

**Audit Report on Financial Statements
issued by an Independent Auditor**

**FCC Aqualia, S.A. and Subsidiaries
Consolidated Financial Statements and
Consolidated Directors' Report
for the year ended
December 31, 2021**



AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 27)

To the shareholders of FCC Aqualia, S.A.:

Opinion

We have audited the consolidated financial statements of FCC Aqualia, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2021 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Recognition of unbilled accrued revenue from water supply contracts

Description One of the Group's main activities is the supply of water to its customers, the scheduled billing for this service is stipulated in each contract and based on readings of customer water consumption.

“Trade and other receivables” on the consolidated balance sheet as at 31 December 2021 includes 99.163 thousands of euros relating to unbilled revenue recognized as revenue from this service at the relevant reporting date.

Unbilled accrued revenue from supplied water is recognized and measured by estimating the volume of consumed water from the date of the last meter reading up to the reporting date, this requires that Parent’s Management make judgments and assumptions regarding these estimates.

Given the complexity of making the estimates to determine customer consumption referred to above, and due to the relevance of the amount unbilled recognized as revenue as at 31 December 2021, we determined this to be a most relevant audit issue.

The information related to the valuation policies and principal assumptions applied when determining the volumes of water consumed from the date of the last meter reading up to the reporting date, as well as disclosures related to the amounts pending to be billed, is provided in Notes 2.d)16, 2.d)17 and 11.a) of the accompanying consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- ▶ Understanding the process designed by Parent’s Management to recognise unbilled accrued revenue from water supply, assessing the design and implementation of the relevant controls in place in that process, and verifying the operating effectiveness of those controls in collaboration with our information system specialists.
- ▶ Selecting a sample of contracts obtained from reports quantifying completed work pending to be billed prepared by the service managers in charge of operations to evaluate the reasonableness of Parent’s Management assumptions in connection with these estimates.
- ▶ Assessing the reasonableness of the unbilled revenue amounts recorded for a selected sample of contracts, considering trends observed in comparable prior years.
- ▶ Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

Other matters

On March 26, 2021, other auditors issued their audit report on the 2020 consolidated financial statements, in which they expressed an unmodified opinion.

Other information: consolidated directors' report

Other information refers exclusively to the 2021 consolidated directors' report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility for the consolidated directors' report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the consolidated non-financial statement has been provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the consolidated directors' report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated directors' report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated directors' report is consistent with that provided in the 2021 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company's directors for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

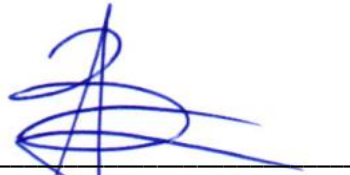
- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the directors of the parent company, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)



Alfonso Balea López
(Registered in the Official Register of
Auditors under No. 20970)

10 March 2022

**FCC Aqualia, S. A.
and subsidiaries**

**Consolidated Financial Statements
2021**

CONSOLIDATED FINANCIAL STATEMENTS

- Financial Statements
 - Consolidated balance sheet
 - Consolidated profit and loss account
 - Consolidated statement of comprehensive income
 - Consolidated statement of changes in equity
 - Consolidated Statement of Cash Flows
 - Consolidated Annual Report

- Annex I: Fully consolidated subsidiaries
- Annex II: Proportionately consolidated joint operations.
- Annex III: Joint ventures accounted for using the equity method
- Annex IV: Temporary Joint Ventures
- Annex V: Changes in the scope of consolidation

CONSOLIDATED MANAGEMENT REPORT

FCC AQUALIA, S.A. AND SUBSIDIARIES			
(CONSOLIDATED GROUP)			
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020 (in thousands of euros)			
	ASSETS	2021.12	2020.12
NON-CURRENT ASSETS		2,595,915	2,541,972
Intangible assets (note 4)		889,339	870,909
Concessions		791,536	774,359
Goodwill		85,305	85,305
Other intangible assets		12,498	11,245
Property, plant and equipment (note 5)		489,862	456,511
Land and buildings		87,592	85,016
Plant and equipment and other tangible fixed assets		402,270	371,495
Investments in associates and jointly controlled entities (note 7)		67,966	68,269
Non-current financial assets (note 9)		1,117,636	1,115,194
Deferred tax assets (note 18)		31,112	31,089
CURRENT ASSETS		1,107,069	901,514
Inventories (note 10)		34,218	37,449
Trade and other receivables		387,845	283,235
Trade receivables for sales and services (note 11)		307,491	190,210
Other receivables (note 11)		79,842	92,826
Current tax assets		512	199
Other current financial assets (note 9)		78,684	90,251
Other current assets		4,399	4,458
Cash and cash equivalents (note 12)		601,923	486,121
TOTAL ASSETS		3,702,984	3,443,486

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated financial statements for the financial year 2021

FCC AQUALIA, S.A. AND SUBSIDIARIES			
(CONSOLIDATED GROUP)			
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020 (in thousands of euros)			
LIABILITIES	2021.12	2020.12	
SHAREHOLDERS' EQUITY (note 13)	810,664	726,720	
Equity attributable to the parent entity	660,045	594,229	
Shareholders' Equity	676,101	620,697	
Capital	145,000	145,000	
Share premium and reserves	416,014	366,033	
Profit for the year attributable to the parent company	115,087	109,664	
Valuation Adjustments	(16,056)	(26,468)	
Non Controlling interests	150,619	132,491	
NON-CURRENT LIABILITIES	1,162,409	2,048,129	
Grants (note 17)	38,719	44,364	
Non-current provisions (note 15)	198,499	140,026	
Non-current financial liabilities (note 14)	868,744	1,812,827	
Bonds and other negotiable securities	647,924	1,551,520	
Amounts owed to credit institutions	97,753	133,074	
Other financial liabilities	123,067	128,233	
Deferred tax liabilities (note 18)	52,867	47,148	
Other non-current liabilities	3,580	3,764	
CURRENT LIABILITIES	1,729,911	668,637	
Current provisions (note 15)	13,961	13,274	
Current financial liabilities (note 14)	1,189,076	93,936	
Bonds and other negotiable securities	934,530	17,762	
Amounts owed to credit institutions	213,588	18,787	
Other financial liabilities	40,958	57,387	
Trade and other accounts payable	521,136	555,388	
Suppliers	221,736	226,390	
Other payables (note 16)	291,512	325,983	
Current tax liabilities	7,888	3,015	
Other current liabilities	5,738	6,039	
TOTAL LIABILITIES AND EQUITY	3,702,984	3,443,486	

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated financial statements for the financial year 2021

FCC AQUALIA, S.A. AND SUBSIDIARIES		
(CONSOLIDATED GROUP)		
CORRESPONDING CONSOLIDATED PROFIT AND LOSS ACCOUNT		
FOR THE YEAR ENDED 31 DECEMBER 2021 and 2020 (in thousands of euros)		
	2021.12	2020.12
Revenue (note 20)	1,169,450	1,188,348
Work carried out by the company on its assets (note 5)	25,826	21,103
Other operating income (note 20)	47,559	39,731
Change in stocks of finished goods and work in progress	147	(6)
Supplies (note 20)	(446,881)	(474,435)
Staff expenses (note 20)	(316,011)	(309,205)
Other operating expenses	(181,179)	(182,606)
Depreciation of fixed assets (notes 4 and 5)	(123,875)	(120,813)
Allocation of grants for non-financial fixed assets and others	2,855	3,037
Impairment and gains/losses on disposal of fixed assets	2,638	1,081
Other results	789	1,176
OPERATING INCOME	181,318	167,411
Financial income (note 20)	36,927	37,940
Financial expenses (note 20)	(49,211)	(47,405)
Exchange rate differences	1,660	(2,926)
Impairment and gains or losses on disposals of financial instruments	(1,993)	400
FINANCIAL RESULT	(12,617)	(11,991)
Result of entities accounted for using the equity method (note 7)	2,815	1,707
PROFIT BEFORE TAX FROM CONTINUED OPERATIONS (note 18)	171,516	157,127
Income tax (note 18)	(42,860)	(33,338)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	128,656	123,789
CONSOLIDATED RESULT FOR THE YEAR	128,656	123,789
Profit attributable to non controlling interests (note 13)	13,569	14,125
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY	115,087	109,664

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated financial statements for the financial year 2021

FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)

CORRESPONDING CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2021 AND 2020 (in thousands of euros)

	2021.12	2020.12
Consolidated profit for the year	128,656	123,789
Income and expenses recognised directly in equity	18,059	(43,356)
For cash flow hedges	5,109	(2,864)
Conversion differences	12,116	(42,026)
Actuarial gains and losses and other adjustments	208	142
Entities accounted for using the equity method	1,447	346
Tax effect	(821)	1,046
Transfer to the profit and loss account	-	1,835
Cash flow hedges	-	434
Entities accounted for using the equity method	-	1,369
Conversion differences	-	32
Total recognised income/(expenditure)	146,715	82,268
a) Attributed to the parent entity	125,702	95,698
b) Attributed to minority interests	21,013	(13,430)

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated financial statements for the financial year 2021

FCC AQUALIA, S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021 AND 2020 (in thousands of euros)

	Social capital	Share premium and reserves	Profit for the year attributable to the parent company	Valuation Adjustments	Equity attributable to the parent entity	Non-Controlling interests	Total Equity
	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	
Balance at 01.01.2020	145,000	255,025	110,529	(11,399)	499,155	141,809	640,964
Total recognised income/(expenditure)	-	63	109,664	(14,029)	95,698	(13,430)	82,268
Transactions with partners or owners	-	111,108	(110,529)	(71)	508	4,947	5,455
Profit distribution	-	110,529	(110,529)	-	-	(21,602)	(21,602)
Other transactions with shareholders or owners (Note 13)	-	579	-	(71)	508	26,549	27,057
Other changes in equity	-	(163)	-	(969)	(1,132)	(835)	(1,967)
Balance as at 31.12.2020	145,000	366,033	109,664	(26,468)	594,229	132,491	726,720
Total recognised income/(expenditure)	-	353	115,087	10,263	125,703	21,013	146,716
Transactions with partners or owners	-	49,664	(109,664)	-	(60,000)	(1,189)	(61,189)
Dividend distribution	-	(60,000)	-	-	(60,000)	(1,198)	(61,198)
Other transactions with shareholders or owners (Note 13)	-	109,664	(109,664)	-	0	9	9
Other changes in equity	-	(36)	-	149	113	(1,696)	(1,583)
Balance at 31.12.2021	145,000	416,014	115,087	(16,056)	660,045	150,619	810,664

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated financial statements for the financial year 2021

FCC AQUALIA, S.A. AND SUBSIDIARIES		
(CONSOLIDATED GROUP)		
CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2021 AND 2020 (in thousands of euros)		
	2021.12	2020.12
Profit before tax from continuing operations	171,516	157,127
Adjustments to profit before tax	111,138	116,036
Depreciation of fixed assets (Notes 4 and 5)	123,875	120,813
Changes in value, impairment and gain or loss on disposal of fixed assets	(2,638)	(1,081)
Other adjustments to profit or loss (net)	(10,099)	(3,696)
Changes in working capital	(154,894)	(12,079)
Other cash flows from operating activities	(32,522)	(37,432)
Dividend collections	1,582	2,688
Income tax receivables/(payables)	(34,104)	(34,655)
Other operating activities receipts/(payments)	-	(5,465)
CASH FLOWS FROM OPERATING ACTIVITIES	95,238	223,652
Investment payments	(107,109)	(146,586)
Group companies, associates and business units	(7)	(16,746)
Property, plant and equipment and intangible assets	(95,760)	(112,002)
Other financial assets	(11,342)	(17,838)
Divestment proceeds	20,349	12,512
Group companies, associates and business units	5,034	-
Property, plant and equipment and intangible assets	11,033	4,420
Other financial assets	4,282	8,092
Other cash flows from investing activities	74,555	58,235
Interest charges	37,625	36,654
Other receipts/(payments) from investing activities	36,930	21,581
CASH FLOWS FROM INVESTING ACTIVITIES	(12,205)	(75,839)
Proceeds and (payments) for equity instruments	(72)	54
Issue/(redemption)	(72)	54
(Acquisition)/disposal of own securities	-	-
Receivables and (payments) for financial liability instruments	144,782	(36,481)
Issuance	203,462	8,788
Repayment and amortisation	(58,680)	(45,269)
Dividend and remuneration payments on other equity instruments	(72,014)	(4,545)
Other cash flows from financing activities	(42,686)	(42,512)
Interest payments	(45,411)	(43,186)
Other receipts/(payments) from financing activities	2,725	674
CASH FLOWS FROM FINANCING ACTIVITIES	30,010	(83,484)
EFFECT OF EXCHANGE RATE AND OTHER CHANGES	2,759	268
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	115,802	64,597
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	486,121	421,524
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (note 12)	601,923	486,121

The accompanying notes 1 to 27 and appendices I to V are an integral part of the consolidated financial statements for the financial year 2021

CONSOLIDATED ANNUAL REPORT FOR THE FINANCIAL YEAR 2021

1. GROUP ACTIVITY

FCC Aqualia, S.A. (hereinafter the Parent or FCC Aqualia) was incorporated in Logroño on 26 May 1980 under the name Seragua, S.A. In June 1988 it moved its registered office to Madrid and in July 2002 it adopted the name "Aqualia Gestión Integral del Agua, S.A.". On 2 April 2014, the agreement to change the company name to FCC Aqualia, S.A. was made public.

The FCC Aqualia Group is made up of the Parent Company and a group of national and international investee companies whose main activity is related to the integral water cycle and which are described in more detail below:

- The management of the integral water cycle includes the collection, transport, treatment and distribution of water from wells, river basins and desalination plants to urban centres by means of pumping systems, piping, distribution networks and complex water treatment facilities for its purification and storage. Once used, it is collected through sewage networks and taken to treatment plants, where the water is treated before being returned to its natural environment.

The integral water cycle requires the conservation and maintenance of both water and sewerage networks and water treatment and purification plants, the maintenance and repair of electrical, electronic and plumbing equipment and installations, among others. All these works result in the detection of leaks in the networks and better use of water.

The process is completed with the performance of technical, administrative and IT work for customer management, such as meter reading, billing and collection of bills from subscribers and the customer service centre.

- The construction, installation, operation, maintenance, management, repair, purchase, sale and development, for its own account or for the account of others, of all kinds of stations, plants and equipment for the treatment, recovery or elimination of waste, and water purification and of all those installations whose purpose is the treatment thereof.

The Temporary Joint Ventures in which the FCC Aqualia Group participates carry out the same activity and are listed in ANNEX IV.

The Parent Company also has interests in companies whose corporate purpose and activities are similar to its own. Details of fully consolidated companies, proportionately consolidated companies and companies accounted for using the equity method are shown in APPENDICES I, II and III, respectively.

The Group is part of FCC's Integral Water Management Division, whose parent company is Fomento de Construcciones y Contratas, S.A., with registered offices at C/ Balmes, 36, Barcelona.

During 2018, Fomento de Construcciones y Construcciones, S.A., until then the sole shareholder of FCC Aqualia, S.A., sold 49% of its share capital to Global Infraco Spain, S.L.U., owned by the investment fund IFM Global Infrastructure Fund, sold 49% of its share capital to Global Infraco Spain, S.L.U., owned by the investment fund IFM Global Infrastructure Fund, with the FCC Group retaining the majority of the voting rights at the General Shareholders' Meeting and on the Board of Directors, and therefore control of FCC Aqualia, S.A. The FCC Group also incorporated two companies (FCC TOPCO, S.a.r.l and its subsidiary FCC MIDCO, S.A), contributing to the latter 10% of the shares held by the FCC Group in FCC Aqualia, S.A. and pledged as security for certain obligations assumed by FCC with IFM under the shareholders' agreement signed by the latter in relation to its investee FCC Aqualia, S.A.

2. REGULATORY FRAMEWORK, BASIS OF PRESENTATION, CONSOLIDATION PRINCIPLES AND VALUATION RULES

(a) Basis of presentation

The accompanying consolidated financial statements for the year ended 31 December 2021 have been prepared by the Parent Company's management in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) at the reporting date, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as all the provisions and interpretations implementing it.

The consolidated financial statements of FCC Aqualia for the financial year 2020 were approved by the General Meeting of Shareholders of the Company on 29 March 2021

The consolidated financial statements at 31 December 2021 have been prepared on the basis of the accounting records of FCC Aqualia, S.A. and its investees. These records, which are determined in accordance with the local regulations applicable in each case, have been adjusted to IFRS by each of the companies comprising the Group in accordance with the operating procedures and systems established by the Group, which enable consolidation to be carried out and justified in compliance with the requirements of IFRS.

The consolidated financial statements of FCC Aqualia Group at 31 December 2021 have been prepared to give a true and fair view of the consolidated equity and financial position at 31 December 2021, and of the results of operations, changes in consolidated equity and consolidated cash flows of the Group for the year then ended.

In order to present the various items comprising these financial statements for 31 December 2021 on a uniform basis, uniform accounting criteria have been applied to the financial statements of the companies included in the scope of consolidation. The closing date of the financial statements of the companies included in the scope of consolidation was generally the same as that of the parent company, i.e. 31 December.

The consolidated financial statements for the financial year 2021 incorporate for comparative purposes the figures for the financial year 2020.

The consolidated financial statements for the financial year 2021 do not include changes in accounting estimates or corrections of fundamental errors from previous years.

Furthermore, the consolidated financial statements are expressed in thousands of euros as this is the main currency in the environment in which the Group operates.

b) Changes in accounting policies.

Standards and interpretations issued but not in force

The Group intends to adopt the standards, interpretations and amendments to standards issued by the IASB, which are not mandatorily applicable in the European Union at the date of preparation of these consolidated financial statements, when they come into force, if applicable. Although the Group is currently analysing their impact, based on the analyses performed to date, the Group estimates that their initial application will not have a significant impact on its consolidated financial statements.

Significant standards and interpretations applied in the financial year 2021

The standards and interpretations applied in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2020, as none of the standards, interpretations or amendments that are applicable for the first time in this financial year have had an impact on the Group's accounting policies.

c) Principles of consolidation

Dependent entities

Subsidiaries are defined as entities over which the Company has the ability to exercise effective control; this ability is generally evidenced by the existence of three elements that must be satisfied: power over the investee, exposure or rights to variable returns from the investment and the ability to use that power to affect the amount of those returns.

The financial statements of subsidiaries are fully consolidated with those of the Company. Consequently, all significant balances and effects of transactions between consolidated companies have been eliminated on consolidation.

On acquisition of a subsidiary, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition that gives rise to the acquisition of control in accordance with IFRS 3- Business Combinations. Any excess of the cost of acquisition over the fair values of the identified net assets is recognised as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets, the difference is taken to profit or loss on the acquisition date.

The results generated by companies acquired in a financial year are consolidated taking into account only those relating to the period between the date of acquisition and the end of that financial year. At the same time, the results generated by companies disposed of in a financial year are consolidated taking into account only those relating to the period between the beginning of the financial year and the date of disposal.

In addition, the non-controlling interest is stated at the proportion of the fair values of the non-controlling's recognised assets and liabilities.

The share of third parties in the equity of their investees is presented under "Non-controlling interests" in the consolidated balance sheet within the Group's equity. Similarly, their share in the profit for the year is presented under "Profit attributable to non-controlling interests" in the consolidated income statement (see note 13).

The subsidiaries listed in Appendix I have been fully consolidated using the full consolidation method.

Joint operations

Joint arrangements are those where the investee company is managed by a Group company and one or more third parties and where the parties act jointly to direct the relevant activities and where decisions on such relevant activities require the unanimous consent of the parties.

Joint operations are joint arrangements where it has been concluded that the venturer has direct rights and obligations for its proportionate share of the assets and liabilities of the arrangement.

The financial statements of joint ventures are consolidated with those of the Company using the proportionate consolidation method, so that the aggregation of balances and subsequent eliminations take place only in the proportion that the Group's interest represents in relation to the capital of these entities.

The assets and liabilities of operations are presented in the consolidated balance sheet classified according to their specific nature. Similarly, income and expenses arising from joint operations are presented in the consolidated income statement according to their specific nature.

Consolidation has been carried out using the proportionate consolidation method for the joint ventures listed in Annexes II and IV.

Equity method

In the consolidated financial statements, associates and joint ventures (joint arrangements giving entitlement to the net assets of the arrangement) are accounted for using the equity method, i.e. at the proportion of their net assets represented by the Group's interest in their equity, after taking into account dividends received therefrom and other equity eliminations.

The value of these holdings in the consolidated balance sheet implicitly includes, where appropriate, the goodwill arising on their acquisition.

When the Group's investment in associates has been reduced to zero, additional implicit obligations, if any, in subsidiaries accounted for using the equity method are recognised under "Non-current provisions" in the consolidated balance sheet.

Consolidation has been carried out using the equity method for the joint ventures listed in Appendix III.

Transactions between Group companies

In transactions between consolidated companies, the results of internal operations are eliminated and deferred until they are carried out with third parties outside the Group.

Work carried out by the Group on its own fixed assets is recognised at production cost and intra-group results are eliminated.

Receivables and payables corresponding to subsidiaries and, in the corresponding proportion, those between subsidiaries and joint ventures, as well as internal income and expenses in the consolidated companies as a whole, have been eliminated from the consolidated financial statements.

Homogenisation

The consolidation of the entities included in the consolidation perimeter has been carried out on the basis of their individual financial statements, which are prepared at 31 December in accordance with the Spanish General Accounting Plan for companies resident in Spain and in accordance with their own local regulations for foreign companies. All significant adjustments necessary to adapt them to International Financial Reporting Standards and/or to homogenise them with the Group's accounting criteria have been considered in the consolidation process.

Changes in the scope of consolidation

The changes in the scope of consolidation during FY2021 and FY2020 are presented in Appendix V. The results of these companies are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

In the notes to the consolidated financial statements, under the heading "Changes in the scope of consolidation", the impact of additions and disposals of companies in the scope of consolidation is shown in the corresponding movements in the notes to the consolidated financial statements.

(d) Valuation rules

The valuation standards applied in the preparation of the consolidated financial statements for FY2021 of the FCC Aqualia Group are detailed below:

d. 1 Concessions: Service Concession Arrangements (IFRIC 12)

Concession contracts are agreements between a public granting entity and FCC Aqualia Group companies to provide public drinking water distribution services, construction and operation of hydraulic infrastructures and others. The income derived from the provision of the service may be received directly from users or sometimes through the granting entity itself, which regulates the prices for the provision of the service.

The concessionary right generally entails the exclusive right to operate the service granted for a specific period of time, after which the infrastructure affected by the concession necessary for the development of the service reverts to the granting entity, generally without consideration. It is a necessary characteristic that the concession contract contemplates the management or operation of the aforementioned infrastructure. Likewise, a common feature is the existence of acquisition or construction obligations for all those elements that are necessary for the provision of the concession service throughout the life of the contract.

When the characteristics of the standard are met, the aforementioned concession contracts are recorded in accordance with IFRIC 12 "Service Concession Arrangement", which highlights two clearly differentiated phases, a first phase in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress of the agreement with a balancing entry in an intangible or financial asset and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure that are recognised in accordance with IFRS 15 "Revenue from Contracts with Customers".

The recognition of an intangible asset occurs when the risk of demand for the service is assumed by the concessionaire. Conversely, if the risk of demand for the service is assumed by the grantor, a financial asset is recognised. Amounts paid as concession fees are also recognised as intangible assets.

Concessions classified as intangible assets recognise provisions for dismantling, removal or refurbishment at the start of the concession term as an increase in the value of the asset, as well as any capacity improvement or expansion measures whose revenues are provided for in the initial contract, and the amortisation of these assets and the discounting of these provisions are taken to profit or loss. Provisions for infrastructure replacement and repair work are systematically recognised in profit or loss as the obligation is incurred.

Interest arising from the financing of the infrastructure is recognised in profit or loss and capitalised when it accrues during the construction and until the infrastructure is brought into operation, only in the intangible asset model.

Amortisation of the recognised intangible asset is provided on a straight-line basis over the life of the concession.

Concessions classified as financial assets are recognised at the fair value of the construction services or improvements provided. In accordance with the amortised cost method, the corresponding income is recognised in profit or loss at the effective interest rate resulting from forecasts of the concession's payment and collection flows.

d.2 Business combinations and goodwill

The assets and liabilities of the companies and subgroups acquired are recognised in the consolidated balance sheet at fair value and the related deferred taxes are deducted. However, in accordance with the regulations, the aforementioned valuation as well as the allocations to the various asset and liability items initially made may be revised within twelve months of the acquisition date, provided that there is new information to be considered.

The date of inclusion in the scope of consolidation is the date on which effective control is obtained, which normally coincides with the date of acquisition.

Non-controlling interests are valued at their proportionate share of the assets and liabilities of the acquired company.

In the event that control of a business combination is taken in stages in more than one transaction (successive purchases), the difference between the fair value at the date of the takeover of the previous interest and the carrying amount of this interest is recognised as operating profit or loss.

Once control of an investee is obtained and until control is lost, the difference between the amount of any additional purchase or sale of an interest and its carrying amount is taken to equity.

Goodwill is recognised at the positive difference between (a) the sum of the fair value of the consideration transferred for the interest acquired and the fair value at the date of acquisition of the previously held interest in the case of a step acquisition and (b) the percentage of the interest acquired over the fair value of the identifiable assets and liabilities.

Goodwill is not amortised, but is tested for impairment at least at the end of each reporting period to write it down to the lower of its recoverable amount, estimated on the basis of expected cash flows, or acquisition cost, less any impairment losses incurred in prior years. The accounting criteria applied in determining impairment are set out in note 2.d.5. The assumptions used in calculating the impairment test are set out in Note 4.

d.3 Other intangible assets

In this standard we refer to the remaining intangible asset items that are not included in the previous standards on service concession arrangements and goodwill.

These fixed assets include computer software, which is stated at acquisition cost less accumulated depreciation and impairment losses, if any. Depreciation is provided on a straight-line basis over their estimated useful life of four years.

d.4 Tangible fixed assets

Property, plant and equipment are initially recognised at acquisition cost and are subsequently reduced by the related accumulated depreciation and impairment losses, if any, as established in note 2.d.5. The cost of property, plant and equipment also includes the estimated present value of the dismantling or retirement of the related assets and, in those cases in which they have been contributed by the companies acquired, they are initially recognised at the fair value at the date of acquisition.

Upkeep and maintenance costs of property, plant and equipment are recognised in the consolidated income statement in the year in which they are incurred. Conversely, amounts invested in improvements that contribute to increasing the capacity or efficiency or extending the useful life of these assets are recorded as an increase in their cost.

For fixed assets that require more than one year to be in working condition, capitalised costs include borrowing costs that have accrued before the asset is put into working condition and that have been drawn down by the supplier or relate to loans or other specific or general external financing directly attributable to the acquisition or manufacture of the asset.

Work carried out by the Group on its own fixed assets is recorded at accumulated cost, which is the sum of external costs plus internal costs, determined on the basis of in-house consumption of materials, direct labour incurred and manufacturing overheads calculated at absorption rates similar to those applied for inventory valuation purposes.

