

Legal Advice Department, key assistance and support throughout Aqualia's expansion

Elena Barroso | Director of Aqualia's Legal Advice Department

Aqualia's international expansion strategy entails the expansion of many of the responsibilities of its departments, including the Legal Advice Department of which Elena Barroso is the Director. We chatted to her about the performance of the Legal Advice Department, her contribution to the company's decision-making processes, about regulations and artificial intelligence, among other topics.

The legislation is a constantly changing framework, which is joined by the measures to control and drive the mitigation of the negative impacts of climate change, which are also an engine for the constant adaptation of such laws. We discuss this with Elena Barroso, Director of Aqualia's Legal Advice Department.

Attention to governance is becoming more and more important every day, partly due to the momentum of ESG factors that shed light and expand upon its importance. To what extent does the role of the Legal Advice Department facilitate governance within an organisation? What role does the Department play in corporate governance and ensuring the company's ethical values are upheld?

A company's Legal Advice Department plays an essential role in terms of governance. The Board of Directors must be the main advocate of corporate governance. Therefore, the Legal Advice Department is one of the company's basic

pillars to guarantee sustainability and long-term financial stability, through its work of advising the company's Senior Management.

Moreover, our day-to-day work is seen in the participation in projects where our goal is to ensure compliance with the regulations in each country, but always in balance with the protection of the company's interests, both economically, in terms of growth, and, of course, while respecting the company's ethical values and reputation in the regions in which it operates.

From this standpoint, it is worth noting that we not only provide advice, which responds to a more technical process, but we also accompany, something that in a certain way has a more precise and profound meaning of our work. In other words, accompanying means being clear not only about where the legal red lines are, but also means providing advice to choose the optimum strategy, the optimal tools, to maximise the achievement of Aqualia's objectives and, of course, those of all of our stakeholders.

Aqualia is governed by the highest possible standards of excellence. In line with this, we ensure that the Legal Advice Department provides the necessary advice to strengthen actions, competitiveness and, above all, decisions. The Legal Advice Department establishes the legal basis that facilitates decision-making.

Conscious decisions

Essential pillar

This point is crucial with regard to the degree of involvement of the Department since any decision-making process in a company must be associated with an in-depth understanding of the current laws. Something that is becoming more and more relevant when we are talking about a company like Aqualia, which operates in 18 countries, in regions with their own specific laws and geopolitical idiosyncrasies. How is performance managed?

We participate in the decisions – we provide support, as mentioned above – and, although not in every single one of them, because of the many areas and departments, we participate in the key decisions in which legal aspects are of utmost importance. To a certain extent, we force ourselves to go beyond the academic aspect to focus on more practical work, something that is also an element that would add to the concept of accompaniment.

We are aware of the magnitude that our international expansion strategy entails – given that the foreign EBITDA is almost comparable to our performance in Spain –, which is a direct challenge for our Legal Advice Department. However, we have many tools to achieve these goals. For example, we hire experts in certain legal areas according to the activities we carry out in



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each country in which we are present. When any decision is made, we provide advice from Aqualia's point of view, and we assess the alternatives and strategies that seem most advisable, based on the risks, transferring them to the different Committees and Senior Management.

All in all, good corporate governance is key to facilitating informed decision-making by the

management team, but it is also a job that increasingly involves areas like the Legal Advice Department. After all, making conscious decisions promotes sustainability and generates long-term value. We work hand-in-hand throughout the process.

To clarify this very interesting point regarding the Legal Advice Department's work approach and the implications of Aqualia's international expansion, could you describe this role a little more? What mechanisms does the Department have to guarantee compliance in each of the regions in which Aqualia is present?

Multinationals must learn to be flexible, understand the regions in which they operate, and adapt their decisions to the specific characteristics of each region. This demonstrates that international activity may make the business structure more complex in appearance, but it is not an obstacle to ensuring good performance, quite on the contrary, it diversifies and enriches it. This Department takes care of every detail so the impact of each matter on the company's strategic lines is optimal.

In other words, the Department studies the specific circumstances of each country, measuring the company's involvement in the legal environment. Therefore, the actions vary depending on the country in which Aqualia operates and the work approach may be different, according to the contractual relationships. For example, there is a systemic difference regarding whether the country is a member of the European Union or not. If it is not a member, a Legal Advice Department is created in most cases. In other cases, such as in the case of Georgia, where the original company already had one, we maintain and integrate this Department with our own Legal Advice Department. On the contrary, in the case of Colombia, we have created a Legal Advice Department from scratch and, as of today, the Department is already made up of eight lawyers. The Legal Advice Department in the Czech

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Republic has two lawyers. In addition, we have a panel of law firms that have branches across the world. That is, we adapt the requirements for personnel in our Legal Advice Departments depending on the circumstances, such as the geopolitical and regulatory risks of each region.

In Europe, we benefit from the fact that all regulations and standards regarding procurement procedures are based on community directives. For example, in France, there was no need to create a specific department, which is managed from Madrid with specific support from experts there. However, each case is different. In Italy, which has specific projects with specific characteristics, an *ad hoc* department was created, because we felt that there was a need and demand for it to facilitate the legal management of all processes.

Regulation

Ongoing progress

How is your Department managing the considerable increase in regulations in general, and even more so in terms of everything aimed at alleviating the effects of climate change, especially those imposed by the European Union?

Increased regulation in ESG areas is here to stay. Large corporations are starting to embrace the concept of ESG by creating specific ESG committees, due to the need to provide a response to trends on these matters, increasingly strict European regulations, and the requirements of investors and financial institutions to ensure compliance with the values and principles of ESG.

It is for the above reasons that Aqualia has established the necessary procedures to anticipate to change. With regard to Spain, constant regulatory changes are a reality we are constantly handling. This also happens with European Union regulations. To address this, all of Aqualia's Departments adhere to the relevant regulations, based on their experience, which does not prevent the Legal Advice Department from providing the advice and support they need at any time.

A good understanding of the regulations is an added value for national and international institutional clients, who may receive our advice on different matters, such as water laws, to anticipate regulatory changes. Examples of this?

In fact, representatives of the Georgian government asked us for help to develop a national Water law before entering the list of applicants to become an EU member country, which would be in line with the requirements of the European Union on all matters related to the environment. Georgia has very rich water resources, but with very important environmental challenges ahead.

We were able to provide them with the necessary advice, after analysing and assessing the different criteria, based on our extensive experience and with the knowledge of Spanish experts on Water regulations, which are very technical from an environmental point of view. It is worth noting that very few professionals specialise in this area, since a good understanding of these laws requires strong technical training. This boosted the value of the support provided by Aqualia, which was highly appreciated by the Georgian bodies.

This pattern of support and regulatory knowledge also appears in other areas and is an aspect that provides quality assurance in the daily practice of customer relations.

Finally, with a more general and medium to long-term perspective, how do you see the integration of emerging technologies, such as artificial intelligence, in the legal area, especially in the context of information management?

Knowledge and the associated document management procedures are key and at the core of the development and progress of Legal Advice Departments. For this reason, we are always on the lookout for the advances brought about by new technologies. In fact, we believe that artificial intelligence could be of great help, especially when it comes to dealing with the huge amount of information that we handle on a daily basis.

However, in our opinion, we have not yet found a specific tool that effectively facilitates management in this area and meets our demanding standards, which are very high. Something that does not stop us from constantly studying new possibilities. Technological innovation is constantly changing and is reformulated according to social circumstances, as in the case of legislation.