- **Plan C:** Public Private Partnership
  - Decide What PPP Structure is Right for FPUA Rate Payers
  - Request for Proposal

Procurement Requirements

- **255.065 F.S. authorizes municipal entities to enter into P3 projects (~2013)**
  - Statute includes requirements for how P3 projects are Procured, Approved, Qualified, and Financed.
  - Requires a Comprehensive Agreement
  - A "Responsible Public Entity" may solicit proposals or receive unsolicited proposals for a qualifying PPP project
- **The "Responsible Public Entity" is the public body authorized to develop & operate the project**
  - For Water/WW projects FPUA is the Responsible Public Entity (*Charter Art. XII, § 169*)

Procurement Requirements

- **Must follow FPUA procurement requirements**

- **Requires a competitive solicitation/RFP** (***Charter Art. XII, § 179)***
  - Design Specifications & Scope for the project
  - Must publicly announce the project - FPUA is accepting proposals (~21 days)
  - Advertise in Florida Administrative Register & Newspaper once a week for 2 weeks

- **Engineering Design & Construction**
  - Must Qualify Professional Services/Professional Engineer (per 287.055 F.S. *the CCNA*)
  - 255.065 requires Professional Review & Eval. of Design & Construction by P.E. (*throughout project)*

FPUA PPP

- Reutilization of Property to Offset Debt Service
- Delegation of Risk
- Accelerated Timeframe
- Low Interest Loan
- FPUA Oversees Construction
- FPUA Owns MWRF
- FPUA Operates MWRF

Conclusion & Discussion

- Wide range of arrangements -- one “size” does not fit all.
- Project delivery/service management tool -- they do *not* generate resources in and of themselves.
- Shift risks, accelerate projects, introduce innovations and bring efficiencies.
- Access new sources of capital -- but whether they are advantageous depends on the project.
- The P3 decision should be driven by suitability, not ideology.

David Seltzer, Mercator Advisors LLC, 9/18/2008

OUR PARTNERSHIP PROPOSAL HIGHLIGHTS

"SPEED- AFFORDABILITY- SUSTAINABILITY"

June 2021

OUR P3 PROPOSAL HIGHLIGHTS "SPEED- AFFORDABILITY- SUSTAINABILITY"

WHO WE ARE- AQUALIA IN A NUTSHELL

AQUALIA is a service water company. We work towards circular economy through Resilient and Sustainable Water Systems.

SHAREHOLDERS: 51% Citizen Services Group FCC- 49% Australian ethical fund IFM Investors

- **Revenues 2020: $1.44 Billion**
- **EBITDA 2020: $344 Million**
- **BACKLOG 2019: $18.25 Billion**

- **#1 water company in Spain** (1)
- **#4 water company in Europe** (1) (2)
- **#9 water company in the World** (1) (2)

10,525
Employees

17
Countries

29,662,500
Population served

15.7 M
Invoices issued / year

827
Reclaimed Water Treatment Plants

50,428 miles of managed networks

238
Drinking Water Treatment Plants

169,752
Million gallon/year Drinking water produced

26
Desalination Plants

(1) According to population served
(2) Source: March 2021 GWI ranking

OUR P3 PROPOSAL HIGHLIGHTS "SPEED- AFFORDABILITY- SUSTAINABILITY"

THE FCC GROUP IN FLORIDA

HILLSBOROUGH COUNTY:
Solid waste collection 8+4 year contract RECENTLY AWARDED.

FCC Environmental Services provides solid waste solutions to 1.5 million Floridians and nearly 8.5 million Americans.

VOLUSIA COUNTY:
Solid waste collection 7.5+7 year contract since 2020. 45,000 homes.

ORANGE COUNTY:
Solid waste collection 10 year contract since 2016. 85,500 homes.

POLK COUNTY:
Solid waste collection 7+3 year contract since 2017. 75,000 homes.

PALM BEACH:
Solid waste collection 7 year contract since 2019. 400,000 residents plus 5,000 commercial accounts.

VILLAGE OF WELLINGTON:
Solid waste collection 10+5 year contract starting Dec 2021. 65,000 residents plus 500 commercial accounts.

I-95 Toll Motorway
Section: SR112 South – SR826 North in Miami. COMPLETED April 2010

OUR P3 PROPOSAL HIGHLIGHTS "SPEED- AFFORDABILITY- SUSTAINABILITY"

HOW – PUBLIC PRIVATE PARTNERSHIP PROPOSED STRUCTURE

EQUITY SPONSOR
AQUALIA TEAM

Dividends

Equity

Grantor/Owner
City of Fort Pierce

Availability Payments

Site Lease/Concession Agreement

SPV
AQUALIA TEAM

Loan Payments

Loan Proceeds

*Municipal Bond Issuer

Debt service

Bond Proceeds

PABs Debt Holders

Subcontract

Subcontract

DB Contractor
AQUALIA WITH A TEAM OF LOCAL CONTRACTORS and Local Consultants.