The Group depreciates its property, plant and equipment using the straight-line method, applying annual depreciation rates calculated on the basis of the years of estimated useful life of the respective assets, as follows:

YEARS OF ESTIMATED USEFUL LIFE	
Constructions	33 - 50
Technical installations and machinery	10 - 25
Other fixtures, fittings and furnishings	7 - 10
Other tangible fixed assets	4 - 6

The residual value, useful life and depreciation method of the Group's property, plant and equipment are reviewed periodically to ensure that the depreciation pattern applied is consistent with the income derived from the operation of the assets.

At least at the end of each reporting period, the companies assess whether there is any indication of impairment of any fixed asset or group of assets in order to proceed, where appropriate, to the impairment or reversal thereof in order to adjust their net book value to their value in use, without exceeding in any case the reversals of previous impairments made.

d.5 Impairment of non-financial assets

Intangible assets with a finite useful life and property, plant and equipment are tested for impairment if there are indications of impairment, in order to adjust their net book value to their value in use when this is lower.

Goodwill and intangible assets with indefinite useful lives are necessarily tested for impairment at least annually in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimations used in impairment tests show a recovery in value. The net carrying amount of assets that recover their value does not exceed the carrying amount that would have been obtained had the impairments not occurred in prior years.

Impairment losses or reversals of impairment of assets are recognised in profit or loss under "Impairment and gains or losses on disposal of fixed assets".

To determine the recoverable amount of the assets tested for impairment, the present value of the net cash flows generated by the cash-generating units (CGU) to which they are associated was estimated, except for those flows related to payments or collections from financing transactions and payments for income tax, as well as those deriving from future improvements or refurbishments planned for the assets of the aforementioned cash-generating units. A pre-tax discount rate that includes current market

assessments of the time value of money and the risks specific to each cash-generating unit has been used to discount the cash flows.

The estimated cash flows were obtained from the projections made by the management of each of the CGUs, which generally use five-year periods, except where the characteristics of the business make longer periods advisable. In this regard, the recoverable amount of the Group's concession assets is calculated by considering the remaining concession periods of the concessions and, only in the event that the Group has contractual compensation commitments that are likely to materialise, additional extensions. Growth rates are also included based on the various approved business plans, which are reviewed periodically, and zero growth rates are considered for periods beyond the years projected in the aforementioned plans. In addition, it should be noted that sensitivity analyses are performed in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes in these variables.

The cash flows of CGUs located abroad have been calculated in the functional currency of these cash-generating units and discounted using discount rates that take into account the risk premiums corresponding to these currencies. The present value of the net cash flows thus obtained has been translated at the closing rate of exchange for that currency.

d.6 Leases

As a result of the application of IFRS 16 "Leases", as from 1 January 2019 all lease transactions (with certain exceptions due to their small amount or duration) in which the Group acts as lessee give rise to the recognition of an asset for the right of use, which by its nature is mainly recorded as a tangible asset, and a liability for the future payment obligations incurred. The liability is recorded at the present value of the future cash flows of each lease and the asset at an equivalent amount adjusted for any prepayments made.

The term of the lease is estimated by considering those extensions that are reasonably expected to occur and the period during which the lessee expects not to terminate the lease (if it has the power to do so), not just the minimum term set out in the lease, but the period during which the lessee expects that it will continue to use the underlying asset based on its particular circumstances. In determining whether an extension is expected to occur, the lessee's economic incentives to extend the lease are taken into account, including factors such as the existence of market-enhancing terms in the event of an extension, whether the lessee has incurred significant costs to adapt the underlying asset to its needs that it would have to incur if it were to take out a new lease, the existence of termination costs if the lease is not extended, or the importance of the asset to the lessee, especially if it is a specialised asset that is not readily available on the market. In addition, consideration is also given to the history of the period of past use of certain assets.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the liability are recognised using the amortised cost method.

When the Group acts as lessor, income and expenses arising from lease agreements are taken to the income statement in the year in which they accrue.

d.7 Investments accounted for using the equity method

The interest is initially measured at acquisition cost and subsequently restated to the amount of the share in the results generated by these companies that are not distributed by way of dividends. In addition, the value of the interest is adjusted to reflect the proportion of those changes in the equity of these companies that have not been recognised in their results. These include translation differences and adjustments arising from changes in the fair value of cash flow hedging financial derivatives acquired by the companies themselves.

The necessary valuation adjustments are made if and when there are indications of impairment, i.e. if the recoverable amount of the investment is less than its carrying amount.

d.8 Financial assets

The financial assets held by the Group are classified into the following categories:

- Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Group companies' business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, the proceeds of which are fixed or determinable in amount and which are not traded in an active market.
- Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and for which the Group has the intention and ability to hold to maturity.
- Available-for-sale financial assets: this includes debt securities and equity instruments of other companies that have not been classified in any of the above categories.

Initial assessment

Financial assets are initially recognised at the fair value of the consideration given plus directly attributable transaction costs.

Subsequent assessment

- Loans, receivables and held-to-maturity investments are measured at amortised cost.
- Available-for-sale financial assets are measured at fair value and the net gains or losses arising from changes in fair value are recognised in equity until the asset is disposed of or has become steadily or permanently impaired, at which time the cumulative gains or losses previously recognised in equity are

recognised in the consolidated income statement. Permanent impairment is considered to exist if the asset's market value has fallen by more than 40% over a period of one and a half years without the value having recovered.

At least at year-end the Company performs an impairment test for financial assets that are not carried at fair value. Objective evidence of impairment is considered to exist if the recoverable amount of the financial asset is less than its carrying amount. When impairment occurs, it is recognised in the consolidated income statement.

Trade receivables in the Group's ordinary course of business are stated at their nominal value adjusted for expected credit losses over their life.

Interest received on financial assets is recognised using the effective interest method and dividends are recognised when the shareholder's right to receive them is declared. In any case, interest and dividends on financial assets accrued after the time of acquisition are recognised as income in the consolidated income statement.

Ranking

Current and non-current financial assets are classified on the basis of maturity at the balance sheet date, with current assets falling due within twelve months of the balance sheet date and non-current assets falling due within more than twelve months of the balance sheet date.

Derecognition of financial assets

The Group derecognises financial assets when they expire or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership have been transferred, such as in firm asset sales, assignments of trade receivables in factoring transactions in which no significant credit or interest rate risk is retained, sales of financial assets under repurchase agreements at fair value or securitisations of financial assets in which the transferor does not retain any subordinated financing or provide any collateral and assumes some other type of risk.

On the other hand, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as bill discounting, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest, and securitisations of financial assets in which the transferor retains subordinated financing or other collateral that absorbs substantially all the expected losses.

d.9 Inventories

Inventories are stated at the lower of acquisition cost, production cost or net realisable value. Trade discounts, rebates obtained, other similar items and interest incorporated in the nominal amount of debits are deducted in determining the acquisition price.

The cost of production includes direct material costs and, where appropriate, direct labour costs and manufacturing overheads.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in the marketing, selling and distribution processes.

The Group makes the appropriate valuation adjustments and recognises them as an expense in the consolidated income statement when the net realisable value of inventories is lower than their acquisition price or production cost.

d.10 Foreign currency

The functional currency of the FCC Aqualia Group is the euro.

Conversion differences

The translation into euro of the financial statements of foreign companies denominated in other currencies in the consolidation process has been made at the closing rate except for:

- Capital and reserves that have been converted at historical exchange rates.
- The items in the income statement of foreign companies that have been translated at the average exchange rates of the year.

Translation differences arising from the application of the year-end exchange rate method are included net of tax in equity in the accompanying consolidated balance sheet.

Exchange rate differences

The balances of receivables and payables in foreign currencies in each company are valued in euros at the exchange rates prevailing at the consolidated balance sheet date, with any differences arising being taken to profit or loss.

Differences arising as a result of exchange rate fluctuations between the time of collection or payment and the date on which the transactions were entered into or revalued are taken to profit or loss.

On the other hand, exchange differences arising in connection with the financing of investments in foreign companies, where both the investment and the financing are denominated in the same currency, are recognised directly in equity as translation differences.

d.11 Grants

Grants are accounted for on the basis of their nature.

Capital grants. These are grants involving the acquisition or construction of assets. They are measured at the amount received or the fair value of the asset granted and are recorded as deferred income on the liability side of the accompanying consolidated balance sheet and taken to profit or loss as the related asset is depreciated.

Operating subsidies. These are subsidies other than those mentioned above that are not directly related to an asset or set of assets. They are considered operating income for the amount received at the time of the grant.

d.12 Provisions and contingencies

In preparing the consolidated financial statements, the Group's directors distinguish between:

- a) Provisions: credit balances covering present obligations arising from past events, the settlement of which is probable to result in an outflow of resources, but the amount and/or timing of which is uncertain.
- b) Contingent liabilities: possible obligations that arise from past events and whose future realisation is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated financial statements include all provisions for which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the notes to the consolidated financial statements to the extent that they are not considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account available information about the event and its consequences, with adjustments arising from the discounting of such provisions recorded as a finance cost as accrued.

The compensation to be received from a third party at the time of settlement of the obligation, provided that there is no doubt that such reimbursement will be received, is recorded as an asset, unless there is a

legal link whereby part of the risk has been externalised and the Group is not liable. In this situation, the offsetting is taken into account in estimating the amount for which, if any, the corresponding provision will be recorded.

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when the asset ceases to be used. The effect on profit or loss is produced when the asset is depreciated as indicated in the preceding sections of this note and by the financial revaluation mentioned in the previous paragraph.

They are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity of the obligation they cover, with non-current items having an estimated maturity of more than the average cycle of the activity giving rise to the provision.

d.13 Financial liabilities

Financial liabilities are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs. Subsequently, such liabilities are measured at amortised cost.

Finance costs are recognised in the consolidated income statement on an accrual basis using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the period in which they are incurred.

Current and non-current bank borrowings and other financial liabilities are classified on the basis of their maturity at the balance sheet date, with current liabilities falling due within twelve months of the balance sheet date and non-current liabilities falling due in more than twelve months.

d.14 Financial derivatives and accounting hedges

A financial derivative is a financial instrument or other contract whose value changes in response to changes in certain variables, such as an interest rate, the price of a financial instrument, an exchange rate, a credit rating or index, or another variable that may be non-financial.

Financial derivatives, in addition to producing profits or losses, may, under certain conditions, offset all or part of the exchange rate, interest rate or value risks associated with balances and transactions. Hedges are accounted for as described below:

- Cash flow hedges: in this type of hedge, changes in the value of the hedging instrument are recognised temporarily in equity and taken to the income statement when the hedged item is realised.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in profit or loss by offsetting changes in the fair value of the hedged item.

- Net investment hedges of foreign operations: these types of hedging transactions are intended to hedge foreign exchange risk and are treated as cash flow hedges.

In accordance with IFRS 9 "Financial Instruments", an effectiveness test must be performed which consists of a qualitative assessment of the financial derivative in order to determine whether it can be considered a hedging instrument and therefore effective.

The qualitative requirements it should meet are as follows:

- Formal identification and documentation at the origin of the hedging relationship, as well as the purpose of the hedging relationship and the strategy undertaken by the entity with respect to hedging.
- Documentation identifying the hedged item, hedging instrument and nature of the risk being hedged.
- It must meet the effectiveness requirements. That is, there must be an economic relationship between the hedged item and the hedging instrument such that the hedged item and the hedging instrument move in generally opposite directions in the face of the hedged risk. Furthermore, the credit risk must not have a dominant effect on changes in the value of the hedged items and the hedge ratio must be equivalent to the percentage exposure to the hedged risk.

Under the qualitative effectiveness test, a hedge is considered to be fully effective if it meets these criteria. If not, the hedge would no longer be treated as a hedge, the hedging relationship would cease and the derivative would be accounted for at fair value through profit or loss.

Once the effectiveness of the instruments has been assessed, a quantitative analysis is used to determine the accounting for them. This quantitative analysis is composed of a retrospective part for purely accounting purposes and a prospective part to analyse possible future deviations in the hedging relationship.

For the retrospective assessment, the analysis is adapted to the type of hedge and the nature of the instruments used, with all financial derivatives contracted by the Group being cash flow hedges (note 21):

- In cash flow hedges, in the case of interest rate swaps (IRS), where the Group charges a floating rate equivalent to the hedged financing and pays a fixed rate, given that the objective is to reduce the variability of financing costs, the effectiveness is estimated by means of a test comparing that changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

For accounting purposes, we use the hypothetical derivative methodology, specific to the quantitative assessment of effectiveness, which establishes that the company will record in equity the lower, in absolute values, between the change in value of the hypothetical derivative (hedged position) and the

change in value of the derivative contracted. The difference between the value of the change recorded in equity and the fair value of the derivative at the date on which the effectiveness test is being performed is considered an ineffective portion and is recorded directly in the profit and loss account.

For cash flow hedges where the hedging derivative is not an IRS but an option or a forward, we must differentiate between designated and non-designated parties:

- For the designated party the treatment will be similar to that detailed for IRS.
- For the undesignated portion (forward points or time value of options), the change in fair value thereof shall be recognised in other comprehensive income to the extent that it relates to the hedged item, and accumulated in a separate component of equity. That amount shall be reclassified from the separate component of equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, when a forecast sale occurs).

Changes in the fair value of financial derivatives that do not meet the criteria for hedge accounting are recognised in the income statement as they occur.

The valuation is calculated using methods and techniques defined on the basis of observable market inputs, such as:

- The interest rate swaps have been valued by discounting all the flows foreseen in the contract in accordance with their characteristics, such as the notional amount and the collection and payment schedule. For this valuation, the zero coupon rate curve determined on the basis of the deposits and swaps listed at any given time is used through a bootstrapping process. This zero coupon rate curve is used to obtain the discount factors used in the valuations made under an assumption of Absence of Arbitrage Opportunity (AAO). In cases where the derivatives include upper and lower limits ("cap" and "floor") or combinations thereof, sometimes linked to special performance, the interest rates used were the same as in the swaps, although the generally accepted Black & Scholes methodology was used to take into account the randomness component in the exercise of the options.
- In the case of an inflation-linked cash flow hedging derivative, the methodology is very similar to that of interest rate swaps. The expected inflation is estimated on the basis of quoted inflation, implicitly in swaps indexed to European inflation quoted in the market, and is assimilated to the Spanish inflation rate by means of a convergence adjustment.

In addition, a sensitivity test is performed on derivatives and net financial debt in order to analyse the effect that a possible change in interest rates could have on the Group's accounts, under the assumption of an increase and decrease in interest rates at year-end in different scenarios of interest rate changes (note 21).

Note 21 to these consolidated financial statements details the financial derivatives that the FCC Aqualia Group has contracted, among other related aspects.

d.15 Tax on profits

Until 28 September 2018, the FCC Aqualia Group belonged to the FCC Group under the tax consolidation regime, in accordance with file 18/89, with all the group companies that meet the requirements established by tax legislation being included in this regime.

With effect from 1 January 2019, FCC Aqualia and the Group companies that meet the conditions set out in Spanish tax legislation form Group 233/19 for joint corporate income taxation.

In addition to the parameters to be considered in the case of individual taxation set out above, the following parameters have been determined for the corporate income tax expense accrued under the consolidated tax regime:

- Temporary and permanent differences arising as a result of the elimination of results from transactions between companies in the tax group, derived from the process of determining the consolidated tax base.
- The deductions and allowances that correspond to each company in the tax group under the consolidated tax return system; for these purposes, the deductions and allowances shall be allocated to the company that carried out the activity or obtained the income necessary to obtain the right to the tax deduction or allowance.
- For the portion of the tax loss carryforwards of certain companies in the tax group that have been offset by the other companies in the tax group, a reciprocal credit and debit arises between the companies to which they relate and the companies offsetting them. In the event that there is a tax loss that cannot be offset by the other companies in the tax group, these tax credits for offsettable losses are recognised as deferred tax assets in accordance with the criteria established for their recognition, considering the tax group as the taxpayer.
- The Parent Company of the FCC Aqualia Group records the total amount payable (to be refunded) for consolidated corporate income tax with a charge (credit) to Credits (Debts) with companies in the tax group.

Deferred tax liabilities are recognised for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit and is not a business combination.

Deferred tax assets are only recognised to the extent that it is considered probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets are reviewed at each balance sheet date and adjusted if there are doubts as to their future recoverability. Deferred tax assets not recognised in the consolidated balance sheet are also assessed at each balance sheet date and are recognised to the extent that it becomes probable that they will be recoverable against future taxable profit.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement, without any financial restatement.

In accordance with IAS 12 "Income taxes", the Group has offset deferred tax assets and liabilities (note 18) corresponding to those entities which, in accordance with applicable tax legislation, have the legal right to offset them and will be settled at their net amount based on their timing. At 31 December 2021, deferred tax assets and liabilities amounting to Euros 12,075 thousand (Euros 15,065 thousand at 31 December 2020) have been offset.

d.16 Operating income and expenses

For water supply contracts, the Group recognises as revenue the amount corresponding to the cubic meters supplied to subscribers valued at selling price.

In the case of contracts located in Spain, this sale price is established for each contract on the basis of the tariffs approved by each municipality and published in the Official Gazettes of the respective province. For contracts located outside Spain, there is always a public body at municipal, regional or state level that sets the price per cubic meter by law.

In relation to the cubic meters supplied, the Group takes regular readings of its subscribers' consumption. At the end of each accounting period, the Group evaluates the water sales supplied and not invoiced for the recording of the *Production executed and pending certification under* the heading "Trade receivables for sales and services rendered" on the current assets side of the accompanying consolidated balance sheet at 31 December 2021. For its quantification, it takes into consideration the cubic meters consumed by each subscriber from the date of the last bill and up to the date of the last meter reading, where applicable. Likewise, from the date of the last meter reading to the date of accounting closure, the remaining consumption is estimated on the basis of the information available for comparable historical periods.

In construction activities, the Group recognises results mainly on the basis of the stage of completion, determined by measuring the work performed during the period and the costs incurred, which are recognised on an accruals basis, with revenues recognised at the selling price of the work performed, which is covered by a contract signed with the customer.

In relation to service concession agreements, the FCC Aqualia Group recognises as operating income the interest income derived from the collection rights of the financial model, since the value of this financial

asset includes both construction and maintenance and upkeep services, which from an operational point of view are identical to those represented by the intangible model and, consequently, it is considered that this is a better representation of the true and fair view, since both models are related to the Group's operating activity (see Note 2.d.1).

All other income and expenses are recognised on an accruals basis, i.e. when the actual flow of goods and services occurs, regardless of when the resulting monetary or financial flow arises.

d.17 Estimations made

In the Group's consolidated financial statements for the year ended 31 December 2021, estimations have occasionally been used to quantify certain of the assets, liabilities, income, expenses and commitments reported therein. Basically, these estimations relate to:

- Impairment losses on certain assets (notes 4, 5, 6, 7, 9, 10 and 11)
- The useful lives of tangible and intangible assets (notes 4 and 5)
- The amount of certain provisions (note 15)
- The market value of certain derivatives (note 21)
- The recoverability of deferred tax assets (note 18)
- The Company's tax results which will be declared to the tax authorities in the future and which have served as the basis for the recording of the various IS-related balances in these consolidated financial statements (note 18).
- The degree of progress of construction activities (note 2.d.16)
- Estimated consumption of cubic metres supplied to subscribers between the dates of the last meter reading and the accounting closing date (note 2.d.16).

Although these estimations have been made on the basis of the best information available on the events analysed at the date of preparation of these consolidated financial statements, events that take place in the future may make it necessary to change these estimations (upwards or downwards) in coming years, which would be done prospectively.

d.18 Related party transactions

The Group carries out all transactions between related parties at market values. In addition, transfer prices are duly supported and the directors consider that there are no significant risks in this respect that could give rise to material liabilities in the future.

d.19 Pension and similar obligations

In general, the Spanish Group companies do not have any pension plans complementary to those of the social security system. However, in accordance with the provisions of the Revised Text of the Pension Plans

and Funds Act, in those specific cases where similar obligations exist, the companies externalise pension and other similar obligations to their employees.

In addition, certain foreign Group companies have undertaken to supplement the retirement benefits and other similar obligations of their employees. The accrued obligations and, where applicable, the related assets have been measured by independent actuaries using generally accepted actuarial methods and techniques and are recognised, where applicable, in the accompanying consolidated balance sheet under "Non-current provisions" under "Long-term employee benefit obligations", in accordance with IFRS (Note 15).

d.20 Fair value hierarchies

The measurement of assets and liabilities measured at fair value is broken down into levels according to the following hierarchy determined by IFRS 7:

Level 1: Quoted prices (unadjusted) in active markets for identical asset or liability instruments.

Level 2: Non-quoted price data included in Level 1 that are observable for the asset or liability instrument, both directly (i.e. prices) and indirectly (i.e. derived from prices).

Level 3: Data for the asset or liability instrument that is not based on observable market data.

The Group at 31 December 2021 and 31 December 2020 only holds level 2 assets and liabilities corresponding to financial instruments valued as described in section d.14 "Financial derivatives and accounting hedges".

d.21 Activities having an impact on the environment

In general, operations whose main purpose is to prevent, reduce or repair damage to the environment are considered to be environmental activities. Investments in environmental activities are measured at acquisition cost and capitalised as an increase in the cost of fixed assets in the year in which they are incurred.

Costs arising from corporate actions to protect and improve the environment are expensed in the year in which they are incurred.

d.22 Consolidated cash flow statements

In the consolidated statement of cash flows, which is prepared in accordance with the indirect method, the following expressions are used in the following senses:

- Cash flows: inflows and outflows of cash and cash equivalents, defined as changes in the value of short-term, highly liquid investments.

- Operating activities: typical activities of the Group, as well as other activities that cannot be classified as investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

d.23 Severance payments

In accordance with current legislation, group companies are obliged to pay severance to those employees with whom, under certain conditions, they terminate their employment relationships.

The Parent Company's directors consider that due to the possible dismissals of permanent employees which, under normal circumstances, could take place in the future and due to the amounts payable for these dismissals, the liability accrued for severance payments would not be material, and therefore no relevant provisions have been made in this connection in the financial statements at 31 December 2021.

d.24 Earnings per Share

For the purposes of IAS 33, basic earnings per share is calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares of the Parent held by Group companies. Diluted earnings per share are calculated by dividing net profit for the period attributable to ordinary shareholders adjusted for the effect attributable to dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into ordinary shares of the Parent. For this purpose, conversion is deemed to take place at the beginning of the period or at the time of issue of the potential ordinary shares if the potential ordinary shares were issued during the period.

As the scope of application of IAS 33 is consolidated financial statements whose controlling company meets one of the following requirements:

- Ordinary shares or potential ordinary shares traded on a public market (whether a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- Shares that are registered, or in the process of registering, their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any type of instrument in a public market.

The Parent Company's directors consider that at 31 December 2021 and 31 December 2020 the basic earnings per share are the same as the diluted earnings per share because these circumstances do not exist.

e) Changes in the scope of consolidation

In January 2020, 51% of the share capital of Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A. I.S & CO.) and Qatarat Saquia Desalination Company Ltd, based in Jeddah (Saudi Arabia), which provide operation and maintenance services for a desalination plant whose main customer is the General Authority of Civil Aviation of the Arab country, was acquired. For this business combination, a first consolidation difference of Euros 2,841 thousand and Euros 11,579 thousand, respectively, was recognised, which has been fully allocated to the concession assets of both companies.

In June 2020, FCC Aqualia, S.A. and one of its subsidiaries in Mexico acquired 100% of Ecosistema de Morelos, S.A., a company whose corporate purpose is the construction, operation and maintenance of the Acapatzingo wastewater treatment plant in Cuernavaca de Morelos (Mexico).

Also in June 2020, FCC Aqualia acquired 2% of the share capital of Aquos El Realito, S.A. de C.V., in which the Group already held a 49% interest. The acquisition of this 2 % has enabled it to achieve a position of control that has led to a net positive impact of 635 thousand euros in the heading "Results of entities accounted for using the equity method" as a result of the allocation to income of the negative translation differences accumulated in equity and the positive impact resulting from the fair value of the stakes held prior to the transaction.

The breakdown of the balance sheets included in the business combinations carried out in 2020 is shown below:

Financial year 2020 (in thousands of euros)	Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A.I.S & CO.)	Qatarat Saquia Desalination Company LTD.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Non-current assets	3,210	54,097	6,483	76,181
Intangible Fixed Assets	2,851	53,906	-	24,645
Tangible fixed assets	359	191	-	8
Non-current financial assets	-	-	6,483	51,071
Deferred tax assets	-	-	-	457
Current Assets	5,484	16,565	1,527	15,160
Stocks	308	17	18	-
Trade and other receivables	3,431	10,189	330	3,128
Other current financial assets	-	-	1,005	4,823
Other current assets	85	-	1	-
Cash and cash equivalents	1,660	6,359	173	7,209
Total Assets	8,694	70,662	8,010	91,341

Equity	6,272	25,321	248	17,697
Non-current liabilities	1,179	38,110	1,460	65,616
Non-current provisions	609	64	996	-
Non-current financial liabilities	-	35,730	-	53,603
Deferred tax liabilities	570	2,316	464	12,013
Current liabilities	1,243	7,231	6,302	8,028
Current provisions	71	-	-	-
Current financial liabilities	-	-	6,408	3,643
Trade and other payables	1,172	7,231	(106)	4,385
Total Liabilities and Equity	8,694	70,662	8,010	91,341

As a result of the aforementioned business combinations, the fair value of the assets acquired was determined by discounting at a market rate the cash flows estimated to be generated over the time horizon of the concessions currently in force. These cash flows were estimated internally based on the Group's past experience and, where applicable, on the economic and financial plans of the concessions, applying the appropriate assumptions and macroeconomic variables in each case. The following table shows the amounts assigned to assets and liabilities to reflect their fair value at the date of taking control:

Financial year 2020 (in thousands of euros)	Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A. I.S & CO)	Qatarat Saquia Desalination Company LTD.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Intangible assets	2,841	11,578	-	2,926
Non-current financial assets	-	-	-	6,596
Total allocations to assets	2,841	11,578	-	9,522
Non-current provisions	-	-	996	-
Non-current liabilities (deferred tax liabilities)	570	2,316	-	2,857
Total allocations to liabilities	570	2,316	996	2,857
Total net allocations	2,271	9,262	996	6,665

A reconciliation between the consideration transferred in each of the above business combinations, the amount of non controlling interests recognised and the fair value of the net assets acquired is provided below:

Financial year 2020 (in thousands of euros)	Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A. I.S. & CO.)	Qatarat Saquia Desalination Company LTD.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Amount of the acquisition	3,199	12,914	247	355
Fair value Minority interests	-	12,407	-	8,671
Fair value of previous shareholding	-	-	-	8,671
Fair value of net assets	(3,199)	(25,321)	(1,243)	(17,697)
Fair value of net liabilities	-	-	996	-
Goodwill	-	-	-	-

The aforementioned business combinations have contributed revenues and results to the accompanying consolidated income statement:

Financial year 2020 (in thousands of euros)	Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A.I.S & CO.)	Qatarat Saquia Desalination Company LTD.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Net turnover	3,899	15,817	1,097	8,577
Other income	-	-	378	-
Operating result	(218)	4,928	1,102	3,881
Profit before tax from continuing operations	(289)	6,692	836	1,192
Profit attributable to the parent company	(165)	1,379	803	712
Non controlling Interests	(158)	1,325	-	877

If the former companies had been consolidated from 1 January 2020, the revenues and results they would have contributed would have been as follows:

Financial year 2020 (in thousands of euros)	Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A.I.S & CO.)	Qatarat Saquia Desalination Company LTD .	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Net turnover	3,899	15,817	1,496	14,325
Other income	-	-	441	-
Operating result	(218)	4,928	1,097	3,902
Profit before tax from continuing operations	(289)	6,692	828	(16)
Profit attributable to the parent company	(165)	1,379	767	77
Non-controlling Interests	(158)	1,325	-	73

3. PROFIT DISTRIBUTION OF THE PARENT COMPANY

The proposed distribution of the Parent Company's profit for the year 2021 to be submitted for approval by the General Meeting of Shareholders is as follows:

PROPOSED PROFIT DISTRIBUTION <i>(Amounts in thousands of euros)</i>	
Profit of the exercise	74,889
Distribution:	
Voluntary reserves	74,889

4. INTANGIBLE FIXED ASSETS

The breakdown of intangible fixed assets as at 31 December 2021 and 2020 is as follows:

(thousands of euros)	Cost	Accumulated depreciation	Impairment	Net value
31.12.2021				
Concessions (note 6)	1,795,244	(988,668)	(15,040)	791,536
Goodwill	85,330	-	(25)	85,305
Other intangible assets	35,485	(22,987)	-	12,498
TOTAL	1,916,059	(1,011,655)	(15,065)	889,339

(thousands of euros)	Cost	Accumulated depreciation	Impairment	Net value
31.12.2020				
Concessions (note 6)	1,710,822	(920,376)	(16,087)	774,359
Goodwill	85,330	-	(25)	85,305
Other intangible assets	31,495	(20,250)	-	11,245
TOTAL	1,827,647	(940,626)	(16,112)	870,909

None of the intangible assets recorded have been internally generated and, except for goodwill, all have a finite useful life and are therefore subject to amortisation on a straight-line basis over the period over which they are expected to generate revenue, as follows:

	<u>Estimated useful life</u>
Concessions	5- 50 years (duration of concession)
Other intangible assets	4 years

Intangible assets located outside Spanish territory amounted to EUR 224,916 thousand at 31 December 2021 (31 December 2020: EUR 226,204 thousand).

There are no investment commitments in addition to those already recognised in the contracts and provided for under "Long-term provisions" in the accompanying balance sheet (see Note 15).

Movement in intangible assets

The movements in this item in the consolidated balance sheet during the years 2020 and 2021 were as follows:

(thousands of euros)	Concessions	Goodwill	Other intangible assets	Depreciation	Impairment	TOTAL
Balance as at 31.12.19	1,547,954	85,330	33,221	(844,539)	(13,490)	808,476
Additions	62,412	-	4,548	-	(3,648)	63,312
Provisions	-	-	-	(78,775)	(96)	(78,871)
Reversals	-	-	-	-	1,122	1,122
Exits	(5,862)	-	(5,977)	11,460	-	(379)
Conversion differences	(11,578)	-	(354)	3,401	-	(8,531)
Change in the scope of consolidation	117,896	-	57	(32,173)	-	85,780
Balance as at 31.12.20	1,710,822	85,330	31,495	(940,626)	(16,112)	870,909
Additions	103,262	-	5,408	-	-	108,670
Provisions	-	-	-	(80,095)	(4)	(80,099)
Reversals	-	-	-	-	1,051	1,051
Exits	(11,268)	-	(578)	7,237	-	(4,609)
Transfers	1,547	-	(1,504)	-	-	43
Conversion differences	3,579	-	664	(2,573)	-	1,670
Change in the scope of consolidation	(12,698)	-	-	4,402	-	(8,296)
Balance at 31.12.21	1,795,244	85,330	35,485	(1,011,655)	(15,065)	889,339

Concessions

Administrative concessions are defined as those by virtue of which a granting entity grants a concessionaire (the FCC Aqualia Group), for a period of time, the construction and operation, or only the operation of works which, being susceptible to operation, are necessary for the provision of public services of an economic nature.

The construction and operation of the public works under concession will be carried out at the risk and peril of the concessionaire, who will assume the economic risks derived from their execution and operation.

The Group recognises as concessions the amounts contributed in accordance with the terms and conditions and committed upon signing the concession contracts, as well as other costs incurred in obtaining the concessions for water supply and sanitation services.

In 2021, the Group has recorded additions amounting to EUR 108,670 thousand corresponding to the activity carried out by the Group in the following markets:

- Spain. During the 2021 financial year, the concessions heading has increased by 92,112 thousand euros, with Vigo (Pontevedra) standing out for an amount of 35,628 thousand euros due to the investment commitments to be made by the Group in the period obtained for the 5-year renewal of the drinking water supply service that has been provided uninterruptedly in this municipality since 1991.

The main investment to be undertaken in the first two years of the renewal period is the modernisation and extension of the O Casal drinking water treatment plant in the municipality of Vigo, through the construction of new buildings for treatment with reagents and ultrafiltration systems, as well as new sludge lines and the extension of the control room. All this will be carried out at the same time as normal service is provided.

Other municipalities with a significant renewal are La Nucia (Alicante) for 8,905 thousand euros, of which 5,694 thousand euros correspond to investment commitments to be executed in various areas of the municipality during the 10-year renewal period obtained this year and the rest corresponds to payments made to the city council as an advance fee, and Güïmar (Gran Canaria) for 8,844 thousand euros for the commitment of investments to be made during the 25-year renewal period obtained this year. Of the aforementioned amount, Euros 5,100 thousand will be invested in the first three years of the renewal period with the aim of increasing the network's efficiency until it reaches 82% during the renewal period.

- Outside Spain, other significant investments in the year were 5,846 thousand euros in the province of Caltanissetta (Italy) and 3,848 thousand euros in Mexico.

In 2020, the Group recorded additions amounting to thousands 62.412 of euros, mainly related to the activity in Latin America, of which the following contracts are noteworthy:

- Contracts in Colombia in the municipalities of Lorica, Purísima, Momil, Chima, San Andrés de Sotavento, San Antero and Planeta Rica, among others, with an investment of 39,543 thousand euros,

- of which 25,959 thousand euros correspond to investment commitments included in the current tariffs and pending execution during the life of the contracts, which end between 2031 and 2038.
- Contract in Colombia in Villa del Rosario with a discharge for investments of 7,171 thousand euros, of which 5,060 thousand euros corresponded to investment commitments to be executed during the years of the contract's life.
- Outside Latin America, other significant investments in the year were 2,363 thousand euros in the province of Caltanissetta (Italy) and 4,253 thousand euros in contracts developed in Spain.

As at 31 December 2021 and 2020, the main administrative concessions are as follows (in thousands of euros):

2021 - Contract	Concessions			Advances for	
	Cost	Am. Acum.	Impairment	Concession Agreement	Duration
Alcalá de Henares (Madrid)	18,021	(11,977)	-	-	25 years
Alcoy (Alicante)	7,568	(7,568)	-	-	20 years
Algeciras (Cádiz)	18,237	(7,172)	-	-	50 years
Almansa (Albacete)	9,234	(3,033)	-	-	25 years
Almería (Almería)	28,617	(17,484)	-	-	40 years
Arcos de la Frontera (Cádiz)	11,187	(4,125)	-	-	25 years
Badajoz (Badajoz)	52,795	(28,617)	-	-	50 years
Barbate (Cádiz)	7,218	(2,763)	-	-	25 years
Cabezo Torres (Murcia)	6,314	(6,314)	-	-	40 years
Calahorra (La Rioja)	6,498	(5,258)	-	-	25 years
Cartaya (Huelva)	8,724	(2,791)	-	-	25 years
Castrillón (Asturias)	9,714	(3,919)	(1,248)	-	25 years
Chipiona (Cádiz)	7,054	(4,474)	-	-	40 years
Denia (Alicante)	14,304	(8,074)	-	-	35 years old
Gáldar (Gran Canaria)	13,398	(5,311)	(1,548)	-	25 years
Güímar (Gran Canaria)	10,115	(1,330)	-	-	25 years
Ingenio (Gran Canaria)	6,138	(4,692)	-	-	25 years
Jaén (Jaén)	9,594	(7,790)	-	-	30 years
La Línea de la Concepción (Cádiz)	16,119	(9,146)	-	-	40 years
La Nucia (Alicante)	32,202	(13,866)	-	-	50 years
La Solana (Ciudad Real)	5,513	(2,765)	-	-	30 years
L'Ametlla de Mar (Tarragona)	11,605	(6,126)	-	-	35 years old
Llanera (Asturias)	11,176	(6,083)	(3,090)	-	25 years
Lleida (Lleida)	49,277	(16,498)	-	-	25 years
Lloret de Mar (Girona)	24,774	(15,015)	(2,170)	-	25 years
Los Alcázares (Murcia)	8,258	(8,084)	-	-	20 years
Mdad, El Girasol (Toledo)	7,855	(5,959)	-	-	25 years
Mdad, Río Algodor (Toledo)	7,677	(2,751)	-	-	50 years
Mérida (Badajoz)	21,402	(14,869)	-	-	30 years

2021 - Contract	Concessions			Advances for	
	Cost	Am. Acum.	Impairment	Concession Agreement	Duration
Moguer (Huelva)	7,413	(3,399)	-	-	30 years
Oviedo (Asturias)	37,077	(17,772)	(108)	-	50 years
Salamanca (Salamanca)	11,106	(5,281)	-	-	25 years
San Pedro del Pinatar (Murcia)	10,667	(4,840)	-	-	35 years
San Lorenzo Escorial (Madrid)	6,512	(2,613)	-	-	30 years
Sanlucar de Barrameda (Cádiz)	17,263	(7,736)	-	-	40 years
Sant Feliu Gixols (Girona)	6,973	(4,481)	-	-	50 years
Sant Josep (Balearic Islands)	10,554	(5,966)	-	-	28 years
Santander (Cantabria)	86,349	(54,300)	-	-	25 years
Sóller (Balearic Islands)	6,681	(3,782)	-	-	30 years
Talavera de la Reina (Toledo)	28,354	(20,923)	-	-	25 years
Valverde del Camino (Huelva)	6,206	(2,296)	-	-	25 years
Vélez-Málaga (Málaga)	7,800	(4,932)	-	-	20 years
Vigo (Pontevedra)	218,725	(190,225)	-	-	30 years
Adeje (Tenerife)	120,280	(92,709)	-	-	15-25 years
Ecija (Seville)	9,585	(7,826)	-	-	25 years
Jerez de la Frontera (Cádiz)	101,986	(35,590)	-	-	25 years
Línea de la Concepción (Cádiz)	135	(73)	-	211	12 years
Puerto de Santa María (Cádiz)	6,075	(744)	-	-	25 years
WWTP municipalities (Teruel)	16,618	(10,645)	-	-	21 years
Municipalities C, Tropical Granada	33,236	(13,242)	-	-	25 years
Abrantes (Portugal)	10,406	(4,550)	-	-	25 years
Campo Maior (Portugal)	4,032	(1,866)	-	-	30 years
Elvas (Portugal)	7,734	(2,808)	-	-	30 years
Cartaxo (Portugal)	25,517	(7,633)	-	-	35 years
Fundao (Portugal)	7,132	(2,339)	-	-	30 years
Caltanissetta (Italy)	57,993	(23,562)	-	12,303	30 years
Oise Valley (France)	31,953	(6,610)	-	-	16 years
Realito (Mexico)	35,598	(11,863)	-	-	13 years
Qatarat (Arabia)	75,704	(33,949)	-	-	10 years
Aqualia Latin America (Colombia)	40,180	(3,982)	-	-	19 years
Aqualia Villa del Rosario (Colombia)	7,400	(869)	-	-	14 years
Rest	288,646	(165,408)	(6,876)	252	
Total	1,782,478	(988,668)	(15,040)	12,766	

2020 - Contract	Concessions			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Impairment		
Alcalá de Henares (Madrid)	16,474	(10,505)	-	-	25 years
Algeciras (Cádiz)	16,294	(6,831)	-	-	50 years
Almansa (Albacete)	9,234	(2,644)	-	-	25 years
Almería (Almería)	28,617	(16,472)	-	-	40 years
Arcos de la Frontera (Cádiz)	11,187	(3,676)	-	-	25 years
Badajoz (Badajoz)	52,795	(27,554)	-	-	50 years
Barbate (Cádiz)	7,218	(2,474)	-	-	25 years
Cabezo Torres (Murcia)	6,314	(6,271)	-	-	40 years
Calahorra (La Rioja)	6,498	(4,902)	-	-	25 years
Cartaya (Huelva)	8,724	(2,442)	-	-	25 years
Chipiona (Cádiz)	7,054	(4,150)	-	-	40 years
Denia (Alicante)	11,568	(7,425)	-	-	35 years
Gáldar (Gran Canaria)	13,098	(4,621)	-	-	25 years
Jaén (Jaén)	9,594	(7,457)	-	-	30 years
La Línea de la Concepción (Cádiz)	11,246	(8,694)	-	-	40 years
La Nucia (Alicante)	23,297	(12,776)	-	-	30 years
La Solana (Ciudad Real)	5,513	(2,606)	-	-	35 years
L'Ametlla de Mar (Tarragona)	9,008	(5,765)	-	-	25 years
Llanera (Asturias)	9,544	(5,571)	-	-	25 years
Lleida (Lleida)	49,277	(14,450)	-	-	25 years
Lloret de Mar (Girona)	24,774	(13,930)	(2,411)	-	25 years
Los Alcázares (Murcia)	8,258	(7,657)	-	-	20 years
Mdad, El Girasol (Toledo)	7,855	(5,540)	-	-	25 years
Mdad, Río Algodor (Toledo)	7,677	(2,426)	-	-	50 years
Mérida (Badajoz)	21,402	(14,124)	-	-	30 years
Moguer (Huelva)	7,413	(3,100)	-	-	30 years
Oviedo (Asturias)	37,077	(16,991)	(113)	-	50 years
Salamanca (Salamanca)	8,053	(4,638)	-	-	25 years
San Lorenzo Escorial (Madrid)	6,512	(2,613)	-	-	30 years
Sanlúcar de Barrameda (Cádiz)	17,263	(7,047)	-	-	40 years
Sant Feliu Gixols (Girona)	6,973	(4,386)	-	-	50 years
Sant Josep (Balearic Islands)	10,554	(5,663)	-	-	28 years
Santander (Cantabria)	86,349	(50,835)	-	-	25 years
Sóller (Balearic Islands)	6,681	(3,434)	-	-	30 years
Talavera de la Reina (Toledo)	28,354	(19,700)	-	-	25 years
Valverde del Camino (Huelva)	6,206	(2,048)	-	-	25 years
Vélez-Málaga (Málaga)	7,800	(4,606)	-	-	20 years
Vigo (Pontevedra)	183,100	(183,100)	-	-	30 years
Adeje (Tenerife)	119,925	(86,241)	-	-	15-25 years
Ecija (Seville)	9,585	(7,442)	-	-	25 years
Jerez de la Frontera (Cádiz)	101,986	(31,504)	-	-	25 years

2020 - Contract	Concessions			Advances for Concession Agreement	Duration
	Cost	Am. Acum.	Impairment		
Línea de la Concepción (Cádiz)	10,015	(5,035)	-	211	12 years
Puerto de Santa María (Cádiz)	2,000	(447)	-	-	25 years
Alcázar de San Juan (Ciudad Real)	12,698	(4,148)	-	-	25 years
WWTP municipalities (Teruel)	16,618	(9,772)	-	-	21 years
Municipalities C,Tropical Granada	32,861	(12,465)	-	-	25 years
Abrantes (Portugal)	10,406	(4,186)	-	-	25 years
Campo Maior (Portugal)	4,032	(1,731)	-	-	30 years
Elvas (Portugal)	7,734	(2,523)	-	-	30 years
Cartaxo (Portugal)	25,517	(6,884)	-	-	35 years
Fundao (Portugal)	7,132	(2,091)	-	-	30 years
Caltanissetta (Italy)	54,078	(20,855)	-	10,372	30 years
Oise Valley (France)	31,953	(3,966)	-	-	16 years
Seville	6,814	(3,815)	-	-	12 years
Realito (Mexico)	33,717	(9,733)	-	-	13 years
Qatarat (Arabia)	70,209	(26,108)	-	-	10 years
Aqualia Latin America (Colombia)	39,543	(1,988)	-	-	19 years
Aqualia Villa del Rosario (Colombia)	7,171	(383)	-	-	14 years
Rest	301,139	(169,935)	(13,563)	251	
Total	1,699,988	(920,376)	(16,087)	10,834	

The concession activity of municipal water services is characterised by a very large number of contracts, the most significant of which are detailed in the table above. The main purpose of the contracts is the management of the complete water cycle, ranging from the collection and transport of the resource to urban centres, its treatment in complex installations for its potabilisation, to the distribution and subsequent recapture of wastewater for its purification and subsequent discharge into the natural environment,

In this type of concession, billing is made directly to the end users of the service, based on consumption.

In the case of water infrastructure concessions, such as wastewater treatment plants and drinking water treatment plants, collection is generally made from the grantor depending on water consumption. On the other hand, the Group recognises as financial assets those concessions, mainly desalination plants, where the grantor guarantees in the tariff a component that allows the recovery of the investment made without demand risk (see Note 9.a.3).

The contracts usually include periodic tariff review clauses based on indices such as the CPI or polynomial formulas that take into account the evolution of the unit prices of the main cost components of the resources used during the life of the concession. In order to carry out their activities, concessionaires build or receive the right to use the distribution and sewerage networks, as well as the complex installations necessary for drinking water treatment and purification. The concession periods for this type of concession range from different

periods, up to a maximum of 50 years, and the facilities revert to the concession holder at the end of the concession period, without receiving any compensation.

In the majority of the consolidated municipal concession contracts, the amount of the charges depends on the consumption produced by users and is therefore variable, and therefore the demand risk is borne by the concessionaire and recognised as intangible assets. In those cases, which include certain water infrastructure concessions, such as desalination and wastewater treatment plants, collection is based on the cubic metres actually treated, with the grantor guaranteeing a minimum guaranteed level regardless of the volume, and therefore, as this is a fixed charge and the demand risk is borne by the grantor, the guaranteed amounts are classified as financial assets.

Other intangible assets

The sub-caption "Other intangible assets" mainly includes computer software acquired from third parties and amortised on a straight-line basis over four years and other fixed assets related to concession contracts.

Assets with ownership restrictions

Within the scope of its activity, the Group acquires or builds assets for its fixed assets which will revert to the awarding municipalities at the end of the contracts.

The Group companies consider that the periodic maintenance plans for their facilities, the cost of which is expensed in the year incurred, are sufficient to ensure that the assets subject to reversion are delivered in good working order at the end of the term of the concessions and that, therefore, no significant expenses will be incurred as a result of the reversion.

Goodwill

The breakdown of goodwill (net of impairment) at 31 December 2021 and 2020 of the accompanying consolidated balance sheet is as follows:

Amounts in thousands of euros	31.12.2021	31.12.2020
Depurplan 11, S,A,	18	18
Aqualia Intech, S,A,	2,523	2,523
Merger goodwill	82,764	82,764
TOTAL	85,305	85,305

Merger goodwill corresponds to the goodwill arising in 2002 and 2011 from the mergers by absorption that the Parent Company carried out with several of its subsidiaries and which gave rise to goodwill arising from the difference between the acquisition cost of these subsidiaries and the fair value of the identifiable net assets.

On 21 March 2013 Aqualia Industrial Solutions, S.A. Unipersonal (formerly Graver Española, S.A.U.) merged with Nilo Medioambiente, S.L. and Chemipur Químicos, S.L. as the absorbing company, (as absorbed companies).

On 23 November 2015 Aqualia Industrial Solutions, S.A. merged with Aqualia Intech, S.A., through the absorption by the latter of Aqualia Industrial Solutions, S.A. Unipersonal, both companies owned by FCC Aqualia. The absorption was carried out through the integration of all the elements and the whole transfer of the absorbed company's equity to the absorbing company at consolidated values.

In relation to the estimations made and the sensitivity analysis in the goodwill impairment tests, the main aspects are discussed below:

- Merger goodwill. For the assumptions used to estimate cash flows, the Parent Company has been considered as a cash-generating unit as a whole. The main assumptions used are as follows:
 - Annual revenue growth: 7.6 % the first year, 3.6 % for the second year and an average of 1% for the following years,
 - Perpetual income growth: Zero
 - Pre-tax discount rate: 7.59%
 - The current cash flow projections do not show a high sensitivity, withstanding increases in the discount rate up to 19.75%, as well as a decrease in cash flows by an amount of 75% without incurring impairment.

5. TANGIBLE FIXED ASSETS

The net composition of property, plant and equipment at 31 December 2021 and 2020 is as follows:

(thousands of euros)	Cost	Accumulated depreciation	Net value
31.12.2021			
Land and Buildings	132,915	(45,323)	87,592
Land and natural assets	8,969	(196)	8,773
Buildings for own use	123,946	(45,127)	78,819
Technical installations and other tangible fixed assets	986,062	(583,792)	402,270
Technical installations	661,428	(381,761)	279,667
Machinery and transport equipment	177,545	(121,589)	55,956
Fixed assets under construction	24,857	-	24,857
Other tangible fixed assets	122,232	(80,442)	41,790
TOTAL	1,118,977	(629,115)	489,862

(thousands of euros)	Cost	Accumulated depreciation	Net value
31.12.2020			
Land and Buildings	124,394	(39,378)	85,016
Land and natural assets	8,068	(142)	7,926
Buildings for own use	116,326	(39,236)	77,090
Technical installations and other tangible fixed assets	908,867	(537,372)	371,495
Technical installations	598,729	(349,254)	249,475
Machinery and transport equipment	160,944	(110,286)	50,658
Fixed assets under construction	33,249	-	33,249
Other tangible fixed assets	115,945	(77,832)	38,113
TOTAL	1,033,261	(576,750)	456,511

The movements in the various items of property, plant and equipment in FY2020 and FY2021 were as follows:

(in thousands of euros)	Land and natural assets	Buildings for own use	LAND AND BUILDINGS	Technical installations	Machinery and transport equipment	Tangible fixed assets under construction	Other tangible fixed assets	TECHNICAL INSTALLATIONS AND OTHER TANGIBLE FIXED ASSETS	DEPRECIATION	IMPAIRMENT	TOTAL
Balance as at 31.12.19	8,208	113,683	121,891	610,526	144,624	7,499	101,304	863,953	(557,668)	(16)	428,160
Additions	-	6,826	6,826	5,677	13,915	46,915	10,588	77,095	-	-	83,921
Disposals	-	-	-	-	-	-	-	-	(42,038)	-	(42,038)
Reversals	-	-	-	-	-	-	-	-	-	16	16
Exits	(9)	(3,672)	(3,681)	(454)	(3,736)	(16)	(6,517)	(10,723)	10,400	-	(4,004)
Transfers	522	1,685	2,207	11,193	7,809	(20,975)	253	(1,720)	-	-	487
Conversion differences	(207)	(1,675)	(1,882)	(17,286)	(3,223)	(162)	(418)	(21,089)	13,002	-	(9,969)
Change in the scope of consolidation	(446)	(521)	(967)	(10,927)	1,555	(12)	10,735	1,351	(446)	-	(62)
Balance as at 31.12.20	8,068	116,326	124,394	598,729	160,944	33,249	115,945	908,867	(576,750)	-	456,511
Additions	591	7,400	7,991	5,395	11,858	30,119	10,576	57,948	-	-	65,939
Disposals	-	-	-	-	-	-	-	-	(43,888)	-	(43,888)
Reversals	-	-	-	-	-	-	-	-	-	-	-
Exits	(31)	(5,593)	(5,624)	(1,748)	(6,538)	(43)	(4,844)	(13,173)	13,677	-	(5,120)
Transfers	82	2,802	2,884	28,954	6,495	(38,969)	593	(2,927)	-	-	(43)
Conversion differences	356	3,011	3,367	30,715	5,367	501	619	37,202	(23,616)	-	16,953
Change in the scope of consolidation	(97)	0	(97)	(617)	(581)	-	(657)	(1,855)	1,462	-	(490)
Balance at 31.12.21	8,969	123,946	132,915	661,428	177,545	24,857	122,232	986,062	(629,115)	-	489,862

Additions in 2021 amounted to thousands 65,938 of euros (83,921 thousands of euros in 2020), the most important being those recorded in FCC Aqualia amounting to 22,406 thousand euros (in 2020 the entry into the scope of consolidation of a desalination plant under construction amounting to 23,522 thousand euros), and those recorded in the contracts that the Group is developing in the Czech Republic whose investments at 31 December 2021 amounted to 28,453 thousands of euros (25,267 thousand euros at 31 December 2020). The Group has also capitalised, applying IFRS16, operating lease contracts signed during the year amounting to Euros 8,990 thousand at 31 December 2021 (Euros 9,519 thousand at 31 December 2020).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject.

At 31 December 2021, property, plant and equipment located outside Spain has a net book value of Euros 358,213 thousand and is mainly located in the Czech Republic, Italy and France (Euros 330,116 thousand at 31 December 2020).

The amount of fully depreciated property, plant and equipment which is nevertheless used in the production activity because it is in good working condition amounts to thousands 229,624 of euros at 31 December 2021 (212,267 thousand euros at 31 December 2020).

No interest has been capitalised in years 2021 and 2020, with accumulated capitalised interest from the origin amounting to 3,836 thousand euros in both years.

Work carried out on the Group's fixed assets

The FCC Aqualia Group, through its specialised companies, carries out works and infrastructures assigned to water contracts which, for the most part, are provided in the Czech Republic and do not revert to the local councils that awarded the contract. The amount capitalised in this concept totals Euros 25,826 thousand at 31 December 2021 (Euros 21,103 thousand at 31 December 2020),

6. SERVICE CONCESSION AGREEMENTS

This note presents an overview of the Group's investments in concession businesses recognised under various asset headings in the accompanying consolidated balance sheet.

The following table sets out the total of these assets held by Group companies under service concession agreements to provide public services for the distribution of drinking water, construction and operation of water infrastructure and others, which are included under intangible assets, non-current and current financial assets and investments in companies accounted for using the equity method in the accompanying consolidated balance sheet at 31 December 2021 and 2020.

CONCESSIONS AS AT 31.12.2021	Intangible assets	Non-current receivables, concession agreement	Current receivables from concession agreement	Loans to Concession Joint Ventures	Investment accounted for using the equity method in concession joint ventures	Total
(thousands of euros)	(note 4)	(note 9.a.3)	(note 9.b)			Investment
Cost	1,795,244	206,478	24,293	38,329	29,637	2,093,981
Depreciation	(988,668)	-	-	-	-	(988,668)
Impairment	(15,040)	-	-	-	-	(15,040)
TOTAL	791,536	206,478	24,293	38,329	29,637	1,090,273

CONCESSIONS AS AT 31.12.2020	Intangible assets	Non-current receivables, concession agreement	Current receivables from concession agreement	Loans to Concession Joint Ventures	Investment accounted for using the equity method in concession joint ventures	Total
(thousands of euros)	(note 4)	(note 9.a.3)	(note 9.b)			Investment
Cost	1,710,822	201,948	21,355	41,795	26,474	2,002,394
Depreciation	(920,376)	-	-	-	-	(920,376)
impairment	(16,087)	-	-	-	-	(16,087)
TOTAL	774,359	201,948	21,355	41,795	26,474	1,065,931

In addition, the concession companies controlled by the Group are obliged, in accordance with the concession contracts, to acquire or construct fixed assets assigned to the concessions for an amount of thousands 149,763 of euros at 31 December 2021 (85,371 thousand euros at 31 December 2020) (note 15). The increase compared to 2020 is mainly due to the investment commitments included in the contract renewals obtained during the year by the Group, mainly in Spain (see note 4).