Operator
AQUALIA with Actual Plant Operators

Starting when the plant is built and has pass all commissioning and start up tests:

Availability Payments *will include a fix payment (USD/month) to recover the investment and financial costs, fix payment (USD/month) to cover the fix O&M costs and a variable payment (USD/gallon/month) to cover mainly electricity and chemicals.*

Aqualia is willing to take the actual plant employees and even keep them as City Employees and provide them with training on the new advance technology and efficient operation practices. A Service Provider Contract with the City could be discussed and negotiated.

OUR P3 PROPOSAL HIGHLIGHTS "SPEED- AFFORDABILITY- SUSTAINABILITY"

WHEN – A NEW PLANT IN A RECORD TIME

PRELIMINARY CALENDAR FOLLOWING THE FLORIDA STATUTE

PRESENTATION OF THE UNSOLICITED PROPOSAL	ACCEPTANCE TO EVALUATE THE PROPOSAL	PUBLISH NOTICE IN FLORIDA ADMINISTRATIVE REGISTER	SOIL INVESTIGATION, ADDITIONAL ENGINEERING AND DESIGN TO COMPLY WITH CITY REQUIREMENTS AND NEGOTIATION PROCESS WITH THE CITY	PRESENTATION OF THE FINAL PROPOSAL AND SIGNATURE OF THE INTERIM AGREEMENT	DETAIL ENGINEERING WORK, PERMITTING AND NEGOTIATION OF THE FINAL AGREEMENT	FINANCIAL CLOSE, SIGNATURE OF THE P3 AGREEMENT & START OF CONSTRUCTION	START OF OPERATION	END OF THE P3 CONTRACT. PLANT IS TRANSFERRED TO THE CITY
	1			2		3	4	5

Key milestones:

- 1 Acceptance to evaluate our proposal by the City Commission and FPUA Commission.
- 2 Acceptance of the Proposal and Signature of the Interim Agreement
- 3 Signature of the P3 agreement and start of construction
- 4 Plant acceptance and Start of operation.
- 5 End of contract. Plant is transferred to the City at no cost and fully operational

NOTE: Milestones are tentative and should be modified to comply with the City and FPUA Commission meetings and decision-making procedures as well as COVID evolution.

OUR P3 PROPOSAL HIGHLIGHTS "SPEED- AFFORDABILITY- SUSTAINABILITY"

OUR AFFORDABILITY SOLUTION IN 5 STEPS

Selection of Aqualia as partner for the WRF Relocation Project and signature of the initial Interim agreement and the P3 agreement

Aqualia takes care of the Design, Construction, Finance and Operation and Maintenance of the Water Reclamation Facility.

Oct 2024: Start of Operation. City starts availability payments to Aqualia:

1. A fix fee to cover the investment
2. The O&M costs that includes a fix fee for the O&M fix costs and a variable fee for the variable O&M costs

The City gets **extra income** from the selling of **reuse water** while augmenting water resources. City starts a solicitation process for the selling/lease of the existing plant.

Second year of operation.
The City continues to pay Aqualia the fix fee to cover the investment, the fix O&M fee and the variable O&M fee, all fees affected by their corresponding price adjustment formulas**.**

The City gets the **income from selling/leasing the old plant. Estimated in $30Million** if sold. The City would decide to use that income to subsidize the sewer rates or any other needs of the City

Extra income from the taxes from the economic growth development.

A NEW "STATE-OF-THE-ART" WATER RECLAMATION FACILITY

"Oct 2026 till Oct 2054"
The City Pays Aqualia the fix fee to cover the investment, the fix O&M fee and the variable O&M fee.

Extra income could be used to benefit the citizens and compensate any potential need for sewer tariff increase.

FIGURES COMPARISON

	AQUALIA PARTNERSHIP PROPOSAL MILLION USD	RAFTELIS/Hazen and Sawyer REPORT MILLION USD
CONSTRUCTION COST	**80**	**104**
OPERATING EXPENSES	3.09	2.88
LABOR	1.16	1.25
POWER	0.54	0.61
CHEMICALS	0.13	0.24
SLUDGE	0.59	0.59
REPAIRS & MAINTENANCE	0.39*	0.09**
ADMIN/OTHERS	0.28***	0.10

All costs are estimates to be agreed and revised together with the City, especially Maintenance and Admin.
* All replacements included for the 30-year contract period.
** Considered too low to keep the plant in good shape.
*** $700,000 premium insurance NOT INCLUDED.

OUR P3 PROPOSAL HIGHLIGHTS "SPEED- AFFORDABILITY-SUSTAINABILITY"

Thank you for your attention

Eva Arnaiz
earnaizg@aqualia.com
www.aqualia.com

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