7. INVESTMENTS IN COMPANIES ACCOUNTED BY EQUITY METHOD

This item includes the value of investments in companies accounted for using the equity method, which includes both the equity and non-current loans granted to these companies, as well as jointly controlled entities or associates accounted for using the equity method,

The movement in consolidated holdings accounted for using the equity method for each year, by item, is as follows:

(thousands of euros)	Investments	Pending distributions	LT Loans	CLOSING BALANCE
Balance as at 31.12.19	35,544	(45)	52,121	87,620
Acquisitions	7	-	-	7
Profit-sharing	1,707	-	-	1,707
Dividend distribution	(2,089)	-	-	(2,089)
Conversion differences	425	-	-	425
Loans granted/(repaid)	-	-	(10,326)	(10,326)
Change of consolidation method	(7,298)	-	-	(7,298)
Other	(1,777)	-	-	(1,777)
Balance as at 31.12.20	26,519	(45)	41,795	68,269
Acquisitions	-	-	-	-
Profit-sharing	2,815	-	-	2,815
Dividend distribution	(1,469)	-	-	(1,469)
Outstanding disbursements	-	8	-	8
Conversion differences	599	-	-	599
Loans granted/(repaid)	-	-	(3,466)	(3,466)
Change of consolidation method	-	-	-	-
Other	1,210	-	-	1,210
Balance at 31.12.21	29,674	(37)	38,329	67,966

Details of investments in joint ventures accounted for using the equity method are shown in Appendix III.

The assets, liabilities, turnover and results at 31 December 2021 and 2020 are presented below, in proportion to the percentage of ownership in the capital of each associate and jointly controlled company:

	(thousands of euros)	
	31.12.21	31.12.20
Balance		
Non-current assets	75,505	75,542
Current assets	53,217	48,340
Non-current liabilities	56,232	58,604
Current liabilities	54,129	49,905
	(thousands of euros)	
	31.12.21	31.12.20
Results		
Net turnover	49,481	49,634
Net operating result	5,814	5,008

In relation to investments accounted for using the equity method, the FCC Aqualia Group has not granted any guarantees at 31 December 2021 (130 thousands of euros at 31 December 2020) to financial institutions to guarantee the maintenance of the shareholding in the capital of the subsidiaries concerned during the term of the loan agreement.

8. JOINTLY CONTROLLED OPERATIONS

The Group companies carry out part of their activities through interests in businesses in which the FCC Aqualia Group exercises joint control with other non-Group partners, mainly through joint ventures and economic interest associations (EIGs). These businesses have been proportionately consolidated, as indicated in note 2 of these notes to the consolidated financial statements, provided that the interest grants direct rights over assets and direct obligations over liabilities.

The main aggregates of the various jointly managed businesses relating to assets, liabilities and profit and loss account as at 31 December 2020 and 2021:

Temporary joint ventures and Economic Interest Groupings	(thousands of euros)	
(amounts in thousands of euro)	31.12.21	31.12.20
Revenue	175,441	228,623
Gross operating profit	42,344	44,386
Net Operating Profit	30,950	32,369
Non-current assets	102,440	74,940
Current assets	95,609	116,212
Non-current liabilities	55,528	23,502
Current liabilities	96,420	129,205

9. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The breakdown of "Non-current financial assets" and "Other current financial assets" in the accompanying consolidated balance sheet is as follows:

9.a) Non-current financial assets

Non-current financial assets are distributed as follows:

<i>(Amounts in thousands of euros)</i>	Balance at 31.12.21	Balance as at 31.12.20
Non-current loans to group companies (note 9.a.1)	806,479	806,480
Non-current third party receivables (note 9.a.2)	94,354	96,207
Non-current receivables, concession agreement (notes 6 and 9.a.3)	206,478	201,948
Held-to-maturity assets	158	159
Assets at fair value	10,167	10,400
Total	1,117,636	1,115,194

9.a.1 Non-current loans to group companies

Details of non-current financial loans to Group companies are as follows:

	Balance at 31.12.21	Balance at 31.12.20
Fomento de Construcciones y Contratas, S.A.	806,479	806,479
Rest	-	1
Total	806,479	806,480

On 28 September 2018, FCC Aqualia, S.A. entered into an agreement with Fomento de Construcciones y Contratas, S.A, which entailed the non-extinguishing modifying novation of the two loans existing to date between the two companies since 8 June 2017, the date on which FCC Aqualia, S.A. issued the bonds (Note 14-b). For this loan, which had a overall balance of 806,479 thousand euros for all the above items, a single maturity was set for 28 September 2048 and an interest rate of 3,55% to be accrued in 12-month periods starting on 30 November of each year.

9.a.2 Non-current receivables from third parties

Expected maturities of non-current loans granted by Group companies to third parties are as follows:

As at 31 December 2021:

Amounts in thousands of euros	2023	2024	2025	2026	2027 onwards	Total
Non-trade credits	8,542	8,496	8,520	8,548	35,598	69,704
Deposits and bonds	758	1	15	0	23,876	24,650
Total	9,300	8,497	8,535	8,548	59,474	94,354

As at 31 December 2020:

Amounts in thousands of euros	2022	2023	2024	2025	2026 onwards	Total
Non-trade credits	6,081	5,530	4,608	4,591	52,075	72,885
Deposits and bonds	807	-	1	15	22,499	23,322
Total	6,888	5,530	4,609	4,606	74,574	96,207

Non-current receivables from third parties are classified according to the following types:

Amounts in thousands of euros	Balance at 31.12.21	Balance as at 31.12.20
Non-current loans to public entities	69,686	72,831
Non-current deposits and guarantees	24,650	23,322
Non-current loans to staff	18	54
TOTAL BALANCE OF NON-TRADE RECEIVABLES	94,354	96,207

Non-current loans to public entities mainly include amounts granted to municipalities to finance works and installations on the water network. These loans bear interest at a variable rate based on Euribor and are generally recovered from the tariff of the associated concession contracts or through the establishment of finalist fees approved by the Public Administration.

	LOANS TO THIRD PARTIES (Amounts in thousands of euros)		FINAL MATURITY	
	31.12.21	31.12.20	< 5 YEARS	> 5 YEARS
Alboraya Town Hall	1,060	3,191		>2026
Alcalá de Henares Town Council	2,224	2,546		>2026
Aller Town Council	50	50	2023	
Ávila City Council	470	470		>2026
Bollullos Par del Condado Town Council	1,413	1,417		>2026
Calasparra Town Council	83	125	2023	
Callosa del Segura Town Council	1,197	1,538		>2026
Caravaca de la Cruz Town Council	80	115		>2026
Chipiona Town Council	1,282	1,671		>2026
Cristina Town Council	24	39		>2026
El Vendrell Town Council	62	90		>2026
Gáldar Town Council	2,770	-		>2026
Güímar Town Hall	88	118		>2026
Hellín Town Council	4	7	2023	
Hondón de los Frailes Town Council	8	31	2023	
Jaén City Council	21,628	24,247		>2026
La Guardia Town Council	353	375		>2026
La Línea Town Council	780	733		>2026

Lepe Town Hall	10,287	9,502		>2026
Llera City Council	36	82	2023	
La Albuera Town Council	48	95		>2026
Magán Town Council	92	122		>2026
Platja d'Aro Town Council	2544	537		>2026
Matalascañas Town Hall	-	454		>2026
Medina del Campo Town Council	53	61		>2026
Olivenza City Council	175	324		>2026
Ribera del Fresno Town Council	278	278		>2026
Ronda City Council	1,892	2,296		>2026
San Pedro del Pinatar Town Council	240	167		>2026
San Lorenzo del Escorial Town Council	1,916	2,146		>2026
Sant Fost Town Council	59	97		>2026
Solana de Los Barros Town Council	74	96		>2026
Turcia Town Council	9	9		>2026
Vélez-Málaga Town Council	6,520	6,994		>2026
Villarrubia de Santiago Town Council	144	149		>2026
General Menacho Base	96	112		>2026
Campo de Gibraltar Region	4,890	4,962		>2026
Santa Eulalia Siglo XXI, S,A,	-	284		
Manc, Costa Tropical Granada	6,757	7,301		2031
Total Loans to third parties	69,686	72,831		

Deposits and guarantees basically correspond to those made for legal or contractual obligations in the development of the Group companies' activities, mainly those made with public entities for guarantees received from customers for water supply services (see note 14.c).

9.a.3 Non-current receivables under concession agreements

The Group recognises under this heading the fair value of the construction services provided under concession contracts which, in accordance with IFRIC 12, do not present demand risk because the characteristics of the contract guarantee the amount recognised. During the operation of the infrastructure, the asset is measured at amortised cost and the related finance income is recognised in profit or loss on the basis of the effective interest rate resulting from forecasts of the flows of collections and payments under the concession.

The main financial assets under this heading are as follows (in thousands of euros):

	Balance at 31.12.21	Balance as at 31.12.20	Granting entity
Mostaganem Desalination Plant (Algeria)	123,374	126,321	Algeria - Algerian Energie Co, S,p,a,
El Realito Aqueduct (Mexico)	53,037	51,005	Mexico - State Water Commission
Guaymas Desalination Plant (Mexico)	24,470	19,083	Mexico - State Water Commission
WWTP Cuernavaca (Mexico)	5,597	5,539	Mexico - State Water Commission
Total	206,478	201,948	

As a result of the operation carried out in January 2019, in which the company Shariket Tahlya Mostaganem, S.p.a, was fully consolidated, at 31 December 2021 the Group maintains as a non-current concession asset an amount of thousands 123,374 of euros (126,321 at 31 December 2020) corresponding to the Mostaganem desalination plant. This amount is recorded at the present value of future cash flows, discounted at a discount rate of 8.7% and considering an expiry date for the concession of 30 September 2036.

Also in the same heading, the non-current collection right arising from the acquisition in 2020 of 2% of the company Aquos El Realito, S.A. de C.V., concessionaire of a drinking water pipeline in Mexico, has been recorded. The amount has been recognised at the present value of future collection flows discounted at a discount rate of 7.6% and considering an expiry date of the concession in 2036.

9.b) Other current financial assets

The composition of the balance at 31 December 2021 and 2020 is as follows:

Amounts in thousands of euros	Balance at 31.12.21	Balance at 31.12.20
Other credits	58,406	75,927
Short-term receivables from companies accounted for using the equity method	5,625	5,438
Short-term loans to FCC Group companies	5,998	4,432
Short-term loans to non-group third parties	10,679	13,752
Current deposits with credit institutions	10,735	30,003
Current collection right concession agreement	24,293	21,355
Dividend receivable from joint ventures and associates	65	52
Dividends receivable from equity-accounted companies	1,011	895
Deposits and guarantees lodged	20,278	14,324
TOTAL	78,684	90,251

The Group has made current deposits with credit institutions of its cash surpluses, obtained mainly from contracts in Egypt amounting to Euros 6,264 thousand and France amounting to Euros 4,470 thousand (in 2020 they were obtained from contracts in Algeria amounting to Euros 18,600 thousand, Egypt amounting to Euros 6,815 thousand and France amounting to Euros 4,065 thousand).

There is no limitation on their availability, except for "Deposits and guarantees provided", which correspond to amounts given as security for certain contracts that will be redeemed on their maturity.

10. INVENTORIES

The composition of the inventories as at 31 December 2020 and 2021 corresponds to the following breakdown:

<i>(Amounts in thousands of euros)</i>	Balance at 31.12.21	Balance at 31.12.20
Raw materials and other supplies	20,380	22,546
Ancillary works for the execution of works	-	9
Advances to suppliers	13,749	14,975
Impairments	(70)	(90)
Pre-project/project start-up costs	159	9
TOTAL	34,218	37,449

Raw materials and other supplies include spare parts, fuels and other materials necessary for the development of activities.

Advances to suppliers are payments to suppliers, usually in cash, on account of future supplies.

11. TRADE AND OTHER RECEIVABLES

a) Trade receivables for sales and services

The breakdown of trade receivables for sales and services as at 31 December 2021 and 2020 is as follows:

(thousands of euros)	Balance at 31,12,21	Balance as at 31,12,20
Certified production receivable and sales receivables	192,089	195,518
Non-recourse assignment of receivables from customers, third parties, etc,	-	(107,133)
Production executed and pending certification	119,443	109,832
Guarantee withholdings	10,812	7,210
Invoiced production to Group companies pending collection	34,835	33,188
Provisions for doubtful receivables	(49,688)	(48,405)
TOTAL CUSTOMER BALANCE FOR SALES AND SERVICES RENDERED	307,491	190,210

The heading "Certified production receivable and sales receivables" includes the amount of certifications issued to customers for work performed and services rendered and pending collection at the consolidated balance sheet date. Within this heading, there are no significant balances with a relevant ageing, with more than 50 % of the amount in the above table being less than six months aged.

The difference between the amount of production recorded for each of the water supply works and services, valued in accordance with the criteria set out in note 2.d.16 "Operating income and expenses", and the amount certified for each of them is recorded as "Production executed and pending certification". At 31 December 2021, the heading "Production executed and pending certification" includes thousands 20,280 of euros relating to construction work and thousands 99,163 of euros relating mainly to water supply to subscribers that were pending invoicing at that date (22,596 thousand euros in construction work and 87,236 thousand euros at 31 December 2020).

At 31 December 2020, the heading "Non-recourse assignment of customer receivables, third parties" corresponded to the collection rights assigned without recourse by the Group to a syndicate of banks in which Banco Santander acted as agent bank, on the basis of a contract signed on 15 July 2011 and amended on 16 June 2014 and in successive years, which finally expired on 15 July 2021. Under this contract, the Parent acted in its own name and also as agent for two subsidiaries, Entemanser, S.A. and Aigues de Vallirana, S.A.U., the limit having been extended on two occasions:

- As of 5 May 2015, from 90,000 to 102,000 thousand euros
- Dated 14 June 2020 from 102,000 to 115,000 thousand euros

The changes in the provisions for bad debts during the period 31 December 2020 to 31 December 2021 and 31 December 2019 to 31 December 2020 are as follows:

(thousands of euros)	2021	2020
Opening balance	48,405	41,822
Net allowances	1,491	6,560
Perimeter variations	(55)	44
Conversion differences	(153)	(21)
Closing balance	49,688	48,405

The net provisions for the year were charged to "Other operating expenses" in the accompanying consolidated income statement at 31 December 2021.

b) Other receivables

The breakdown of the balance of "Other receivables" as at 31 December 2021 and 2020 is as follows:

(thousands of euros)	Balance at 31.12.21	Balance as at 31.12.20
Public Administrations - Receivable for subsidies granted (note 18)	34,338	38,849
Sundry debtors	15,850	24,054
VAT receivable (note 18)	25,291	24,745
Social security debtors (note 18)	772	1,211
Indirect taxes borne (note 18)	3,591	3,967
TOTAL BALANCE OF OTHER RECEIVABLES	79,842	92,826

The balance of "Public Administrations - Receivable for subsidies granted" is due to balances receivable for subsidies granted for R&D projects and for operating deficits receivable on water services.

The balance of the heading "Sundry debtors" records balances receivable related to the Group's ordinary activity, including an invoice issued on completion of the construction of the Santa Eulalia desalination plant for 5,484 thousand euros, which was collected during the year and which constitutes the main variation in the balance in 2020.

12. CASH AND CASH EQUIVALENTS

Since the date of issue of the bonds mentioned in Note 14, the Company has managed its cash flow autonomously and has therefore increased its cash levels considerably as a result of its capacity to generate cash flows. At 31 December 2021, the Parent Company has drawn down a short-term loan of Euros 200,000 thousand, which was fully deposited in a bank account.

(thousands of euros)	Balance at 31.12.21	Balance at 31.12.20
Treasury	601,923	486,121
TOTAL	601,923	486,121

The breakdown of cash, by currency, is as follows:

TREASURY AND CASH EQUIVALENTS		
Currency breakdown (thousands of euros)	Balance at 31.12.21	Balance at 31.12.20
Balboa	6	5
Czech koruna	18,668	19,392
US Dollar	3,460	1,185
Euros	540,587	418,653
Algerian Dinar	21,473	26,731
Dirham United Arab Emirates	1,236	690
Leu Romanian	-	22
Egyptian Pound	3,583	224
Chilean Pesos	242	82
Pesos Mexico	7,741	10,883
Marco Bosnio	1	1
Peso Colombia	581	2,377
Rial Qatar	907	-
Saudi Riyal	3,415	5,730
Sol Peru	23	71
Sucre	-	75
TOTAL	601,923	486,121

At 31 December 2021 and 2020, in relation to the bonds issued by the Parent Company detailed in note 14, guarantees have been provided in relation to certain accounts which at the respective dates have a balance of Euros 259,956 thousand and Euros 327,246 thousand. These amounts include debt service account balances amounting to thousands 26,979 of euros at 31 December 2021 and 31 December 2020.

13. EQUITY

The consolidated statement of changes in equity at 31 December 2021 and 2020 shows the changes in equity attributable to shareholders of the Parent Company in the respective years.

Equity attributable to shareholders of the Parent Company

a) Share capital

The share capital of FCC Aqualia, S,A, is represented by 145,000,000 ordinary bearer shares with a par value of 1 euro each. All the shares have the same rights and are fully subscribed and paid up. The Company's shares are not listed on the stock exchange.

As indicated in Note 1, in 2018 Fomento de Construcciones y Contratas, S.A. sold 49 % of its share capital to Global Infraco Spain, S.L.U., owned by the IFM investment fund, and transferred 10 % of its interest to a 100 % FCC Group company known as FCC MIDCO, S.A., with the result that the shareholding was distributed as follows: Fomento de Construcciones y Contratas, S.A. sold 49 % of its share capital to Global Infraco Spain, S.L.U., owned by the IFM investment fund. The shareholding was therefore distributed as follows:

Shareholder	Number of shares	% of direct participation
Fomento de Construcciones y Contratas, S,A,	59,450,000	41,00
Global Infraco Spain, S,L,U,	71,050,000	49,00
FCC MIDCO, S,A, (*)	14,500,000	10,00
	145,000,000	100,00

(*) FCC MIDCO, S,A, is a company wholly owned by Fomento de Construcciones y Contratas, S,A, and therefore Fomento de Construcciones y Contratas, S.A. is the direct and indirect owner of 51% of FCC Aqualia, S,A,

In 29 March 2021, the Parent Company, at its General Shareholders' Meeting, approved a dividend charged to reserves in the amount of 60,000 thousand euros, which was fully paid in March of the year.

b) Share premium and reserves

The composition of this heading at 31 December 2021 and 2020 is as follows:

Amount in thousands of euros	Balance at 31.12.21	Balance at 31.12.20
Parent Company Reserves	376,344	325,871
Consolidation reserves	39,670	40,162
	416,014	366,033

b.1) Parent Company reserves

Reserves set up by the Group's Parent Company, FCC Aqualia, S.A., in compliance with the various applicable legal provisions and, where applicable, for retained earnings from previous years.

The composition at 31 December 2021 and 2020 is as follows:

Amount in thousands of euros	Balance at 31.12.21	Balance at 31.12.20
Share premium	79,481	79,481
Legal reserve	29,000	29,000
Voluntary reserves	235,152	184,679
Special reserves	76	76
Goodwill reserves	32,635	32,635
	376,344	325,871

Share premium and voluntary reserves

The Spanish Limited Liability Companies Law expressly permits the use of the share premium balance to increase capital and does not establish any specific restriction as to the availability of the share premium balance for other purposes.

Voluntary reserves are reserves that have been freely constituted through profits of the Parent Company after the distribution of dividends and the allocation to legal reserves in accordance with current legislation, and for which there is no limitation or restriction on their availability.,

Legal reserve

According to the Spanish Limited Liability Companies Law, an amount equal to 10% of the parent company's profit for the year must be transferred to the legal reserve until it reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders, except in the event of liquidation.

The legal reserve may be used to increase the capital to the extent of the balance of the legal reserve that exceeds 10% of the increased capital.

Except for the above-mentioned purpose, and as long as it does not exceed 20% of the share capital, this reserve may only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2021 and 31 December 2020, this reserve was fully funded.

Goodwill reserve

Pursuant to the provisions of article 273.4 of the Consolidated Spanish Limited Liability Companies Law in force until 31 December 2015, the Parent Company set aside a restricted reserve for the amount of goodwill appearing on the assets side of the consolidated balance sheet over a period of 20 years, the balance of which at 31 December 2021 and 2020 was Euros 32,635 thousand.

In accordance with the amendments made to the Consolidated Spanish Limited Liability Companies Law by Law 22/2015 of 20 July 2015 on the Audit of Accounts, as of financial years beginning on 1 January 2016 the Company will discontinue contributions to this reserve for goodwill, which will be available from this financial year onwards in the amount exceeding the goodwill recognised on the assets side of the balance sheet.

b.2) Consolidation reserves

This item in the accompanying consolidated balance sheet includes the reserves in fully consolidated companies and companies accounted for using the equity method, generated from the time of acquisition,

The amounts comprising this item for each of the most significant companies at 31 December 2020 and 2021 are as follows:

Amount in thousands of euros	Balance at 31.12.21	Balance at 31.12.20
FCC Aqualia, S.A.	54,589	94,277
Abrantaqua, S.A.	1,317	1,044
Aguas De Las Galeras, S.L.	35	206
Acque di Caltanissetta, S.p.A.	5,269	4,980
AISA Montenegro	(2,535)	(2,327)
Aisa Pristina LLC	567	465
Aisa D.O.O. Beograd-Vracar	(2,800)	(2,738)
Aguas de Elvas, S.A.	956	767
Agua do Fundao, S.A.	535	433
Aguas de Alcázar, S.A.	(413)	-
Aigües de Vallirana, S.A.	1,945	(1,851)

Amount in thousands of euros	Balance at 31.12.21	Balance at 31.12.20
Aquajerez, S.L.	(40,522)	(43,259)
Aqualia Mace LLC	(247)	(1,037)
Aquos el Realito, S.A. de CV	3,843	3,131
AIE Costa Tropical de Granada	(681)	(281)
Aqualia Czech, S.L.U.	(31,666)	(31,736)
Aqualia Desalacion Guaymas S.A. de C.V.	3,540	1,492
Aqualia France	8,743	5,165
Aqualia Intech, S.A.	35,479	29,883
Aqualia Latin America	(843)	-
Aqualia México, S.A. de C.V.	5,318	6,379
Aqualia Infraestructuras Inzenyring	(27,408)	(25,929)
Aqualia New Europe, B.V.	(83)	11
Aguas Do Cartaxo, S.A.	345	255
CEG, S.A.S.	(629)	(1,585)
Codeur, S.A.	-	191
Conservación y Sistemas, S.A.	262	262
Constructora de Infraestructuras de Aguas de Queretaro SA de CV	(5,625)	(5,609)
Constructora de Infraestructuras de Aguas de Potosí SA de CV	(8,701)	(8,680)
Depurplan 11, S.A.	509	434
Ecosistema de Morelos, S.A. de C.V.	803	-
Empresa Gestora de Aguas Linenses	1,294	1,033
Entemanser, S.A.	(20,500)	(21,814)
FCC Aqualia América, S.A, Sole-Shareholder Company	(282)	(175)
FCC Aqualia USA CORP	(54)	73
Girona, S.A.	1,627	1,598
Hidrotec Water Technology, S.L.U.	12,056	10,218
Infraestructura y distribución general del agua, S.L.U.	(2,291)	(2,397)
Servicios Hidricos de Agricultura y Ciudad, S.L.	(148)	287
Operadora El Realito S.A. de C.V.	321	317
Orasqualia Construction, S.A.E.	499	495
Orasqualia DEVEL. Waste T.P.S.A.E.	11,875	10,797
Orasqualia O&M	1,199	1,425
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	1,180	1,174
Proveiments d'aigua, S.A.	513	481
Qatarat Saqia Desalination	1,379	-
Shariket Tahlya Miyah Mostaganem	34,827	31,378
Severomoravske Vodovody a Kanalizace Ostrava s,r,o,	(12,212)	(14,618)
Sociedad Española de Aguas Filtradas, S.A.	858	(415)
Societe Des Eaux De Fin D'Oise, S.A.S.	(4,948)	(5,395)
Sociedad Ibérica del Agua S.A.	116	116
Suministro de Aguas de Querétaro, S.A. de C.V.	261	267
Tratamiento Industrial de aguas, S.A.	9,011	294
Vodotech Spol SRO.	958	707
Other companies	229	(27)
Total Consolidation Reserves	39,670	40,162

FCC Aqualia, S.A. includes an amount of thousands 54,589 of euros at 31 December 2021 (94,277 thousand euros at 31 December 2020) in consolidation reserves for those arising from the distribution of dividends from the subsidiaries each year, which become reserves of the Parent Company the following year.

(c) Valuation adjustments

This item includes cash flow hedging derivatives (note 21), as well as translation differences arising from the translation into euro of the financial statements of subsidiaries denominated in another currency,

Details as at 31 December 2021 and 2020 (in thousands of euros):

	Balance at 31.12.21	Balance at 31.12.2020
Valuation adjustments	(227)	(2,788)
Conversion differences	(15,829)	(23,680)
	(16,056)	(26,468)

The amounts comprising the Valuation Adjustments for each of the most significant companies as at 31 December 2021 and 2020 (in thousands of euros):

	Balance at 31.12.21	Balance at 31.12.20
Aquajerez, S.L.	(472)	(1,235)
Aquos el Realito, S.A. de C.V.	(22)	(1,539)
Qatarat Saquia Desalination	267	(14)
	(227)	(2,788)

The amounts comprising the conversion differences for each of the subsidiaries with a functional currency other than the euro at 31 December 2021 and 2020 are as follows:

Amounts in thousands of euros	Balance at 31.12.21	Balance at 31.12.20
Algeria	(6,145)	(7,176)
Shariket Tahlya Miyah Mostaganem S,p,a,	(6,145)	(7,176)
Mexico	(1,505)	(2,910)
Aqualia México, S.A. de C.V.	(4,175)	(4,506)
Suministro Aguas de Querétaro, S.A. de C.V.	(125)	(140)
Constructora de Infraestructuras de Agua de Querétaro, S.A. de C.V.	363	637
Aquos El Realito, S.A. de C.V.	849	57
Operadora El Realito, S.A. de C.V.	(28)	(43)
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	(137)	(192)
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	1,519	1,892
Aqualia desalacion Guaymas S.A. de C.V.	20	(456)

Amounts in thousands of euros	Balance at 31.12.21	Balance at 31.12.20
Aqualia Gestión Los Cabos	92	-
Ecosistema De Morelos S.A. De C.V.	117	(159)
Egypt	(12,678)	(13,746)
Orasqualia Devel. Waste. T.P.	(11,518)	(12,509)
Orasqualia Construction S.A.E.	(594)	(586)
Orasqualia O&M	(566)	(651)
Czech Republic	5,858	1,853
Aqualia Czech. S.L.U.	1,796	1,796
Srnvak	4,919	77
Aqualia Infrastructures Inzenyring. s.r.o.	(918)	(10)
Vodotech Spol. s.r.o.	61	(10)
United States	(92)	(70)
FCC Aqualia USA Corp.	(92)	(70)
Colombia	(1,287)	(269)
Aqualia Latinoamérica. S.A.	(1,235)	(303)
Aqualia Villa Del Rosario S.A.	(41)	44
Sera. Q.A. Duitama E.S.P. S.A.	(11)	(10)
Serbia	(72)	(69)
Aisa D.O.O. Beograd-Vracar	(72)	(69)
Abu Dhabi	394	345
Aqualia MaceLLC	394	345
Saudi Arabia	(329)	(1,579)
H.A.A. & Co. Integrated Serv	(59)	(287)
Qatarat Saquia Desalination	(270)	(1,292)
Qatar	(9)	-
Aqualia Qatar	(9)	-
Oman	36	(59)
Oman Sustainable Water Services SAOC	36	(59)
Total conversion differences	(15,829)	(23,680)

The main change in FY2021 is in the Czech company Severomoravske Vodovody a Kanalizace Ostrava A.S. (Srnvak) due to the revaluation of the Czech koruna in the year.

The main balances of net investments abroad, grouped by geographical market and expressed in thousands of euros, are shown below:

Amounts in thousands of euros	Balance at 31.12.21	Balance as at 31.12.20
Mexico	47,980	34,205
Czech Republic	80,036	79,983
United States	1,424	1,018
Serbia	2,779	2,709
Algeria	11,115	14,229

Saudi Arabia	22,065	21,264
Colombia	19,476	15,700
Other	720	479
TOTAL	185,595	169,587

d) Consolidated profit attributable to the Parent Company by company.

The breakdown of consolidated profit attributable to the Parent Company by company is as follows:

Amounts in thousands of euros	31.12.21	31.12.20
Abrantaqua. S.A.	231	274
Acque di Caltanissetta. S.p.A.	1,018	289
Aguas de Alcázar Empresa Mixta. S.A.	413	186
Aguas de Archidona. S.L.	5	(10)
Aguas de Denia. S.A.	28	32
Aguas De Guadix. S.A.	69	63
Aguas de las Galeras. S.L.	543	284
Aguas de Narixa. S.A.	8	(63)
Aguas de Priego. S.L.	(66)	(33)
Aguas del Puerto Empresa Municipal. S.A.	(371)	(385)
AIE Costa Tropical de Granada	708	290
AIE Costa Brava Supply Aqualia-Sorea	(2)	-
Aigües de Blanes. S.A.	12	(2)
Aigües de Vallirana. S.A.U.	198	217
Aigües Del Vendrell. S.A.	(19)	19
Aqua Campiña. S.A.	211	209
Aquaervas - Aguas de Elvas. S.A.	285	188
Aquafundalia - Agua do Fundão. S.A.	230	102
Aquajerez. S.L.	2,762	2,640
Aqualia Czech. S.L.	(102)	89
Aqualia desalación Guaymas. S.A. de C.V.	3,310	2,048
Aqualia France. S.A.S.	(3,445)	(2,698)
Aqualia Gestión Los Cabos. S.A. de C.V.	9	0
Aqualia Infrastructures Beograd-Vracar	(70)	(62)
Aqualia Infrastructures Inzenyring. s.r.o.	1,476	1,123
Aqualia Infraestructuras Montenegro	(241)	(208)
Aqualia Infrastructures Mostar	-	(1)
Aqualia Infrastructures Pristina. LLC	(154)	102
Aqualia Intech. S.A.	285	4,269
Aqualia Latinoamérica. S.A.	(579)	(843)
Aqualia MACE LLC	1,255	1,464
Aqualia México. S.A. de C.V.	(3,012)	(1,089)
Aqualia New Europe B.V.	37	(94)
Aqualia Portugal	(8)	(28)
Aqualia Qatar	267	-
Aqualia Villa Del Rosario S.A.	(92)	(186)
Aquamaior - Aguas de Campo Maior. S.A.	(12)	55
Aquos El Realito. S.A. de C.V.	(93)	712
Cartagua - Aguas do Cartaxo. S.A.	85	90

Amounts in thousands of euros	31.12.21	31.12.20
CEG. S.A.S.	1,010	1,229
Codeur. S.A.	13	(131)
Compañía de Servicios Medioamb. do Atlántico. S.A.	4	1
Concesionaria de Desalación de Ibiza. S.A.	162	112
Conservación y Sistemas. S.A.	(8)	197
Constructora de Infraestructuras de Aguas de Potosí. S.A. de C.V.	4	(21)
Constructora de Infraestructuras de Aguas de Querétaro. S.A. de C.V.	(59)	(16)
Depurplan 11. S.A.	719	690
Ecosistema De Morelos S.A. De C.V.	965	803
EMANAGUA - Empresa Municipal de Aguas de Níjar. S.A.	34	99
Empresa Gestora de Aguas Linenses. S.L.	1,345	261
Mixed company Abastament en Alta Costa Brava. S.A.	30	30
Empresa Mixta d'Aigües de la Costa Brava. S.A.	36	96
Empresa mixta de Aguas de Jódar. S.A.	18	6
Empresa Mixta de Aguas de Langreo. S.L.	(29)	27
Empresa Mixta de Aguas de Ubrique. S.A.	8	4
Empresa Mixta de Aguas y Servicios. S.A.	59	58
Empresa Municipal Aguas de Algeciras. S.A.	9	2
Empresa Municipal Aguas de Benalmádena. S.A.	285	273
Empresa Municipal Aguas de Toxiria. S.A.	18	27
Empresa Municipal de Aguas de Linares. S.A.	143	51
Entemanser. S.A.	23	856
FCC Aqualia América. S.A.U.	-	176
FCC Aqualia USA CORP.	(1,226)	(1,010)
Flores. Rebollo Y Morales. S.L.	(11)	-
FCC Aqualia. S.A.	67,594	61,448
Gestión de Servicios Hidráulicos de Ciudad Real AIE	52	48
Girona. S.A.	(82)	(1)
H.A.A. & Co. Integrated Serv	19	(165)
HA Proyectos Especiales Hidráulicos S.R.L. de CV	0	6
Hidrotec Water Technology. S.L.U.	3,512	1,837
Infraestructuras y Distribución General de Agua. S.L.	(124)	(430)
New Company of Aguas de Ibiza. S.A.	18	18
Oman Sustainable Water Services SAOC	398	256
Operadora El Realito S.A. de C.V.	(14)	4
Orasqualia Construction. S.A.E.	0	4
Orasqualia Devel. Waste Treatment Plant S.A.E.	1,617	1,143
Orasqualia Operation and Maintenance. S.A.E.	478	311
Proveïments d'Aigua. S.A.	64	62
Qatarat Saquia Desalination	1,383	1,379
Servicios Hídricos Agricultura Y Ciudad. S.L.U.	(161)	(439)
Severomoravske Vodovody a Kanalizace Ostrava a.s.	15,774	13,432
Shariket Tahlya Miyah Mostaganem	3,466	3,449
Sociedad Española de Aguas Filtradas. S.A.	1,175	1,132
Sociedad Ibérica del Agua. S.A.U.	77	75
Societe Des Eaux De Fin D'Oise. S.A.S.	4,289	4,419
Suministro de Aguas de Querétaro. S.A. de C.V.	59	52
Tratamiento Industrial de Aguas. S.A.	6,374	8,494
Vodotech Spol. s.r.o.	371	251
Water Sur. S.L.	17	16
TOTAL	115,087	109,664

e) Non controlling interests

This heading in the accompanying consolidated balance sheet includes the proportional part of the net equity and after-tax results for the year of the subsidiaries in which the Group's minority shareholders hold interests.

The breakdown of the balance at 31 December 2021 and 2020 by item of the main companies with non controlling interests is as follows:

Amounts in thousands of euros	Net Equity	Conversion differences	Outstanding disbursements	Interest rate hedging transactions	Results	Total
Balance at 31.12.2021						
Abrantaqua. S.A.	1,005	-	-	-	154	1,159
Aguas de Alcazar Empresa Mixta S.A.	(376)	-	-	-	376	-
Aqua Campiña. S.A.	(98)	-	-	-	24	(74)
Acque di Caltanisseta. S.P.A.	457	-	(266)	-	16	207
Entemanser. S.A.	-	-	-	-	1	1
Shariket Tahlya Miyah Mostganem	126,021	(17,952)	-	-	10,125	118,194
Aguas do Cartaxo. S.A.	969	-	-	-	57	1,026
Aqualia Mace LLC	50	379	-	-	1,206	1,635
Aqualia Mace Qatar	(273)	(8)	-	-	256	(25)
Aquos El Realito. S.A. de C.V.	9,548	816	-	(21)	(89)	10,254
H.A.A. & Co. Integrated Serv	2,915	(57)	-	-	18	2,876
Qatarat Saquia Desalination	13,732	(259)	-	256	1,328	15,057
Rest	211	(1)	-	-	99	309
TOTAL	154,161	(17,082)	(266)	235	13,571	150,619

Amounts in thousands of euros	Net Equity	Conversion differences	Outstanding disbursements	Interest rate hedging transactions	Results	Total
Balance as at 31.12.2020						
Abrantaqua. S.A.	823	-	-	-	182	1,005
Aguas de Alcazar Empresa Mixta S.A.	634	-	-	-	169	803
Aqua Campiña. S.A.	(130)	-	-	-	23	(107)
Acque di Caltanisseta. S.P.A.	453	-	(266)	-	5	192
Entemanser. S.A.	-	-	-	-	26	26
Shariket Tahlya Miyah Mostaganem	115,945	(20,966)	-	-	10,076	105,055
Aguas do Cartaxo. S.A.	910	-	-	-	60	970
Aqualia Mace LLC	(981)	332	-	-	1,406	757
Aquos El Realito. S.A. de C.V.	8,671	55	-	(1,478)	877	8,125
H.A.A. & Co. Integrated Serv	3,073	(275)	-	-	(158)	2,640
Qatarat Saquia Desalination	12,407	(1,241)	-	(14)	1,325	12,477
Rest	416	(2)	-	-	134	548
TOTAL	142,221	(22,097)	(266)	(1,492)	14,125	132,491

In FY2021, the main change occurred at Shariket Tahlya Miyah Mostganem, due to the result for the year and the revaluation of the Algerian dinar, with a total increase of EUR 13,139 thousand.

During the financial year 2020, the main changes recorded under this heading were due, firstly, to the devaluation of the Algerian dinar, which affected the company Shariket Tahlya Miyah Mostganem, which recorded a decrease of 20,966 thousand euros in this respect, and the increase due to the business combination of the companies Ha ji Abdullah Ali Reza Integrated Services Ltd (H.A.A.I.S. & CO.) and Qatarat Saquia Desalination Company Ltd.

14. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

a) Non-current and current payables to credit institutions

The detail at 31 December 2021 and 2020 is as follows (in thousands of euros):

Balance at 31.12.21	NON CURRENT	CURRENT	TOTAL
Credit lines and loans	49,428	206,581	256,009
Accrued interest to be settled	-	933	933
Debts limited recourse project financing	48,325	6,074	54,399
Interest debts limited recourse project financing	-	-	-
	97,753	213,588	311,341

Balance as at 31.12.20	NON CURRENT	CURRENT	TOTAL
Credit lines and loans	55,722	5,260	60,982
Accrued interest to be settled	-	556	556
Debts limited recourse project financing	72,710	12,586	85,296
Interest debts limited recourse project financing	4,642	385	5,027
	133,074	18,787	151,861

This debt is recorded at amortised cost and its fair value does not vary significantly.

At 31 December 2021, the limit of credit facilities and loans granted to the FCC Aqualia Group amounted to thousands 1,210,808 of euros (146,278 thousands of euros at 31 December 2020), with a drawn down balance of 310.408 thousand of euros at 31 December 2021 (fully drawn down at 31 December 2020).

The average interest rate on bank borrowings in 2021 and in 2020 was basically the result of the conditions of the various interbank markets, referenced to Euribor.

All non-current and current bank borrowings and loans drawn down at 31 December 2021 and 2020 are denominated in Euros. The debts with limited recourse for project financing are denominated in Saudi Arabian Riyadh and Mexican pesos.

The breakdown by company at 31 December 2021 and 2020, with the conditions indicated, is as follows (amounts in thousands of euros):

Society	Limit	2021.12	2020.12	Start date	Maturity date	Interest rate
Credit lines and loans						
FCC Aqualia S.A.	200,000	200,000	-	23.12.2021	31.07.2022	EURIBOR 3M+0.05%.
FCC Aqualia. S.A. (back up line)	900,000	-	-	04.11.2021	31.01.2023	EURIBOR 3m+0.10%.
AIE Costa Tropical de Granada	1,523	1,523	2,187	03.01.2014	03.01.2024	EURIBOR 12M + 1.90%.
Aquajerez. S.L. (Note 14.c)	52,936	52,936	57,145	21.07.2016	15.07.2031	EURIBOR 6M+ 1.75%.
Aquamaior - Aguas de Campo Maior. S.A.	1,350	1,350	1,400	28.08.2014	28.02.2023	Euribor 12M+4%.
Empresa Mixta de Aguas y Servicios. S.A.	600	200	250	14.03.2019	14.03.2022	Fixed 0.95%
Interests		933	556			
Debts limited resource project financing						
Shariket Tahlya Mostaganem S.p.a.	-	-	32.540	25.09.2011	31.12.2025	3.75%
Aquos El Realito. S.A. de C.V.	40.045	40.045	35.646	16.03.2011	24.03.2029	TIIE 28D 3.25%.
Qatarat Saquia Desalination	14.354	14.354	17.110	04.03.2018	06.08.2026	Saivor 3M 2.25%
Interests		-	5.027			
Total	1.210.808	311.341	151.861			

b) Bonds and other marketable securities

The detail of this heading is as follows (in thousands of euros):

Non-current	Balance at 31.12.21		Balance as at 31.12.20	
	Bonds	Interests	Bonds	Interests
Irish-listed plain vanilla bond issue	647,924	-	1,346,429	-
Issuance of uncovered bonds listed in the Czech Republic	-	-	205,091	-
Total non-current	647,924	-	1,551,520	-
Currents				
Irish-listed plain vanilla bond issue	699,625	15,301	-	15,301
Issuance of uncovered bonds listed in the Czech Republic	217,007	2,598	-	2,461
Total current	916,632	17,899	-	17,762

The movement between 31 December 2020 and 2021 is as follows (in thousands of euros):

	Balance as at 31.12.20	Allocation to profit and loss	Exchange rate adjustment and other	Balance at 31.12.21
Debt securities issued within the E.U., which have required the registration of a prospectus	1.551.520	1.611	11.425	1.564.556
	1.551.520	1.611	11.425	1.564.556

The movement between 31 December 2019 and 2020 is as follows (in thousands of euros):

	Balance at 31.12.19	Allocation to profit and loss	Exchange rate adjustment and other	Balance as at 31.12.20
Debt securities issued within the E.U., which have required the registration of a prospectus	1.556.641	1.590	(6.711)	1.551.520
	1.556.641	1.590	(6.711)	1.551.520

b.1 Issuance of plain vanilla bonds listed in Ireland.

In the context of the aforementioned Refinancing Agreement (note 9.a.1) of the financial indebtedness of Fomento de Construcciones y Contratas. S.A. and certain companies of its group, the Board of Directors of FCC Aqualia at its meeting held on 24 February 2017 agreed, among others, to carry out one or several issues of simple bonds of the Parent Company for an aggregate maximum nominal amount of 1,350,000,000 euros.

Subsequently, on 1 June 2017, the Irish Stock Exchange ("Irish Stock Exchange") approved the prospectus in relation to two issues of Parent Company senior secured plain vanilla bonds with the following features:

- One of them for an amount of 700.000.000 euros with an annual remuneration of 1.413% and a single maturity in 2022.
- 650.000.000 with an annual remuneration of 2.629% and a single maturity in 2027.

Finally, on 8 June 2017, the Parent Company notarised the terms and conditions of the two previous issues which, in addition to the above, contain the following features:

- The nominal value of the bonds is €100,000 and above that in whole multiples of €1,000 up to €199,000.
- Interest shall be paid annually on 8 June of each year.
- The scheduled redemption date for the first issue is 8 June 2022 and for the second issue 8 June 2027.

- The uncovered bonds are admitted to trading on the Irish Stock Exchange on an unregulated market.
- Both issues have the following guarantees:
 - o Pledge on 100 % of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas S.A., Sociedad Española de Aguas Filtradas. S.A., Depurplán and Aigues de Vallirana. S.A. and on 97 % of the shares of Entemanser S.A.
 - o Pledge on 100% of the shares of Infraestructura y Distribución General del Agua. S.L., Empresa Gestora de Aguas Linenses. S.L., Aguas de las Galeras. S.L., Hidrotec Tecnología del Agua. S.L. and 51 % of Aqualia Czech.
 - o Pledge on 98 % of the shares of Acque di Caltanissetta and 100 % of the shares of Aqualia Mexico. S.A.C.V.
 - o Pledge on balances of certain accounts (see note 12)

Under the heading "Current liabilities and bonds with third parties", the parent company records an amount of 15,301 thousand euros at 31 December 2021 and 2020 for accrued interest payable.

The price of these bonds as at 31 December 2021 is as follows:

- Bonds maturing in 2022: 100.263% (101.439 % at 31 December 2020).
- Bonds maturing in 2027: 109.749% (108.988 % at 31 December 2020).

In addition to the guarantees set out in the preceding paragraphs, the simple bond issues by FCC Aqualia have placed the following limitations on the consolidated Group:

- Limitation to new financial indebtedness that did not exist on the date of issue of the bonds if a Net Debt/EBITDA ratio of less than 5 times is not reached or if it does not relate to the purchase and sale of goods and services, possible claims by employees, contractual obligations and guarantees provided by the FCC Aqualia Group in the normal course of its business. In addition to the aforementioned transactions, the granting of credits and loans within the consolidation perimeter is permitted. This limitation on financial indebtedness does not include the three subsidiaries that have their own financing, which are Severomoravske Vodovody a Kanalizace Ostrava (note 14.b.2), Shariket Talhya Mostaganem and Aquajerez (note 14.a.). nor does it include non-recourse financing by the Group.

- Limitation on dividend distribution. No dividend distribution is allowed as long as a Net Debt to EBITDA ratio of less than 5 times is not reached.

- Limitation on changes in the capital structure of the group's parent company and its investees whose shares are pledged except for capital increases permitted under the terms and conditions of the issue.

In 2021, the Group reclassified from non-current to current liabilities the amount corresponding to the issue maturing on 8 June 2022, which at that date will have a recorded value equal to its nominal value, i.e. EUR 700,000 thousand.

b.2 Issuance of simple bonds listed in the Czech Republic.

Corresponds to the issue in July 2015 by Severomoravske Vodovody to Kanalizace Ostrava a.s. of non-convertible bonds in the amount of CZK 5.400 million maturing in 2022 and bearing interest at a fixed rate of 2.625 % p.a. The bonds are listed on the Prague Stock Exchange in the Czech Republic. These bonds are listed on the Prague Stock Exchange (Czech Republic).

In current liabilities, under the heading "Current liabilities and bonds with third parties", the Czech company records an amount of EUR 2,598 thousand at 31 December 2021,(31 December 2020: EUR 2,461 thousand) corresponding to accrued interest payable.

The quotation of these bonds at 31 December 2021 was 98.477% (100.800 % at 31 December 2020).

No guarantees have been granted in relation to this issue.

c) Other non-current financial liabilities

The detail of this item in the consolidated balance sheet is as follows:

Amounts in thousands of euros	2021	2020
Bonds and deposits received	44,464	41,763
Long-term suppliers of fixed assets to group companies	1,169	1,290
Long-term suppliers of fixed assets	60,700	63,166
Financial derivative liabilities	1,599	6,494
Other	15,135	15,520
TOTAL	123,067	128,233

"Deposits and deposits received" records the amounts received from subscribers of water services at the time of service provision. In some territories there is an obligation to deposit these deposits received with a public authority. The amount deposited is recorded in "Non-current deposits" (see note 9.a.2).

"Long-term suppliers of fixed assets" includes a non-current liability of Euros 59,427 thousand at 31 December 2021 (Euros 62,404 thousand at 31 December 2020) for future payment obligations incurred in accordance with IFRS 16 on "Leases" (see note 2.b). This liability is recognised at the present value of the future cash flows of each lease. In addition, there is a liability of Euros 1,169 thousand at 31 December 2021 and Euros 1,290 thousand at 31 December 2020 with FCC Group companies in this connection.

The balance of "Other" consists mainly of the financial debt that the Group has with the third party shareholder of the companies Aquos el Realito and Qatarat Saquia Desalination for respective amounts of Euros 6,666 thousand and Euros 5,021 thousand at 31 December 2021 (Euros 6,319 thousand and Euros 4,668 thousand, respectively, at 31 December 2020). The first of these does not

accrue interest vis-à-vis the third party shareholder because they are payments on account of future capital increases. The second accrues an annual interest rate of 5%.

d) Other current financial liabilities

Its detail is as follows:

Amounts in thousands of euros	2021	2020
Other short-term financial debt with FCC Group companies	1,720	1,281
Short-term suppliers of fixed assets with FCC Group companies IFRS16	465	311
Short-term payables	80	65
Suppliers of short-term fixed assets	17,833	16,806
Bonds and deposits received	1,810	8,816
Interim dividend payable to non-group third parties	6,707	18,143
Current financial liabilities, third parties	12,343	11,965
TOTAL	40,958	57,387

The item "Other short-term financial debts with FCC Group companies" basically includes the balances generated by the Group companies with FCC. S.A. as a result of collections and payments on behalf of this company with FCC Aqualia Group companies and is not remunerated as it is settled in a very short period of time.

The item "Suppliers of short-term fixed assets" includes the current IFRS16 liability of EUR 8,892 thousand (EUR 7,710 thousand at 31 December 2020).

"Interim dividend payable to third parties outside the Group" mainly includes the amount of dividends approved by Shariket Thalya Miyah Mostaganem amounting to EUR 6,449 thousand at 31 December 2021 (31 December 2020: EUR 17,224 thousand).

e) Maturities of bank borrowings and other non-current financial liabilities.

The expected schedule of maturities as at 31 December 2021 and 2020 is as follows:

Year 2021

Amounts in thousands of euros	2023	2024	2025	2026	2027 ONWARDS	TOTAL
Bonds and other marketable securities (note 14.b)	-	-	-	-	647,924	647,924
Non-current bank borrowings (note 14.a)	8,903	8,556	7,284	6,652	66,358	97,753
Other non-current financial liabilities (note 14.c)	16,388	7,814	12,770	5,759	80,336	123,067
TOTAL	25,291	16,370	20,054	12,411	794,618	868,744

Year 2020

Amounts in thousands of euros	2022	2023	2024	2025	2026 ONWARDS	TOTAL
Bonds and other marketable securities (note 14.b)	903,946	-	-	-	647,574	1,551,520
Non-current bank borrowings (note 14.a)	20,607	15,154	15,053	14,708	67,552	133,074
Other non-current financial liabilities (note 14.c)	10,132	11,275	6,942	12,794	87,090	128,233
TOTAL	934,685	26,429	21,995	27,502	802,216	1,812,827

f) Other information

In relation to the financial liabilities contracted by the Group, there are ratios that must be complied with, and at 31 December 2021 there were no defaults that could affect the Group's main financing contracts. It is not considered that there could be any non-compliance in 2022.

g) Changes in financial liabilities that have an impact on financing cash flows

Below is a detail of the movements in non-current and current financial liabilities, distinguishing those that have had an impact on the financing cash flows in the Statement of Cash Flows from the rest of the changes:

	Balance at 1 January 2021	Cash flows from financing activities	No impact on cash flows			Balance at 31 December 2021
			Exchange rate differences	Change in fair value	Other movements	
Non-current	1,812,827	(21,714)	11,036	(5,109)	(928,296)	868,744
Bonds and other marketable securities (note 14.b)	1,551,520	1,020	6,311	-	(910,927)	647,924
Amounts owed to credit institutions (note 14.a)	133,074	(29,322)	3,158	-	(9,157)	97,753
Other financial liabilities (note 14.c)	128,233	6,588	1,567	(5,109)	(8,212)	123,067
Currents	93,936	165,911	6,382	-	922,847	1,189,076
Bonds and other marketable securities (note 14.b)	17,762	587	5,255	-	910,926	934,530
Amounts owed to credit institutions (note 14.a)	18,787	184,737	466	-	9,598	213,588
Other financial liabilities (note 14.d)	57,387	(19,413)	661	-	2,323	40,958

	Balance at 1 January 2020	Cash flows from financing activities	No impact on cash flows			Balance at 31 December 2020
			Exchange rate differences	Change in fair value	Other movements	
Non-current	1,776,700	(9,518)	(25,336)	2,832	68,149	1,812,827
Bonds and other marketable securities (note 14.b)	1,556,641	1,590	(6,711)	-	-	1,551,520
Amounts owed to credit institutions (note 14.a)	109,167	(13,246)	(16,649)	-	53,802	133,074
Other financial liabilities (note 14.c)	110,892	2,138	(1,976)	2,832	14,347	128,233
Currents	50,724	11,130	(1,946)	-	34,028	93,936
Bonds and other marketable securities (note 14.b)	17,768	74	(80)	-	-	17,762
Amounts owed to credit institutions (note 14.a)	5,996	(6,932)	-	-	19,723	18,787
Other financial liabilities (note 14.d)	26,960	17,988	(1,866)	-	14,305	57,387

15. NON-CURRENT AND CURRENT PROVISIONS

The breakdown of provisions as at 31 December 2021 and 2020 is as follows (in thousands of euros):

	2021	2020
Non-current		
Long-term employee benefit obligations	3,783	3,401
Litigation	8,900	7,751
Guarantees and contractual or legal obligations	6,189	7,087
Actions to improve or expand concession capacity	149,763	85,371
Other risks and expenses	29,864	36,416
TOTAL NON-CURRENT PROVISIONS	198,499	140,026
Currents		
Settlement and construction losses	10,748	9,728
Compensation for works personnel	1,133	1,204
Other provisions	2,080	2,342
TOTAL CURRENT PROVISIONS	13,961	13,274

The movements in the various provisions during each year in the periods analysed are as follows:

	(Amounts in thousands of euros)	Non-current provisions	Current provisions
Balance at 31.12.19		124,996	18,335
	Provisions	36,536	3,987
	Reversals	(5,182)	(5,915)
	Exits	(15,751)	(2,041)
	Conversion differences	(573)	(1,092)
Balance at 31.12.20		140,026	13,274
	Provisions	93,904	6,005
	Reversals	(6,722)	(3,807)
	Exits	(26,723)	(1,757)
	Conversion differences	(1,986)	246
Balance at 31.12.21		198,499	13,961

In 2021, the provisions amounted to EUR 99,909 thousand, including EUR 85,505 thousand in the "Provision for concession capacity improvement and expansion measures" for the commitments acquired by the Group so far this year to undertake investments. In addition, the provision includes an amount of Euros 2,718 thousand corresponding to the financial restatement of provisions.

In 2020, provisions amounted to Euros 40,523 thousand, Euros 31,019 thousand for the "Provision for concession capacity improvement and expansion measures" in the contracts in Colombia. In addition, the provision includes an amount of Euros 1,108 thousand corresponding to the financial restatement of provisions.

In FY2021 and FY2020, the Group has recorded a provision of Euros 4,108 thousand (Euros 3,406 thousand at 31 December 2020) for the negative equity of two equity method accounted companies domiciled in Mexico. Constructora de Infraestructura de Aguas de Querétaro and Constructora de Infraestructura de Aguas de Potosí, as the directors consider this to be a future cash outflow.

In "Other provisions for liabilities and charges", there is a provision of Euros 7,600 thousand for the out-of-court settlement with a municipality and endorsed by the full council in December 2021, which is awaiting judicial approval.

On the other hand, in FY2021, the most significant outflows from non-current provisions relate to provisions for improvement actions amounting to thousands 19,077 of euros (12,177 thousands of euros in FY2020) for investment commitments carried out in the year, mainly in the department of Córdoba (Colombia) for an amount of 4,265 thousand euros, Jerez de la Frontera (Cádiz - Spain) for an amount of thousands 1,007 of euros (879 thousands of euros in 2020), San Pedro del Pinatar (Murcia - Spain) for thousands 1,043 of euros in 2021 (2,392 thousand euros in 2020) and Lleida (Lleida - Spain) for thousands

649 of euros in 2021 compared to thousands of 1,357 euros in 2020. Other Spanish municipalities with significant investments in 2021 were La Puebla de Montalbán in Toledo for 1,786 thousand euros, Salamanca for 1,887 thousand euros and La Línea de la Concepción in Cádiz for 1,156 thousand euros.

The schedule of expected disbursements as at 31 December 2021 and 2020 arising from obligations covered by non-current provisions is as follows:

YEAR 2021 (Thousands of euros)	UNTIL 5 YEARS	OVER 5 YEARS	BALANCE AT 31/12/2021
Long-term employee benefit obligations	1,470	2,314	3,784
Litigation	8,900	-	8,900
Legal or contractual obligations and warranties	6,176	13	6,189
Actions to improve or expand concession capacity	67,893	81,871	149,764
Other provisions for liabilities and charges	28,000	1,862	29,862
TOTAL	112,439	86,060	198,499
YEAR 2020 (Thousands of euros)	UNTIL 5 YEARS	OVER 5 YEARS	BALANCE AT 31/12/2020
Long-term employee benefit obligations	1,013	2,388	3,401
Litigation	7,751	-	7,751
Legal or contractual obligations and warranties	7,068	19	7,087
Actions to improve or expand concession capacity	18,033	67,338	85,371
Other provisions for liabilities and charges	35,588	828	36,416
TOTAL	69,453	70,573	140,026

Long-term employee benefit obligations

Non-current provisions include those covering the Group companies' pension and similar obligations such as medical and life insurance.

Litigation

These cover the risks of the FCC Aqualia Group companies involved as defendants in certain lawsuits for the liabilities inherent to the activities they carry out, without these lawsuits giving rise, according to the directors, to liabilities additional to those already recorded at 31 December 2021.

Guarantees and contractual or legal obligations

This includes provisions to cover the cost of obligations arising from contractual and legal commitments of a non-environmental nature such as removal of installations at the end of certain contracts and costs to ensure the quality of service.

In relation to contractual or legal guarantees, the Group's directors highlight the following disputes pending resolution to date:

- The Italian Public Prosecutor's Office has initiated legal proceedings against Acque di Caltanissetta, 98 % owned by FCC Aqualia, for non-compliance with environmental regulations on wastewater discharges, after the company was awarded the contract for the integral water cycle in Caltanissetta (Sicily).

The Group expects that the conclusion of the investigation will not have material consequences beyond the amounts provided for in these consolidated financial statements.

Actions to improve or expand concession capacity

These are those created when the Group is obliged to carry out actions to improve the infrastructure and these actions are not offset by obtaining higher revenues from the concession. The balancing entry is "Intangible assets under concession agreement" (note 6).

Other risks and expenses

This caption includes those risks not included in the previous headings, including contractual liabilities that may entail an obligation to pay in the future.

16. OTHER PAYABLES

The composition of the balance of "Other payables" at 31 December 2021 and 2020 corresponds to the following breakdown (in thousands of euros):

	2021	2020
VAT payable (Note 18)	14,416	15,576
Social security organisations creditors (Note 18)	7,849	8,374
Withholding tax payable (Note 18)	4,071	3,830
Taxes receivable - Payable for other items (Note 18)	70,814	70,970
Remunerations to be paid	7,486	7,846
Customer advances	38,516	42,632
Creditors and other non-trade payables	148,360	176,755
TOTAL BALANCE OF OTHER PAYABLES	291,512	325,983

The heading "Taxes receivable - Payable for other items" includes the amounts collected by the FCC Aqualia Group companies from their customers on behalf of the public authorities in respect of taxes and which are pending settlement (Note 18).

The heading "Creditors and other non-trade payables" includes balances payable by the Group for services rendered.

17. GRANTS

The movement in this heading during the financial years 2021 and 2020 is as follows:

	2021	2020
Balance at 1 January	44,364	55,870
Additions for the year	1,335	2,297
Exits	(4,178)	(8,984)
Recognition of subsidies for intangible and tangible assets in profit or loss	(2,854)	(3,037)
Conversion differences	52	(1,782)
Balance at 31 December	38,719	44,364

The FCC Aqualia Group obtained additions in FY2021 amounting to Euros 1,335 thousand (Euros 2,297 thousand in FY2020), the difference being mainly due to the decrease in the subsidy obtained in Italy.

The Group has received a grant to partially finance the construction of a desalination plant in Guaymas. As work certifications are made and the non-current collection right is recognised by concession agreement, the Group records a receivable of the same by application of the subsidy obtained.

On the other hand, at 31 December 2021, the Group recorded in the consolidated income statement an amount of Euros 24,789 thousand (Euros 11,725 thousand in 2020) as operating subsidies (Note 20), for the subsidies granted by the town councils of the municipalities in which the Group provides the integral water cycle service and in recognition of the concession holder's operating deficit in said concessions, as stipulated in the respective specifications and contract.

The amounts receivable at 31 December 2021 and 2020 for this item are shown in Notes 11 and 18

18. TAX SITUATION

This note describes the items in the accompanying consolidated balance sheet and consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and income tax expense.

Since 13 February 2019, FCC Aqualia, S.A. has been the head of the 233/19 Tax Group, which includes all the companies with tax domicile in Spain that meet the requirements established by current tax legislation.

At 31 December 2021, FCC Aqualia S.A. had open for inspection for the taxes applicable to it all the years for which the statute of limitations has not expired and, at that date, the inspection to which the Parent Company is subject for corporate income tax for the years 2015 to 2017 is still open due to its membership in those years of the 18/89 Tax Group, of which Fomento de Construcciones y Contratas is the parent company.

(a) Public Administrations

The breakdown of 2021 and 2020 current assets and liabilities to public authorities at 31 December is as follows:

Current assets

In thousand Euros

	2021	2020
Public Adm. receivable for grants awarded (note 11)	34,338	38,849
VAT receivable (note 11)	25,291	24,745
Social security debtors (note 11)	772	1,211
Indirect taxes borne (note 11)	3,591	3,967
	63,992	68,772

Current liabilities

In thousand Euros

	2021	2020
Withholdings on account of personal income tax and corporate income tax (income from work and income from movable capital) (note 16)	4,071	3,830
Value added tax (note 16)	14,416	15,576
Social security organisations, creditors (note 16)	7,849	8,374
Rest of Public Administration (note 16)	70,814	70,970
	97,150	98,750

"Rest of Public Administrations" includes amounts payable for taxes and duties for which the Group manages their collection on behalf of the Public Administration in connection with services rendered to customers.

b) Deferred tax assets and liabilities

Deferred tax assets mainly relate to provisions not deductible for tax purposes in the year, the time limit on the deduction of depreciation of fixed assets recorded in previous years and the tax losses of joint ventures which are taken to income in the following year, while deferred tax liabilities basically relate to those arising from the purchase of companies, taxable income of joint ventures which are to be taken to income in the following year, and accelerated depreciation.

In accordance with accounting regulations, the Group has offset the deferred tax assets and liabilities corresponding to the tax group of which the parent company FCC Aqualia S.A. is the head, as it is legally entitled to offset them and, in accordance with Spanish tax legislation, they will be settled at their net amount based on their reversal schedule. Deferred tax assets and liabilities amounting to Euros 12,075 thousand at 31 December 2021 have been offset (Euros 15,065 thousand at 31 December 2020).

The following table shows a breakdown of the main deferred tax assets and liabilities.

DEFERRED TAX ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31.12.21	31.12.20
Provisions	15,801	15,837
Pension plans	203	1
Depreciation	3,949	4,988
For the result of joint ventures carried forward and adjustments to the following financial year	2,904	3,757
For intra-group transactions in the sale and purchase of fixed assets	5,917	5,373
Capitalised taxable income	3,635	4,749
For non-deductible financial expenses	3,093	3,093
For reversal of the financial capitalisation of the concession arrangement in IFRS	3,213	3,429
Other differences	4,472	4,927
Offsetting of deferred tax liabilities of the Tax group	(12,075)	(15,065)
TOTAL	31,112	31,089

The offsetting deferred tax liabilities of the tax group are mainly due to the results of the joint ventures in the amount of thousands 4,107 of euros at 31 December 2021 (6,316 thousands of euros at 31 December 2020) and the allocation of goodwill in the amount of thousands 4,324 of euros at 31 December 2021 (5,372 thousands of euros at 31 December 2020).

DEFERRED TAX LIABILITIES		
<i>(Amounts in thousands of euros)</i>		
	31.12.21	31.12.20
For freedom of depreciation	24,161	22,085
For the allocation of goodwill	17,645	20,458
Difference between accounting and tax depreciation - concessions in Mexico	10,539	9,360
Difference between book and tax depreciation - concessions in Algeria	4,054	-
Other adjustments	8,543	10,310
Offsetting of deferred tax liabilities of the Tax group	(12,075)	(15,065)
TOTAL	52,867	47,148

The expected maturities of the deferred taxes before the aforementioned offsetting in the Spanish tax group headed by FCC Aqualia, S.A. are presented below:

	Amounts in thousands of euros						TOTAL
	2022	2023	2024	2025	2026	2027 ONWARDS	
Deferred tax assets	9,510	5,372	5,079	2,787	1,971	18,468	43,187
Deferred tax liabilities	7,208	2,868	3,807	2,701	1,631	46,727	64,942

c) Reconciliation between the accounting result and the tax base

Below is the theoretical reconciliation between the accounting profit and the taxable profit (amounts in thousands of euros) by applying consolidation criteria to the reconciliations between the accounting profit and the taxable profit of all the companies in the accounting perimeter. This reconciliation has no practical effect because the accounting perimeter is wider than the perimeter of the FCC Aqualia Tax Group.

YEAR 2021

Consolidated accounting profit for the year before taxation			171,516
	Additions	Reductions	
Consolidation adjustments and eliminations	832	(3,647)	(2,815)
Permanent differences	3,141	(1,191)	1,950
Offsetting tax profit/loss from previous years			
Adjusted consolidated accounting result			170,651
Time differences:			
- For other adjustments (mainly provisions and allowances)	18,605	(7,692)	10,913
- For depreciation	212	(2,403)	(2,191)
- For carryovers of the result of the UTEs to the following financial year	19,712	(15,667)	4,045
- Tax effect IFRS16	768	(21)	747
- Adjustment of deferred tax assets for intra-group results	2,889	(1,226)	1,663
Activation and offsetting of tax credit			(551)
Consolidated tax base (tax result)			185,277

YEAR 2020

Consolidated accounting profit for the year before taxation			157,127
	Additions	Reductions	
Consolidation adjustments and eliminations	2,209	(3,916)	(1,707)
Permanent differences	4,633	(18,386)	(13,753)
Offsetting tax profit/loss from previous years			
Adjusted consolidated accounting result			141,667
Time differences:			
- Other adjustments (mainly provisions)	13,169	(8,075)	5,094
- For depreciation	251	(2,435)	(2,184)
- For carryovers of the result of the UTEs to the following financial year	15,310	(17,670)	(2,360)
- Tax effect IFRS16	1,028	(4)	1,024
- Adjustment of deferred tax assets for intra-group results	2,566	(1,365)	1,201
Activation and offsetting of tax credit			(251)
Consolidated tax base (tax result)			144,191

At 31 December 2021 and 2020, "Consolidation adjustments and eliminations" mainly relate to the results of companies accounted for using the equity method.

The income tax expense accrued in the year amounted to EUR 42,860 thousand, as reflected in the accompanying consolidated income statement (EUR 33,338 thousand in 2020).

d) Tax recognised in equity.

There are no significant taxes recognised in equity in FY2021 and FY2020.

e) Reconciliation between accounting profit and corporate income tax expense.

YEAR 2021	
Adjusted consolidated accounting result	170,651
Corporate income tax liability	45,592
Deductions and allowances	(1,020)
Other adjustments	(1,712)
Corporate income tax accrued	42,860

YEAR 2020	
Adjusted consolidated accounting result	141,667
Corporate income tax liability	35,417
Deductions and allowances	(3,759)
Other adjustments	1,680
Corporate income tax accrued	33,338

The parent company of the FCC Aqualia group has a balance of thousands 7,042 of euros payable to the tax authorities in respect of companies with tax domicile in Spain that belong to the FCC Aqualia tax group (group number 233/19) (346 thousand euros at 31 December 2020).

f) Tax losses and deductions pending application

The FCC Aqualia Group has capitalised tax losses amounting to Euros 3,635 thousand at 31 December 2021 (4,749 at 31 December 2020) relating mainly to the losses obtained by the branch in Algeria, which are expected to be recovered in a period of less than 5 years when this permanent establishment is liquidated.

(g) Years open for review and tax audits

At 20 December 2021, the Parent Company has signed two tax assessments with agreement relating to the tax inspection carried out by the Spanish Tax Agency on value added tax and withholdings and payments on account for work and professionals for the period from 1 July 2016 to 31 December 2017, which will result in a payment obligation of Euros 441 thousand for the Company and which at 31 December 2021 is provided for in Other Provisions (note 15).

At the end of 2021, the Parent Company is still subject to an income tax audit for the years 2015 to 2017 due to its membership in those years of the 18/89 Tax Group, of which Fomento de Construcciones y Contratas is the parent company. No provision is recognised in these financial statements in respect of tax assessments for this inspection as the Company considers that, in the event of differing criteria for interpreting tax and accounting regulations, these will not give rise to significant liabilities in these notes

to the financial statements. With regard to the other taxes to which the Company is subject, the last four years remain open for inspection for all taxes, and the directors do not consider that any significant liabilities could arise.

19. GUARANTEES TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2021, the Group had provided guarantees to third parties, mostly to public bodies and private customers to secure the execution of works and contracts, amounting to EUR 249,010 thousand (31 December 2020: EUR 240,732 thousand).

FCC Aqualia. S.A. and the Group's subsidiaries are defendants in certain lawsuits arising from the liabilities inherent to the Group's various activities in the performance of contracts awarded and for which provisions have been recognised (see note 15) and it is estimated that the liabilities that might arise therefrom, considering the existing provisions, would not have a significant effect on the Group's equity.

As indicated in the note 7, the participation of Group companies in joint ventures managed through temporarily joint ventures, participation accounts, joint ownership, economic interest groupings and other entities with similar legal characteristics means that the participating shareholders share joint and several liability for the activity carried out.

The Parent's directors consider that no significant liabilities will arise from these joint and several guarantees.

20. REVENUE AND EXPENSES

Operating income

Group companies record operating income under "Revenue", except for operating subsidies which are recognised as "Other operating income" in the consolidated income statement.

Revenue consists mainly of two items:

- Water supply. This includes the amount corresponding to the cubic metres supplied to subscribers valued at the sale price. The sale price is established for each contract on the basis of the tariffs approved by each corresponding public body.
- Sale of works and services. This includes the amount corresponding to construction work and activities carried out by the Group, for the most part, in relation to the provision of the integral water cycle in those municipalities in which it has been awarded the same or in relation to water infrastructures in which it has been awarded the concession contract.

The amount of the sale of construction work is calculated by applying the percentage of completion method, which consists of valuing the units of work completed during the period at the selling price established in the contract and recognising the expenses incurred thereon.

The difference between the amount of production of each of the contracts and the amount invoiced for each of them up to the consolidated balance sheet date, for both water and works, is recorded as "Completed output and pending invoicing" under "Trade receivables for sales and services rendered" (Note 11).

The distribution of net turnover by type of activity is as follows:

REVENUE BY TYPE OF ACTIVITY		
<i>(Amount in thousands of euros)</i>		
	31.12.2021	31.12.2020
Supply	587,986	573,388
Sewage	192,996	188,642
Sewage treatment	131,619	128,324
Hydraulic works	158,419	209,348
Desalination	69,349	62,366
Other income	29,081	26,280
TOTAL	1,169,450	1,188,348

The Group does not present analytical profit and loss or balance sheet information by business segment as its main activity is the integral water cycle, and it is treated as a whole, as a single segment in all the items of both financial statements. Except for turnover, this segment is shown by activity in accordance with the information included in the table above.

The distribution of net revenues by geographical location of the Group is as follows:

GEOGRAPHICAL LOCATION		
<i>(Amounts in thousands of euros)</i>		
	31.12.2021	31.12.2020
Spain		
Andalusia	230,070	225,538
Aragon	11,426	10,907
Asturias	30,813	29,658
Balearic Islands	37,747	32,537
Canary Islands	53,798	54,132
Cantabria	21,653	21,645
Castilla La Mancha	75,870	68,225
Castilla y León	48,273	46,482
Catalonia	70,821	64,979
Valencian Community	38,607	37,970
Extremadura	44,292	42,780
Galicia	63,077	59,408

Madrid	42,397	43,906
Murcia	32,756	34,177
Navarre	2,824	2,828
Basque Country	2,105	3,016
La Rioja	5,938	5,868
Melilla	1,702	261
Total Spain	814,169	784,317
International		
Saudi Arabia	32,400	35,351
Algeria	37,138	34,934
Chile	657	1,468
Colombia	28,201	26,583
Ecuador	667	1,483
Egypt	28,669	78,230
United Arab Emirates	11,591	14,007
France	20,771	20,163
Italy	45,440	42,847
Mexico	18,907	24,965
Montenegro	-	95
Oman	272	283
Panama	-	2,756
Portugal	14,637	15,477
Qatar	2,294	439
Czech Republic	110,815	100,644
Romania	2,822	4,296
Serbia	-	6
Tunisia	-	4
Total International	355,281	404,031
TOTAL	1,169,450	1,188,348

The composition of "Other operating income" is as follows:

Amounts in thousands of euros	2021	2020
Income from operating subsidies (Note 17)	24,789	11,725
Income from miscellaneous services	16,383	19,554
Excess provisions for liabilities and charges and others	6,387	8,452
	47,559	39,731

Supplies

The composition of the balance of Supplies is as follows:

Amounts in thousands of euros	2021	2020
Work carried out by subcontractors and other companies	155,313	193,849
Purchasing and procurement	291,568	280,586
	446,881	474,435

Staff expenses

The following is a breakdown of staff expenses:

Amounts in thousands of euros	2021	2020
Wages and salaries	235,261	233,276
Social Security	73,224	71,244
Other staff costs	7,526	4,685
	316,011	309,205

The average number of employees of the Group, distributed by professional category, is as follows:

CATEGORIES	No. of employees		Men		Women	
	2021	2020	2021	2020	2021	2020
Executives and managers	124	116	116	108	8	8
Supervisors	1,079	1,047	862	836	217	211
Technicians	1,791	1,701	1,223	1,177	568	524
Administrative	1,200	1,142	359	355	841	787
Various trades	5,702	6,234	5,378	5,857	324	377
TOTAL	9,896	10,240	7,938	8,333	1,958	1,907

At the end of FY 2021 the Group employed 9,785 employees (10,496 employees at the end of FY2020), broken down by category and gender, as follows:

CATEGORIES	No. of employees		Men		Women	
	2021	2020	2021	2020	2021	2020
Executives and managers	111	124	104	115	7	9
Supervisors	1,103	1,060	885	842	218	218
Technicians	1,818	1,795	1,222	1,258	596	537
Administrative	1,221	1,159	354	361	867	798
Various trades	5,532	6,358	5,240	5,958	292	400
TOTAL	9,785	10,496	7,805	8,534	1,980	1,962

As at 31 December 2021, the Group has employed 120 employees with a degree of disability of 33% or more (124 employees as at 31 December 2020).

Other operating expenses

Details of other operating expenses are shown below:

Amounts in thousands of euros	2021	2020
External services	159,474	151,613
Tributes	8,381	8,718
Losses, impairment and changes in provisions for trading operations	6,751	8,682
Other current expenditures	6,573	13,593
TOTAL	181,179	182,606

Financial incomes

The composition of financial income is as follows:

Amounts in thousands of euros	2021	2020
Interest on loans to FCC group companies	31,472	31,561
Interest on receivables from third parties	5,455	6,379
TOTAL	36,927	37,940

Financial expenses

The composition of financial expenses is as follows:

Amounts in thousands of euros	2021	2020
Interest on bonds, debentures and other marketable securities	33,640	33,535
Interest on debts owed to third parties	11,223	10,904
Interest on debts owed to group companies IFRS 16	34	37
Interest on debts owed to third parties IFRS 16	1,596	1,819
Financial update of provisions	2,718	1,110
TOTAL	49,211	47,405

21. POLICIES IN FINANCIAL RISK MANAGEMENT

The concept of financial risk refers to the variation in the financial instruments contracted by the Group due to political, market and other factors and their impact on the consolidated financial statements.

The FCC Aqualia Group's risk management philosophy, in line with that of the FCC Group, is consistent with the business strategy, seeking maximum efficiency and solvency at all times, for which strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation.

Capital risk management

The FCC Aqualia Group, following the guidelines given by its majority shareholder, manages its capital to ensure that the Group's companies will be able to continue as profitable businesses while maximising shareholder return through the optimal balance of debt and equity.

The Group's strategy as a whole continues to focus on geographic diversification with the opening of markets mainly in Europe, LATAM and MENA.

The Group's capital structure comprises debt (consisting of the loans and credit facilities detailed in Note 14), cash and cash equivalents (Note 12) and shareholders' equity, which includes capital reserves and retained earnings, as disclosed in Note 1.3

The Group's Finance Area, which is responsible for financial risk management, periodically reviews the capital structure as well as solvency and liquidity ratios.

The cost of capital and the risks associated with it in each investment project are analysed by the Operating Areas and the Economic and Financial Department and subsequently approved or rejected by the corresponding Committee or the Parent's Board of Directors, with reports, if necessary, from other functional areas of the Group.

One of the objectives in the investment analysis is to maintain the Net Debt/EBITDA ratio at reasonable levels and within existing commitments.

Exchange rate risk

The current positioning of the FCC Aqualia Group in international markets means that the concept of exchange rate risk, in the global context of the Group, has a moderate incidence.

However, regardless of its significance, the Aqualia Group's policy is to reduce, as far as possible, the negative effect that this risk could have on its consolidated financial statements, due to both transactional and purely equity movements.

The Group actively manages exchange rate risk by arranging financial transactions in the same currency in which the asset is denominated. i.e. the financing required for the local activity of the company in the country of origin of the investment is always carried out in local currency in order to achieve a natural hedge or "matching" between the cash flows generated with the financing.

Interest rate risk

In view of the nature of the business, in which concession projects require intensive use of capital with payback periods of more than one year, the financing structure also tends to guarantee long-term financial resources, trying to accommodate, within the possibilities offered by the market, the contractual conditions that regulate the resources obtained so as to sufficiently cover the evolution of inflation and the evolution of interest rates. Similarly, working capital management plays an essential role, with the Group's general practice being to try to match the average payment period of its current obligations to the average collection cycle of its current receivables.

Solvency risk

At 31 December 2021, the net financial indebtedness of the FCC Aqualia Group amounted to Euros 437,796 thousand (Euros 373,669 thousand at 31 December 2020), as shown in the following table, which represents a 54% (51% in 2020) of equity at that date:

	31.12.21	31.12.20
Amounts owed to credit institutions (note 14)	311,341	151,861
Bonds and other marketable securities (note 14)	1,582,454	1,569,282
Other interest-bearing financial debts	31,087	35,378
Other current financial assets (note 9)	(78,684)	(90,251)
Other non-current financial assets (note 9)	(806,479)	(806,480)
Cash and cash equivalents (note 12)	(601,923)	(486,121)
Net financial indebtedness	437,796	373,669

Liquidity risk

At 31 December 2021, the Group has reclassified to current financial liabilities the two bond issues maturing in 2022, the one corresponding to FCC Aqualia matures on 8 June 2022 and is valued at Euros 699,625 thousand and the one corresponding to SmVak matures on 15 July 2022 and is valued at Euros 217,007 thousand. This reclassification results in the Group having a negative working capital of Euros 622,842 thousand (positive working capital of Euros 232,877 thousand at 31 December 2020). The bond renewal process has already started and is expected to be completed in March 2022.

FCC Aqualia. S.A. has been granted a credit line of Euros 900,000 thousand as a contingent credit facility, which matures on 4 May 2022 and may be extended at the Company's discretion for a further six months to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This policy has accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand has been recognised and is pending disbursement at 31 December 2021. On 2 February

2022, an extension of the maturity of the credit facility was signed at the Company's discretion until 31 January 2023.

Hedging financial derivatives

The main financial risk hedged by the FCC Aqualia Group through derivative instruments relates to the variation in floating interest rates to which the financing of the Group companies is referenced.

At 31 December 2021 and 2020, the FCC Aqualia Group has contracted the following interest rate hedging transactions that meet the conditions for cash flow hedges:

Amounts in thousands of euros	Fair value 2021	Notional 2021	Fair value 2020	Notional 2020	Expiry
Fully consolidated companies					
Aquajerez	(629)	39,334	(1,646)	43,936	2031
Aquos el Realito. S.A. de C.V.	(419)	34,375	(3,847)	34,967	2025
Qatarat Saquia Desalination	(550)	16,692	(1,001)	20,702	2024-2026

To a lesser extent, as indicated in previous sections, the Group actively manages exchange rate risk by arranging financial transactions in the same currency in which the asset is denominated. i.e. the financing required for the local activity of the company in the country of origin of the investment is always carried out in local currency, with a view to achieving a natural hedge or "matching" between the cash flows generated with the financing.

As indicated in Note 13.c). the most significant net assets denominated in a currency other than the Euro held by the FCC Aqualia Group at 31 December 2021 and 2021 are in the Czech Republic. To hedge the exchange rate risk on these assets, the FCC Aqualia Group has contracted financial debt in the same currency (Czech crowns), as detailed in Note 14.b).

Changes in the fair value of cash flow hedges are recognised, net of the tax effect, under "Valuation adjustments" in equity and are recognised in profit or loss for the year to the extent that the hedged item affects the consolidated income statement.

The valuation of financial derivatives has been carried out by experts in the field, independent of the Group and its financing entities, using generally accepted methods and techniques.

Covid-19 Risk

The Covid-19 pandemic has had some impact on the accompanying financial statements in both operational and liquidity terms, mainly originating in the concessions located in the Canary Islands, the Balearic Islands and some services on the Spanish mainland coast, where tourism activity has

been affected. This has led, in some cases, to the updating of the main estimations affecting the financial statements.

In terms of operational management, the impact of the Covid-19 crisis on the Group has been limited, except for the management of sports facilities that have been closed during certain phases of the pandemic, given that the Company's activity has been considered by the various national authorities as essential without relevant interruptions of activity or loss of profitability in most of the assets.

In this regard, as shown in the accompanying income statement, the Company maintains a positive "Profit from operations" of 181,318 thousand euros, which represents a 15% of the net turnover figure. Cash flows from operating activities" amounted to thousands 95,238 of euros, as can be seen in the attached cash flow statement.

In terms of liquidity, the Company maintains current accounts managed on a cash pooling basis with its subsidiaries, ensuring a comfortable financial position in the event of liquidity stress.

In the light of the situation created by the Covid-19 crisis, the Company has carried out an analysis of the main estimations affecting the accompanying financial statements:

- Fixed assets. The recoverable amount of the main fixed assets that could show signs of impairment has been reviewed (note 4 and 5).
- Financial instruments: The recoverable amount of the main financial instruments has been reviewed (note 9).
- In addition, in relation to trade receivables, no significant non-payment problems have been identified. There are no material doubtful accounts receivable that are not impaired. Average collection periods are in line with previous years, although during the year there have been occasional delays in the months in which there have been restrictions on mobility, affecting those customers who do not have direct debit collection. Once these restrictions were overcome, the levels were similar to those of previous years.
- Deferred tax assets: The assumptions (both in operational and tax terms) on the recoverability of these assets, as at December 2019, have been updated and, under the same criteria used at that date, the impact of Covid-19 does not entail a reversal of the deferred tax assets or a significant change in the recovery periods.
- Provisions: The level of provisions (note 15) is considered adequate to cover all risks considered probable.

In view of the above, taking into account the limited impact, the measures to secure the assets undertaken as well as the existing liquidity buffers, the Company has prepared its financial statements on a going concern basis, as there are no doubts about the continuity of the Company.

22. TRANSACTIONS WITH DIRECTORS. MANAGEMENT TEAM AND RELATED PARTIES

Board of Directors.

As at 31 December and 2021 2020, the members of the Board of Directors have not received any remuneration from the Company.

In addition, no advances, loans or other guarantees of any kind have been granted to these members of the Board of Management, nor have any pension or life insurance obligations been entered into in respect of them.

Board members who hold positions in companies in which FCC Aqualia, S.A. has no direct or indirect shareholdings in other companies of the FCC Aqualia Group, but may hold positions, perform functions and/or have shareholdings of less than 0.01% in other companies of the FCC Group and the IFM Group.

No significant transactions involving a transfer of resources or obligations between Group companies and their managers or directors took place during the year 2021.

Management Team:

The amount accrued for remuneration to the members of the Management Team as salaries in financial year 2021 amounts to thousands 4,526 of euros (4,181 thousand euros in 2020). The management team consisted of 19 people in 2021 and 2020.

Balances and transactions with FCC group companies and joint ventures and associates are as follows (in thousands of euros):

a) Customers and debtors FCC Group companies and joint ventures and associates

Customers and debtors of group companies, joint ventures and associates	2021	2020
AGUAS DE ARCHIDONA. S.L.	233	381
AGUAS DE GUADIX. S.A.	42	124
AGUAS DE LANGREO. S.L.	520	343
AGUAS DE NARIXA. S.A.	42	36
AGUAS DE PRIEGO. S.L.	456	498
AGUAS DEL PUERTO EMPRESA MUNICIPAL. S.A.	979	772
AIE COSTA TROPICAL DE GRANADA	565	1,387
AIE SOREA-AQUALIA	-	10
AIGÜES DE L' ALT AMPURDA. S.A.	-	(18)
AIGÜES DEL SEGARRA GARRIGUES. S.A.	25	28
AIGUES DEL VENDRELL	46	208
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	62	66
CODEUR. S.A.	1	-
CONCESIO. DESALACION DE IBIZA. S.A.	41	44
CONDUCCIO DEL TER. S.L.	-	18
CONST.DE INFRAEST.DE AGUAS POTOSI. SACV	1,780	1,690
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	47	44
EMP. MIXTA D'AIGÜES DE LA COSTA BRAVA	-	1
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	3,783	1,537
EMP.MIXTA DE AGUAS DE JODAR. S.A.	629	553
EMP.MUNICIPAL AGUAS DE LINARES	1,542	1,542
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS. SA	9,860	9,853
EMPRESA MIXTA DE AGUAS DE UBRIQUE. S.A.	370	290
EMPRESA MIXTA DE AGUAS Y SERVICIOS. S.A.	27	21
EMPRESA MPAL. AGUAS DE BENALMADENA. S.A.	826	870
MUNICIPAL COMPANY AGUAS DE TOXIRIA. S.A.	931	603
FAST CONSORTIUM LIMITED LLC	7,843	9,096
FCC CONSTRUCTION	2,732	2,278
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURES + UTES	11	26
FCC. S.A.	12	86
FCC ENVIRONMENT	31	38
FEDEMES. S.L.	7	-
GESTION Y VALOR INT.CENTRO. S.L.	1	3
GIRONA. S.A.	1	1
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	351	333
MATINSA	17	11
NUEVA SOCIEDAD DE AGUAS DE IBIZA. S.A.	1	1
OMAN SUSTAINABLE WATER SERVICES SAOC	232	22
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	16	8
ORASQUALIA O&M	12	12
VILLENA O&M. S.L.	23	-
TOTAL	34,097	32,816

b) Suppliers and creditors FCC group companies and joint ventures and associates

Suppliers and creditors group companies. joint ventures and associates	2021	2020
AGUAS DE ARCHIDONA. S.L.	2	13
AGUAS DE DENIA. S.A.	26	181
AGUAS DE LANGREO. S.L.	-	7
AGUAS DEL PUERTO EMPRESA MUNICIPAL. S.A.	5	5
AIE COSTA TROPICAL DE GRANADA	2	2
AIGUES DEL VENDRELL	1	-
ARIDOS DE MELO. S.L.	12	-
ASESORIA FINANCIERA Y DE GESTION. S.A.	22	287
BETEARTE. S.A.	-	16
CONST.DE INFRAEST.DE AGUAS POTOSI. SACV	371	352
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	8	7
ECOACTIVA DE MEDIO AMBIENTE. S.A.	4	2
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	137	199
EMP.MUNICIPAL AGUAS DE LINARES	5	11
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS. SA	3,642	3,582
EMPRESA MIXTA DE AGUAS DE UBRIQUE. S.A.	1	5
EMPRESA MIXTA DE AGUAS Y SERVICIOS. S.A.	6	12
FAST CONSORTIUM LIMITED LLC	94	174
FCC SCOPE	20	40
FCC CONSTRUCCION. S.A.	6,663	13,164
FCC CONSTRUCTION INC	-	17
FCC EQUAL CEE. S.L.	2	5
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURE	159	33
FCC. S.A.	3,688	4,004
FCCMA	171	153
FEDEMES. S.L.	428	500
GAMASUR CAMPO DE GIBRALTAR. S.L.	6	5
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	2,412	2,300
HORMIGONES REINARES. S.A.	-	1
HORMIGONES Y MORTEROS PREP.. S.A. UNIPERSONAL	1	1
INTEGRACIONES AMBIENTALES DE CANTABRIA. S.A.	-	6
MEGAPLAS. S.A.	-	2
NUEVA SOCIEDAD DE AGUAS DE IBIZA. S.A.	-	22
OPERATIONS AND SER. IND. CONSTRUCTION	98	93
OPERADORA EL REALITO S.A. DE C.V.	-	5,553
ORASQUALIA O&M	-	15
DELTA PREFABRICATED PRODUCTS	-	6
PROVEIMENTS D'AIGUA. S.A.	3	28
SERVICIOS DOS REIS. S.A. DE C.V.	44	42
SERVICIOS ESPECIALES DE LIMPIEZA. S.A.	10	4
UTE IDGA SANECA	-	13
TOTAL	18,043	30,862

c) Non-current loans to FCC Group companies

Amounts in thousands of euros	2021	2020
FCC, S.A.	806,479	806,479
Other	-	1
TOTAL	806,479	806,480

d) Current receivables from FCC Group companies and joint ventures and associates.

Short-term receivables from companies accounted for using the equity method	2.021	2.020
AGUAS DE ARCHIDONA. S.L.	27	26
AGUAS DE GUADIX. S.A.	2	1
AGUAS DE LANGREO. S.L.	732	732
AGUAS DE NARIXA. S.A.	445	444
AGUAS DE PRIEGO. S.L.	273	266
AGUAS DEL PUERTO EMPRESA MUNICIPAL. S.A.	1,813	1,706
AIGÜES DEL VENDRELL	195	306
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	2	2
CONST.DE INFRAEST.DE AGUAS POTOSI. SACV	298	279
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	474	341
EMP.MIXTA DE AGUAS DE JODAR. S.A.	62	36
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS. SA	434	451
EMPRESA MPAL. AGUAS DE BENALMADENA. S.A.	797	796
MUNICIPAL COMPANY AGUAS DE TOXIRIA. S.A.	63	44
OMAN SUSTAINABLE WATER SERVICES SAOC	8	8
TOTAL	5,625	5,438

Short-term loans to FCC Group companies	2021	2020
AGUAS DEL PUERTO EMPRESA MUNICIPAL. S.A.	21	20
AIE COSTA TROPICAL DE GRANADA	21	18
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	8	7
EMPRESA MIXTA DE AGUAS Y SERVICIOS. S.A.	3	2
FCC CONSTRUCCION SA	3,465	1,851
FCC. S.A.	2,472	2,525
OMAN SUSTAINABLE WATER SERVICES SAOC	8	8
TOTAL	5,998	4,431

Dividend receivable from joint ventures and associates	2.021	2.020
AIE SOREA-AQUALIA	-	52
AIE COSTA BRAVA AB. AQUALIA-SOREA	67	-
TOTAL	67	52
Dividends receivable from equity-accounted companies	2.021	2.020
AGUAS DE GUADIX. S.A.	104	36
ORASQUALIA CONSTRUCTION SAE	210	195
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	181	664
ORASQUALIA O&M	501	-
SUMINISTROS AGUAS DE QUERETARO SACV	15	-
TOTAL	1,011	895

e) Current financial debts with FCC Group companies and joint ventures and associates

	2.021	2.020
AGUAS DE ARCHIDONA. S.L.	2	2
AGUAS DE NARIXA. S.A.	-	1
AGUAS DE PRIEGO. S.L.	4	4
AIGÜES DEL VENDRELL	14	164
AUGAS MUNICIPAIS DE ARTEIXO. S.A.	1	1
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	12	12
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	7	-
EMP.MIXTA DE AGUAS DE JODAR. S.A.	128	3
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS. SA	99	104
EMPRESA MIXTA DE AGUAS DE UBRIQUE. S.A.	573	527
EMPRESA MIXTA DE AGUAS Y SERVICIOS. S.A.	2	-
MUNICIPAL COMPANY AGUAS DE TOXIRIA. S.A.	266	-
FCC CONSTRUCCION. S.A.	1	3
FCC INDUSTRIAL AND ENERGY INFRASTRUCTURE	68	68
FCC. S.A.	468	313
FCC ENVIRONMENT	301	340
PROACTIVE GROUP	13	13
PRESTADORA SERV.ACUEDUCTO EL REALITO.S. A. DE CV	-	1
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA. S.A.	226	35
Total	2,185	1,591

f) Revenue

(Thousands of euros)	2021	2020
SUPPLY ALTA COSTA BRAVA MIXED COMPANY	1	2
AGUAS DE ARCHIDONA. S.L.	537	512
AGUAS DE GUADIX. S.A.	275	213
AGUAS DE LANGREO. S.L.	249	193
AGUAS DE NARIXA. S.A.	271	274
AGUAS DE PRIEGO. S.L.	193	230
AGUAS DEL PUERTO EMPRESA MUNICIPAL. S.A.	4,678	4,120
AIE COSTA BRAVA ABASTAMENT AQUALIA-SOREA	-	43
AIE COSTA TROPICAL DE GRANADA	475	454
AIE SOREA-AQUALIA	11	33
AIGÜES DEL SEGARRA GARRIGUES. S.A.	127	131
AIGUES DEL VENDRELL	451	514
CIA. DE SERVICIOS MEDIOAMBIENTALES DO ATLANTICO. S.A.	177	168
CODEUR. S.A.	22	-
CONCESSIONARIA DESALACION DE IBIZA. S.A.	424	429
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR. S.A.	4,035	3,849
EMPRESA MIXTA DE AGUAS DE JODAR. S.A.	583	589
EMP.MUNICIPAL AGUAS DE LINARES. S.A.	4,114	4,543
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS. SA	10,115	9,753
EMPRESA MIXTA DE AGUAS DE UBRIQUE. S.A.	1,110	1,040
EMPRESA MIXTA DE AGUAS Y SERVICIOS. S.A.	43	48
EMPRESA MPAL. AGUAS DE BENALMADENA. S.A.	2,456	2,763
MUNICIPAL COMPANY AGUAS DE TOXIRIA. S.A.	1,058	987
FAST CONSTRUCTION. LLC	3,778	15,155
FCC CONSTRUCCION. S.A.	445	401
FCC INDUSTRIAL AND ENERGY SERVICES	8	80
FCC. S.A.	8	4
FCC MEDIO AMBIENTE. S.A.	78	130
GESTION Y VALOR INT.CENTRO. S.L.	1	4
GIRONA. S.A.	24	24
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	-	225
MATINSA. S.A.	32	40
NUEVA SOCIEDAD DE AGUAS DE IBIZA. S.A.	2	2
OMAN SUSTAINABLE WATER SERVICES SAOC	272	283
OPERADORA EL REALITO S.A. DE C.V.	19	(351)
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	96	96
ORASQUALIA O&M	69	96
SHARIKET MIYEH RAS DJINET. S.P.A.	4,580	5,026
VILLENA O&M. S.L.	45	-
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	40,862	52,103

The revenue from Fast Construction LLC originates from the works and works carried out for the Riyadh Metro (Saudi Arabia).

g) Purchases and other supplies

(Thousands of euros)	2021	2020
AGUAS DE ARCHIDONA. S.L.	(11)	11
AGUAS DEL PUERTO EMPRESA MUNICIPAL. S.A.	31	36
AIGUES DEL VENDRELL	1	-
MELO ARIDES	159	49
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	-	1
ECOACTIVA DE MEDIO AMBIENTE. S.A.	1	-
MIXED MUNICIPAL WATER COMPANY OF NIJAR	1,022	980
EMPRESA MIXTA DE AGUAS DE JODAR. S.A.	-	(14)
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS. SA	2,242	2,215
EMPRESA MUNICIPAL DE AGUAS DE TOXIRIA. S.A.	(10)	164
FCC CONSTRUCCIÓN. S.A.	-	129
FCC INDUSTRIAL E INF. ENERGETICAS. S.A.	21	6
FCC. S.A.	39	35
FEDEMES. S.L.	1	-
HORMIGONES REINARES. S.A.	2	2
HANDLING AND RECOVERY. MAREPA. S.A	5	2
MEGAPLAS. S.A.	-	2
NUEVA SOCIEDAD DE AGUAS DE IBIZA. S.A.	58	(2)
DELTA PREFABRICATED PRODUCTS	8	20
PROVEIMENTS D'AIGUA. S.A.	5	13
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA. S.A.	1	-
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	3,575	3,649

h) Work carried out by other companies

(Thousands of euros)	2021	2020
AQUALIA MÉXICO. S.A. DE C.V.	-	(67)
ARIDOS DE MELO. S.L.	66	58
BETEARTE. S.A.	-	24
ECOACTIVA DE MEDIO AMBIENTE. S.A.	15	10
EMPRESA MIXTA DE AGUAS Y SERVICIOS. S.A.	61	60
MUNICIPAL COMPANY AGUAS DE TOXIRIA. S.A.	(3)	-
FCC AMBITO. S.A.	87	81
FCC CONSTRUCCION. S.A.	714	1,668
FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS. S.A.	218	128
FCC. S.A.	1	3
FCC MEDIO AMBIENTE. S.A.	16	8
GAMASUR GIBRALTAR. S.L.	58	46
INTEGRACIONES AMBIENTALES DE CANTABRIA. S.A.	-	7
HANDLING AND RECOVERY. MAREPA. S.A.	1	-
MANTINSA	-	3
OPERADORA EL REALITO S.A. DE C.V.	182	5,448
PROVEIMENTS D'AIGUA. S.A.	28	38
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	1,444	7,515

i) Other operating expenses

(Thousands of euros)	2021	2020
AGUAS DE ARCHIDONA. S.L.	1	2
AGUAS DE DENIA. S.A.	256	256
AGUAS DE LANGREO. S.L.	8	25
AIE COSTA TROPICAL DE GRANADA	2	2
AIGÜES DEL VENDRELL	20	18
EMP. MIXTA DE AGUAS DE JODAR. S.A.	9	-
EMP. MUNICIPAL AGUAS DE LINARES	13	22
EMPR. MUNICIPAL DE AGUAS DE ALGECIRAS. SA	490	115
EMPRESA MIXTA DE AGUAS DE UBRIQUE. S.A.	-	5
EMPRESA MIXTA DE AGUAS Y SERVICIOS. S.A.	1	-
MUNICIPAL COMPANY AGUAS DE TOXIRIA. S.A.	-	25
FCC AMBITO. S.A.	3	2
FCC CONSTRUCCION. S.A.	3,374	4,967
FCC CONSTRUCTION INC	42	74
FCC EQUAL CEE. S.L.	15	8
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS. S.A.	3	11
FCC. S.A.	19,833	18,962
FCC MEDIO AMBIENTE. S.A.	10	15
FEDEMES. S.L.	4,208	4,155
HANDLING AND RECOVERY. MAREPA. S.A.	1	-
MEGAPLAS. S.A.	-	38
PROVEIMENTS D'AIGUA. S.A.	2	-
SERVICIOS ESPECIALES DE LIMPIEZA. S.A.	7	8
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	28,298	28,710

j) Financial income

(Thousands of euros)	2021	2020
AGUAS DE ARCHIDONA. S.L.	28	29
AGUAS DE LANGREO. S.L.	164	180
AGUAS DE NARIXA. S.A.	257	270
AGUAS DE PRIEGO. S.L.	157	163
AGUAS DEL PUERTO EMPRESA MUNICIPAL. S.A.	782	854
AIE COSTA TROPICAL DE GRANADA	642	546
AIGÜES DEL VENDRELL	265	271
EMPRESA MUNICIPAL DE AGUAS DE NIJAR. S.A.	18	26
EMPRESA MIXTA DE AGUAS DE JODAR. S.A.	62	66
ALGECIRAS MUNICIPAL WATER COMPANY	47	15
MUNICIPAL WATER COMPANY OF BENALMADENA.S.A.	22	34
FCC. S.A.	29,028	29,107
TOTAL GROUP COMPANIES FCC AND ASSOCIATES	31.472	31.561

k) Financial expenses

In FY2021 and FY2020 the financial expenses with FCC Group companies are entirely with FCC, S.A. due to the application of IFRS 16.

23. REMUNERATION TO STATUTORY AUDITORS

The fees for auditing services and other professional services provided during the year to the different companies that make up the Aqualia Group by the main auditor and other auditors participating in the audit of the different companies in the group, as well as by entities related to them, are shown in the following table:

<i>Amounts in thousands of euros</i>	2021			2020		
	Lead Auditor	Other auditors	Total	Lead Auditor	Other auditors	Total
Audit Services	471	203	674	385	278	663
Other Verification Services	126	654	780	45	933	978
Total	597	857	1,454	430	1,211	1,641
Tax Advisory Services	-	244	244	-	312	312
Other services	-	97	97	-	60	60
Total professional services	-	341	341	-	372	372
TOTAL	597	1,198	1,795	430	1,583	2,013

24. RESULT PER SHARE AND OTHER INFORMATION

1. Diluted earnings per share coincides with basic earnings per share, as follows:

Amounts in thousands of euros	2021	2020
Net profit for the year attributable to the Parent Company (Thousands of euros)	115,087	109,664
Weighted average number of shares outstanding	145,000	145,000
Basic result per share (euros)	0.79	0.76

2. Information on payment deferrals made to suppliers. Third additional provision "Duty of information" of Law 15/2010. of 5 July.

In relation to the Resolution of the Spanish Accounting and Audit Institute (ICAC) of 29 January 2016, issued in compliance with the Second Final Provision of Law 31/2014 of 3 December, which amends the Third Additional Provision of Law 15/2010 of 5 July, which establishes measures to combat late payment in commercial transactions in Spain, a table is set out below with information on the average supplier payment period for those commercial transactions carried out in Spain and accrued since the date of entry into force of the aforementioned law. i.e. 24 December 2014.

In addition, the Parent Company has signed contracts similar to "confirming" lines with financial institutions to facilitate advance payment to its suppliers, under which the supplier can realise its collection rights against the Parent Company, obtaining the invoiced amount after deducting the financial costs of discounting and commissions applied by the aforementioned institutions. The total amount of the contracted lines amounts to 1,000 Euros thousand at 31 December 2021 (Euros 1,000 thousand at 31 December 2020), with no balance drawn down at 31 December 2021 and 2020.) The aforementioned contracts do not modify their main payment conditions (interest rate, term or amount) and therefore remain classified as trade liabilities.

In compliance with the aforementioned Resolution, a table with information on the Parent Company's average supplier payment period in 2021 and 2020 is set out below.

- 3.

Average payment period to suppliers (thousands of euros)		
	2021	2020
	Days	Days
Average supplier payment period	60	61
Ratio of paid transactions	60	60
Ratio of transactions outstanding	63	67
	Amount	Amount
Total payments made	429,382	324,697
Total outstanding payments	57,566	64,382

25. INFORMATION ON THE ENVIRONMENT

FCC Aqualia continues to support, as one of its priority objectives, the fulfilment of the United Nations Sustainable Development Goals (SDGs), focusing on those that affect the water sector and its stakeholders:

- Nº. 3. Promote general welfare.
- Nº 6. Sustainable Water and Sanitation.
- Nº. 7. Clean energy.
- Nº. 8. Promoting sustained economic growth.
- Nº. 9. Building resilient infrastructure.
- Nº. 11. Achieving sustainable cities.
- Nº. 12. Ensure sustainable production and consumption.
- Nº. 13. Take urgent action to combat climate change.
- Nº. 14. Conserve marine resources in a sustainable manner.
- Nº. 15. Combating desertification and protecting biodiversity.
- Nº. 17. Partnerships to achieve the objectives.

As proof of this, in 2021 Aqualia was the first company in the sector to certify the **Strategy for the Contribution to the Sustainable Development Goals**, by Aenor, in an integrated manner with the annual Sustainability Report, under GRI criteria.

Aqualia is also continuing with its strategy of creating shared value, responding to the expectations of its stakeholders and developing tools that enable it to understand and measure its social and environmental impacts, in order to support the creation of economic value and increase the company's competitiveness (calculation of social and environmental footprints). To this end, in 2021, work has been carried out on the following aspects:

1. **Integration of the new ISO 45001 Standard** in Aqualia's Management System, establishing already integrated Management System Committees and carrying out integrated audits, both internal and external (Aenor).
2. **Increased efficiency in the process of internal audits**, through the publication of integrated reports, and external audits, with four-qualified auditors, which allow audits of the Quality, Environmental, Energy, Carbon Footprint calculation and Health and Safety at Work Management Systems to be carried out.
3. Increasing the scope of the **Energy Management and Climate Change** strategy:

- Follow-up of contracts with energy review.
 - Calculation of the Carbon Footprint at fixed perimeter 2020.
 - Calculation and verification of the Carbon Footprint of all Aqualia's activity in Spain and Portugal 2020.
 - Registration in the Carbon Footprint Register of the Spanish Office for Climate Change (OECC) of the Ministry of Ecological Transition and Demographic Challenge (MITERD) for all Aqualia's activity in Spain, requesting the "CALCULO+REDUZCO" Certificate for 2020.
 - Carbon Footprint Reduction Plan for Aqualia's activity 2020 - 2022.
 - Verification of emissions avoided in the MITERD OECC CLIMA Project, approved in 2018, for the use of alternative fuels. specific to the company's activity, in automobiles.
 - Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
4. Participation in **Aenor** meetings and conferences and in **ACS** working groups.
 5. Participation in the **Circular Economy Commission** of the **Spanish Chamber of Commerce**, where legislative initiatives are analysed and meetings are held with political leaders.

As a complement to all of the above, the strategy with the Company's stakeholders has been maintained, consisting of incorporating the treatment of Aqualia's stakeholders and the Company's context analysis into the Management System, as a requirement of the new Standards and as support for other Aqualia departments in their daily work (Clients, Compliance, Communication, CSR, HR, etc.).

Energy Management

The energy management of production facilities has been a strategic line of action for the company since its inception, with the optimisation of energy consumption being an objective of continuous improvement.

This is reflected in the calculation of the company's Carbon Footprint at its operations in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by Aenor, where the impact of energy management (Scope 2) can be seen in the 13% reduction in emissions compared to the previous year.

Greenhouse gas emissions Spain (2020):

	t CO2	t CH4	t N2O	GHG 2020 (t CO2e)	%
Scope 1	9,984.80	2,233.50	24.30	78,971.30	45.49%
Scope 2	63,437.10	0.00	0.00	63,437.10	36.54%
Scope 3	14,571.00	0.00	62.80	31,201.40	17.97%
TOTAL	87,992.90	2,233.50	87.10	173,609.80	

Greenhouse gas emissions Spain (2019):

	t CO2	t CH4	t N2O	GEI 2019 (t CO2e)	%
Scope 1	7,615.4	2,173.3	24.2	74,876.9	37.5%
Scope 2	94,583.3	0.0	0.0	94,583.3	47.4%
Scope 3	13,346.2	0.0	63.3	30,111.1	15.1%
TOTAL	115,544.8	2,173.3	87.4	199,571.3	

In this respect, two projects were launched as early as 2020, each of which focuses on GHG reduction.

On the one hand, the signing of a PPA (Power Purchase Agreement) for 76 GWh/year of renewable energies (photovoltaic), which began operating in July and will reduce emissions by around 15.200 t CO2e/year.

On the other hand, the project for the installation of 3.2 MWp of peak power, of photovoltaic panels, which will supply 26 consumption points, with an expected annual production of 5 GWh/year, which will result in a reduction of GHG emissions of around 1,000 t CO2e/year.

During 2021, the second phase of the installation of solar panels began, the objective of which is to reduce a further 820 t CO₂e/year by installing 3.14 MWp of photovoltaic panels, which will supply 52 consumption points.

Special mention should be made of the installation of a 0.84 MWp photovoltaic park at the Guadalete WWTP in Jerez de la Frontera (Cadiz).

Improvements to reduce energy consumption

Since 2016, and every four years, the company has been subjecting a set of production facilities that consume more than 85% of the company's total consumption to energy audits (in accordance with the ISO 50001-Energy Management Systems standard). In order to monitor the opportunities for improvement detected in the audits, an IT tool has been implemented. This tool is integrated with Aqualia's technical reporting/analysis tool (AqualiaRT/AqualiaBI), allowing the actions and results obtained in the audits to be monitored.

Among the actions being carried out is the piloting of an energy optimisation system for offices and warehouses, to be developed initially in seven locations, with the aim of rationalising the use of energy in lighting and air conditioning in these administrative centres. It is expected to be implemented between the end of 2021 and the first quarter of 2022.

26. EVENTS AFTER THE END OF THE FINANCIAL YEAR

Acquisition of a majority stake in Georgia Global Utilities

On 31 December 2021, the Company agreed to acquire an 80% equity interest in the water services business of Georgia Global Utilities (GGU) for a cash consideration of USD180 million through a two-step transaction, as described below.

GGU, a subsidiary of Georgia Capital PLC (GCAP) to date, is a water and renewable energy utility that supplies drinking water and provides wastewater collection and processing services to nearly 1.4 million people in Georgia and generates electricity through its portfolio of eight hydropower plants. GGU's water supply and sanitation services business is a natural monopoly in and around the capital city of Tbilisi, including the cities of Rustavi and Mtskheta, which supply drinking water to these areas. The customer base for this business includes commercial and residential customers.

First stage

In the first stage of the Transaction, the Company acquires a 65% equity interest in GGU, including its water services business and the operating assets of its renewable energy business, representing an 80% economic interest in GGU's water services business. The first stage was completed on 2 February 2022

following the approval of the Transaction by Georgia Capital's shareholders at the AGM held in London, the company's headquarters, on 31 January 2022.

Second stage

As the Company is seeking to acquire a majority stake in the water services business, but not in GGU's renewable energy business, the second stage of the Transaction will consist of the spin-off of GGU's renewable energy assets. Completion of the second stage is expected to occur in the third quarter of 2022 and is conditional upon: (i) the receipt of anti-trust clearance from the Georgian National Competition Authority; and (ii) the repayment of GGU's USD250 million 7.75% debentures due 30 July 2025.

Upon fulfilment of the above conditions, the renewable energy business of GGU will be spun off and transferred back to GCAP. As a result, the Company will indirectly own an 80% shareholding and Georgia Capital will own a 20% shareholding in GGU, which will then be a holding company for the water services business only.

For the purpose of the redemption of the GGU Bond, which is expected to occur around 1 August 2022, the Company has agreed to provide a shareholder loan to GGU in an amount equal to USD164.3 million, corresponding to its proportionate shareholding in GGU after the completion of the first stage. The remaining amount required to redeem the GGU Bond will be provided by Georgia Capital.

Upon completion of the second stage, GGU is expected to refinance its debt (including shareholder loans) with a new corporate debt issuance.

Put and call options

In addition, and in the context of the Transaction, the Company and GCAP have granted each other a put option and a call option, respectively, over GCAP's remaining 20% interest in the share capital of GGU (upon completion of the second stage). The put option granted to GCAP may be exercised in each of the two half-yearly periods immediately following the approval by the shareholders of the audited consolidated accounts of GCAP for each of the years ended 31 December 2024 and 2025. The call option granted to the Issuer may be exercised in the period commencing on the expiry date of the put option and expiring six months thereafter.

Amortisation of loan contract for variable interest provisions and creation of a new contract

On 25 January 2022, the Company has early cancelled the loan agreement for variable interest provisions amounting to EUR 200.000 thousand which was fully drawn down and in cash at 31 December 2021.

Also, on 25 January 2022, the Company signed a new loan contract for variable interest provisions amounting to 200.000 thousand euros, maturing on 31 March 2023 and bearing interest at Euribor +

0.35%. This new contract may be used for the Company's occasional cash requirements and for the redemption of the aforementioned GGU bonds.

Extension of the maturity of the back-up line

FCC Aqualia. S.A. has been granted a credit line of Euros 900.000 thousand as a contingent credit facility, which matures on 4 May 2022 and may be extended at the Company's discretion for a further six months to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This policy has accrued a structuring fee of Euros 900 thousand, of which Euros 450 thousand has been recognised and is pending disbursement at 31 December 2021. On 2 February 2022, an extension of the maturity of the credit facility was signed at the Company's discretion until 31 January 2023.

Other facts

There have been no other events subsequent to year-end that significantly affect the content of these consolidated annual accounts/financial statements.

27. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (See Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting and rules.

ANNEX I

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) SUBSIDIARIES (FULLY CONSOLIDATED)

SOCIETY	% GROUP SHARE	AUDITOR
Acque di Caltanissetta. S.p.A. Viale Sicilia 176 93100 Caltanissetta - ITALY	98.46%	EY
Aguas de las Galeras. S.L. Avda. Camino de Santiago. 40 - MADRID	100.00%	-
Aigües de Vallirana. S.A.U. C/ Conca de Tremp. 14 - Vallirana (BARCELONA)	100.00%	-
Aqualia Desalación Guaymas. S.A. de C.V. Avenida 5 de febrero N° 1351. ROBLE 304 - Querétaro - MEXICO	100.00%	DELOITTE
Aqualia Infrastructures D.O.O. Beograd-Vracar Resavska 23 Belgrade Vracar - Belgrade-SERBIA	100.00%	-
Aqualia Infraestructuras Montenegro Bulevar Svetog Petra Centinjskog I A - 81000 Podgorica - MONTENEGRO	100.00%	-
Aqualia Infrastructures Pristina LLC Bulevardi Nëna Terezë No 47/5B -Pristina- REPUBLIC OF KOSOVO	100.00%	-
Aqualia Gestión los Cabos S.A. de C.V. Avda. 5 de febrero. Queretaro - MEXICO	100.00%	-
Aqualia MACE LLC P.O. Box 105547 - Abu Dhabi. U.A.E.	51.00%	DELOITTE
Aqualiportugal S.A. Camilo Castelo Branco 2. Lisboa-PORTUGAL	100.00%	EY
Aquaelvas - Aguas de Elvas. S.A. Rua Paco Bandeira. 14 - Assunção - Elvas - PORTUGAL	100.00%	EY
Aquamaior - Aguas de Campo Maior. S.A. Rua Mayor Talaya. 28 - Nossa Senhora de Expectação - Campo Maior - PORTUGAL	100.00%	EY
Abrantaqua. S.A. Lena Park - Alferrarede Abrantes - PORTUGAL	60.00%	OLIVEIRA. REIS & ASOCIADOS
Aqua Campiña. S.A. C/Blas Infante. 6 - Écija (SEVILLA)	90.00%	CENTIUM
Aquafundalia - Agua do Fundão. S.A. Rua Fernando Pessoa. 195 6230 479 Fundao - PORTUGAL	100.00%	EY
Aquajerez. S.L. C/ Cristalera. 24 - CÁDIZ	100.00%	EY
Aqualia France. S.A.S. Quai De L'Oise 28 - ANDRESY (FRANCE)	100.00%	SNR AUDIT
Aqualia Intech. S.A. Avda. Camino de Santiago. 40 - MADRID	100.00%	EY
Aqualia Infrastructures Inzenyring. s.r.o. Mariennské Hory. Slavnikovcu 571/21 Ostrava - CZECH REPUBLIC	100.00%	ABC AUDIT SRO
Aqualia Latinoamérica. S.A. CL 80. 11. Bogotá-COLOMBIA	100.00%	SN AUDIT AND CONSULTING
Aqualia Villa del Rosario. S.A. CL 4 . La Palmita 6-104. Villa Rosario-COLOMBIA	100.00%	SN AUDIT AND CONSULTING
Aqualia México. S.A. de C.V. Carrizal. 33 - Santiago de Queretaro - Queretaro - MEXICO	100.00%	DELOITTE
Aqualia Infrastructures Mostar Dr. Ante Estarcevic BB - MOSTAR (SERBIA)	100.00%	-
Aqualia Czech. S.L. Avda. Camino de Santiago. 40 - MADRID	100.00%	EY
Aqualia New Europe B.V. C/Calude Debussylann. 24 - Amsterdam -THE NETHERLANDS	100.00%	RSM
Aquos El Realito. S.A. de C.V.	51.00%	DELOITTE

**FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
SUBSIDIARIES (FULLY CONSOLIDATED)**

SOCIETY	% GROUP SHARE	AUDITOR
San Luis Potosí (MEXICO)		
Cartagua - Aguas do Cartaxo. S.A.	60.00%	OLIVEIRA. REIS & ASOCIADOS
Zona Industrial do Cartaxo. Lote 20 - Cartaxo - PORTUGAL		
CEG. S.A.S.	100%	SNR AUDIT
Boulevard du Général de Gaulle 71 - GOUSSAINVILLE (FRANCE)		
Compañía Onubense de Aguas. S.A.	60.00%	-
C/Martin Alonso Pinzón. 8 - HUELVA		
Conservación y Sistemas. S.A.	100.00%	EY
C/ Federico Salmón. 13 - MADRID		
Depurplan 11. S.A.	100.00%	CAPITAL AUDITORS
C/ Madre Rafols. 2 - ZARAGOZA		
Ecosistema de Morelos S.A. de C.V.	100.00%	CTS CONSULTANTS
C/ Ejido. Col. San Miguel Acapantzingo s/n. Cuernavaca-MEXICO		
Empresa Gestora de Aguas Linenses. S.L.	100.00%	-
C/Federico Salmón. 13 - MADRID		
Empresa Mixta de Butarque. S.A.	70.00%	-
C/Princesa. 3 - (MADRID)		
Entemanser. S.A.	97.00%	EY
C/Castillo. 13 - ADEJE (SANTA CRUZ DE TENERIFE)		
FCC Aqualia América. S.A.U.	100.00%	-
C/ Uruguay. 11 - Vigo (PONTEVEDRA)		
FCC Aqualia USA Corp.	100.00%	BBP
2711 Centerville Road. Suite 400. Wilmington (New Castle -Delaware-USA)		
Flores. Rebollo y Morales. S.L.	60.00%	-
Ctra Águilas 6. Bugarvillas-VERA (ALMERÍA)		
Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A. & CO.)	51.00%	EY
Ali Reza CC. King Abdulaziz Road 8. Jeddah-ARABIA SAUDI ARABIA		
Hidrotec Water Technology. S.L.U.	100.00%	EY
C/Pinacel. 25 - SEVILLA		
Infraestructuras y Distribución General de Agua. S.L.	100.00%	-
C/La Presa. 14 - Tijoco Bajo-ADEJE (SANTA CRUZ DE TENERIFE)		
Qatarat Saquia Desalination Company LTD.	51.00%	EY
Corniche Road 2719. Jeddah-ARABIA SAUDI ARABIA		
Servicios Hídricos Agricultura y Ciudad. S.L.U.	100.00%	-
C/ Alfonso XIII - Sabadell (BARCELONA)		
Severomoravske Vodovody a Kanalizace Ostrava a.s.	100.00%	EY
Varenská 2723/51 70200 Ostrava - CZECH REPUBLIC		
Shariket Tahlya Miyah Mostaganem	25.50%	SAMIR HADJ ALI
Cité Abdoni Ilot. 36 - Dar el Beida (ALGERIA)		
Sociedad Ibérica del Agua. S.A.U.	100.00%	-
C/Federico Salmón. 13 - MADRID		
Sociedad Española de Aguas Filtradas. S.A.	100.00%	EY
C/ Jacometrezo. 4 - MADRID		
Societe Des Eaux De Fin D'Oise. S.A.S.	100.00%	SNR AUDIT
Quai De L'Oise 28 - ANDRESY (FRANCE)		
Tratamiento Industrial de Aguas. S.A.	100.00%	EY
C/Federico Salmón. 13 - MADRID		
Vodotech Spol. S.R.O.	100.00%	CMC AUDIT
Jaselská 47 - Opava - CZECH REPUBLIC		
Watersur. S.L.	60.00%	-
Ctra Águilas 6. Bugarvillas-VERA (ALMERÍA)		

Note: This appendix forms an integral part of the notes to the accompanying consolidated financial statements.

ANNEX II

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) JOINT VENTURES (PROPORTIONATELY CONSOLIDATED)

SOCIETY	% GROUP SHARE	AUDITOR
AIE Costa Tropical de Granada Plaza Aurora. s/n - Motril (GRANADA)	51.00%	PKF
AIE Aquagest Medioambiente. S.A. - Aqualia C/Condado de Jaruco. s.n. - Lloret de Mar (GIRONA)	37.50%	-
Mixed company Abastament en Alta Costa Brava. S.A. Plaça Josep Pla. 4 - GIRONA	26.00%	-
Gestión de Servicios Hidráulicos de Ciudad Real AIE C/ Ramírez de Arellano. 15 - MADRID	75.00%	-
Empresa Mixta de Aguas y Servicios. S.A. Alarcos. 13 - CIUDAD REAL	41.25%	CAPITAL AUDITORS
Empresa Mixta d'Aigües de la Costa Brava. S.A. Plaça Josep Pla. 4 - GIRONA	25.00%	EY
AIE Costa Brava Aqualia-Sorea Supplies C/ Sector Carlit. s/n. Castelló d'Empuries - GIRONA	50.00%	-

Note: This appendix forms an integral part of the notes to the accompanying consolidated financial statements.

ANNEX III

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (ACCOUNTED FOR USING THE EQUITY METHOD)

SOCIETY	% SHARE	CNV	VNC	AUDITOR
		31.12.2021 (Note 7)	31.12.2020 (Note 7)	
Aguas de Archidona. S.L. Plaza Ochavada. 1 - 29300 Archidona - MALAGA	48.00%	24	62	CENTIUM AUDITORES SL
Aguas de Denia. S.A. Pedro Esteve. 17 - Denia (ALICANTE)	33.00%	427	440	AUDINFOR SL
Aguas de Guadix. S.A. Plaza de la Constitución 1. Guadix (GRANADA)	40.00%	419	179	-
Aguas de Langreo. S.L. C/Alonso del Riesgo. 3 - Langreo (ASTURIAS)	49.00%	853	909	CAPITAL AUDITORS AND CONSULTANTS.SL
Aguas de Narixa. S.A. C/Málaga. 11 - Nerja (MÁLAGA)	50.00%	308	237	AUDINFOR SL
Aguas de Priego. S.L. Plaza Constitución. 3. Priego de Córdoba (CORDOBA)	49.00%	(66)	(33)	AUDINFOR SL
Aguas del Puerto Empresa Municipal. S.A. C/ Aurora 1 - 11500 - EL PUERTO DE SANTA MARÍA (CÁDIZ)	48.98%	3,924	3,910	-
Aigües de Blanes. S.A. Canigó. 5. Blanes - GIRONA	16.47%	51	38	CD AUDITORS
Aigües de Girona Salt i Sarrià del Ter Ciudadans. 11 - GIRONA	26.88%	162	162	CATAUDIT AUDITORS ASSOCIATS SL
Aigües Del Vendrell. S.A. Plaza Vella. 1 - El Vendrell (TARRAGONA)	49.00%	471	509	GM AUDITORS SL
Compañía de Servicios Medioamb. do Atlántico. S.A. Carretera de Cedeira. km1 - Narón (LA CORUÑA)	49.00%	299	296	AUDINFOR SL
Concesionaria de Desalación de Ibiza. S.A. Rotonda de Sta. Eulalia. s/n - Ibiza (BALEARIC ISLANDS)	50.00%	1,203	1,208	BDO AUDITORES S.L.
Codeur. S.A. C/ Mayor 22-Vera (ALMERÍA)	28.08%	6,503	6,560	-
Constructora de Infr. de Aguas de Potosí. S.A. de C.V. Bulevar Manuel Avila Camacho. 36 Mexico. Distrito Federal (MEXICO)	24.50%	(5,396)	(5,396)	-
Constructora de Infr. de Aguas de Querétaro. S.A. de C.V. C/ Minería Edificio B Mexico City. Distrito Federal (MEXICO)	24.50%	(2,995)	(2,995)	DELOITTE SL
EMANAGUA - Empresa Municipal de Aguas de Níjar. S.A. Plaza de la Glorieta. 1 - Níjar (ALMERÍA)	49.00%	255	320	CENTIUM AUDITORES SL
Empresa mixta de Aguas de Jódar. S.A. Plaza de España. 1- Jódar (JAEN)	49.00%	35	13	CENTIUM AUDITORES SL
Empresa Municipal de Aguas de Linares. S.A. C/ Cid Campeador. 7 - Linares (JAEN)	49.00%	290	198	CENTIUM AUDITORES SL
Empresa Municipal Aguas de Algeciras. S.A. C/Virgen del Carmen. s/n - Algeciras (CÁDIZ)	49.00%	163	153	NEXT AUDITORES Y CONSULTORES S.L.
Empresa Mixta de Aguas de Ubrique. S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	49.00%	81	77	DELOITTE SL

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (ACCOUNTED FOR USING THE EQUITY METHOD)

SOCIETY	% SHARE	CNV	VNC	AUDITOR
		31.12.2021 (Note 7)	31.12.2020 (Note 7)	
Empresa Municipal Aguas de Benalmádena. S.A. Exp. Ap.Tívoli. s/n - Arroyo de la Miel (MÁLAGA)	50.00%	1,596	1,583	AUDINFOR SL
Empresa Municipal Aguas de Toxiria. S.A. Plaza de la Constitución - Torredonjimeno (JAÉN)	49.00%	108	92	CENTIUM AUDITORES SL
Girona. S.A. Travesía del Carril. 2 - GERONA	33.61%	1,650	1,701	CATAUDIT AUDITORS ASSOCIATS SL
HA Proyectos Especiales Hidraulicos S.R.L. de CV Neucalpan - MEXICO D.F.	49.50%	1,045	991	GRANT THORNTON SC
New Company of Aguas de Ibiza. S.A. C/Bartolomé Rosselló. 18 - (IBIZA)	40.00%	101	83	-
Oman Sustainable Water Services SAOC Batinah Highway 322 - Sohar (OMAN)	49.00%	1,220	953	-
Operadora El Realito S.A. de C.V. Tomas Alva Edison 176- San Rafael-Distrito Federal (MEXICO)	15.00%	279	278	EY
Orasqualia Construction. S.A.E. 2112 South Tower - Cairo (EGYPT)	50.00%	(95)	(87)	KPMG
Orasqualia Devel. Waste Treatment Plant S.A.E. 2112 South Tower - Cairo (EGYPT)	27.95%	14,552	11,943	DELOITTE SL
Orasqualia Operation and Maintenance. S.A.E. Nile City Towers - Cairo - EGYPT	50.00%	1,158	1,133	DELOITTE SL
Prestadora de Servicios Acueducto El Realito SACV Bvd. Manuel Avila Camacho. 36. MIGUEL HIDALGO (MEXICO)	24.50%	1	1	-
Proveïments d'Aigua. S.A. Asturias. 13 - GIRONA	15.12%	637	603	ANTONI RIERA ECONOMISTES AUDITORS
Sera.Q.A. Duitama. S.A. (COLOMBIA)	30.60%	34	36	-
Suministro de Aguas de Querétaro. S.A. de C.V. Santiago de Querétaro - Querétaro Arteaga (MEXICO)	1.00%	377	362	DELOITTE MEXICO
Total		29,674	26,519	

Note: This appendix forms an integral part of the notes to the accompanying consolidated financial statements.

ANNEX IV

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) TEMPORARY JOINT VENTURES

TITLE	PARTICIPATING PARTNERS	% GROUP SHARE
Consortium O&M Alamein	Aqualia Intech. S.A. - ICAT	65%
UTE Abastecimiento Picadas Almoguera Supply Joint Venture	FCC Aqualia. S.A. - Barahona Obras Y Serv. S.L	95%
UTE Abu Rawash Construction	Aqualia Intech. S.A. - Orascom Cons.Industries	50%
UTE Agua Santo Domingo	FCC Aqualia. S.A. - Water and energy	70%
UTE Aguas de Alcalá	FCC Aqualia. S.A. - Canal de Isabel II - SUFI. S.A.	50%
UTE Aguas del Doramás	FCC Aqualia. S.A. - Eicoh Explot. S.L. - Eléct. Maspalomas. S.A.	50%
UTE Alcantarillado Alcoy	FCC Aqualia. S.A. - FCC. S.A.	50%
UTE Alcantarillado Burgos	FCC Aqualia. S.A. - FCC. S.A.	40%
UTE Alcantarillado Madrid Lot D	FCC Aqualia. S.A.	99.99%
Alkhorayef-FCC Aqualia JV	FCC Aqualia. S.A. - Alkhorayef Water & Power	51%
UTE Expansion Idam Melilla	FCC Aqualia. S.A. - Arpo empr. Constructora.	50%
UTE Oviedo	FCC Aqualia. S.A. - Seafsa. S.A.	100%
Aqualia Riofabar Piloña Joint Venture	FCC Aqualia. S.A.	100%
UTE Badajoz East Zone	FCC Aqualia. S.A. - Automation and Control Systems	50%
UTE Badajoz Zona Oeste	FCC Aqualia. S.A. - Automation and Control Systems	50%
UTE Bombeos Zona Sur	FCC Aqualia. S.A. - FCC. S.A.	99%
UTE C.H. Talave	FCC Aqualia. S.A. - SEAFSA	100%
UTE Cruz Street	FCC Aqualia. S.A. - Const. Y O.P. Luis Vazquez e Hijos S.L.	80%
UTE Cangas	FCC Aqualia. S.A. - FCC. S.A.	99.99%
UTE Cap Djinet	Aqualia Intech. S.A. - Inima	50%
Granadilla de Abona Sports Centre UTE	FCC Aqualia. S.A. - FCC. S.A.	99%
UTE CH Talave II	FCC Aqualia. S.A. - Matinsa	80%
UTE Cons. Gestor Ptar Salitre	Aqualia Intech. S.A. - Cass Construct.s y Cia S.A.- Aktor Thechnical S.A. Col. Branch	30%
UTE Conservación Getafe	Conservación y Sistemas. S.A. - FCC. S.A.	99%
UTE Consorcio Louro	FCC Aqualia. S.A.	99%
UTE Consorcio PTAR Arraiján	FCC Aqualia. S.A. - Aqualia Intech. S.A.	100%
UTE Copero Environmental Complex	FCC Aqualia. S.A. - FCC Medio Ambiente S.A.U.- Heliopol S.A.U.	34%
UTE Costa Tropical	FCC Aqualia. S.A. - Acciona Agua. S.A.	51%
UTE Costa Tropical II	FCC Aqualia. S.A. - Acciona Agua. S.A.	51%
UTE Costa Tropical III	FCC Aqualia. S.A. - Acciona Agua. S.A.	51%
UTE Denia	FCC Aqualia. S.A.	100%
UTE Depuradoras Lot 1	FCC Aqualia. S.A. - Barahona Obras Y Serv. S.L	95%
UTE aqualia Inima (Depuración poniente almeriense)	FCC Aqualia. S.A. - Inima. S.A.	75%
Bajo Almanzora Desalination Plant UTE	FCC Aqualia. S.A. - FCC. S.A. -FCC Construcción. S.A. - Aqualia Intech. s.a.	30%
UTE EDAM West	Aqualia Intech. S.A. - FCC Construcción. S.A. - Transformations and Services	50%
UTE EDAM Santa Eulalia	FCC Aqualia. S.A. - Aqualia Intech. S.A.	100%
UTE EDAR A Guarda 2013	FCC Aqualia. S.A. - DEMAIN. S.L	50%
Ute Edar Albuñol	FCC Aqualia. S.A. - FCC Construcción. S.A.	50%
UTE EDAR Baeza	Aqualia Intech. S.A. - Explotaciones las Misiones. S.L.- Martín Casillas. S.L.	50%
UTE EDAR Cuerva	FCC Aqualia. S.A. - FCC. S.A.	95%
UTE EDAR San Claudio	Aqualia Intech. S.A.	100%
UTE EDAR Gijón	Aqualia Intech. S.A. - FCC Construcción. S.A. - Degremont. S.A.	30%
UTE EDAR La Ranilla	FCC Aqualia. S.A. - Aqualia Intech. S.A.	100%
UTE EDAR Reinosá	FCC Aqualia. S.A. - FCC. S.A.	99%
UTE WWTP San Vicente de la Barquera	FCC Aqualia. S.A. - FCC. S.A.	99%
UTE Edar Tablada	FCC Aqualia. S.A. - Abengoa Water. SI	50%
UTE Estaciones Perales	FCC Aqualia. S.A. - Aqualia Intech. S.A.	100%
UTE ETAPS East	FCC Aqualia. S.A. - Iragaz Watin S.A.	100%
UTE Fuentes De Cádiz	FCC Aqualia - FCC S.A.- FCC M.A.	50%

UTE Gestión Cangas	FCC Aqualia. S.A. - Civis Global. S.L.	70%
UTE Groupement Solidaire Jerba	FCC Aqualia. S.A. - Aqualia Intech. S.A. - Inima. S.A.	50%
Guadiana Plueblonuevo Joint Venture	FCC Aqualia. S.A. -OPS INFR Y SERV HIDR	51%
UTE HIDC-HIDR-INV. Do centr ACE	FCC Aqualia. S.A. - Lena Environment	50%
UTE Ibiza	FCC Aqualia. S.A. - Acciona Agua. S.A.	50%
UTE IDAM Janubio	FCC Aqualia. S.A. - Aqualia Intech. S.A.	100%
UTE IDAM Sant Antoni	FCC Aqualia. S.A. - Infilco Española. S.A.	50%
UTE IDAM Sant Antoni II	FCC Aqualia. S.A. - Infilco Española. S.A.	50%
UTE IDAM Santa Eulalia	FCC Aqualia. S.A. - Acciona Agua. S.A.	50%
UTE IDAM Santa Eulalia II	FCC Aqualia. S.A. - Acciona Agua. S.A.	50%
UTE IDAM Santa Eulalia III	FCC Aqualia. S.A. - Acciona Agua. S.A.	50%
UTE Idga Saneca	Infr. y distr. gral del agua S.L.-Saneca Siglo XXI S.L.	70%
aqualia Infilco joint venture	FCC Aqualia. S.A. - Infilco. S.A.	50%
UTE Lot 11 Santillana	Trainasa- Conservation and Systems	100%
UTE Lot 4 Culebro A	Sociedad Española de Aguas Filtradas. S.A. - FCC. S.A.	99%
UTE Lot 9 Torrelaguna	Trainasa- Conservation and Systems	100%
UTE Louro	FCC Aqualia. S.A. - Movexvial	65%
UTE Improvements San Isidro Park	FCC Aqualia. S.A. - FCC Medio Ambiente S.A.U.	1%
Mancomunidad de Órbigo Joint Venture	FCC Aqualia. S.A. - FCC. S.A.	99%
UTE Mostaganem	Aqualia Intech. S.A. - Inima	50%
UTE Nigrán	FCC Aqualia. S.A. - FCC. S.A.	99%
UTE O&M EDAM West	Aqualia Intech. S.A.	100%
UTE Obra Edar Argamasilla De Calatrava	FCC Aqualia. S.A. - Barahona Obras Y Serv. S.L	70%
El Endrinal Wastewater Treatment Works Joint Venture	FCC Aqualia. S.A. - FCC Construcción. S.A.	33.33%
UTE OYM Cap Djinet	FCC Aqualia. S.A. - Inima	50%
UTE OYM Mostaganem	FCC Aqualia. S.A. - Inima	50%
UTE Peripheral Lot 3	FCC Aqualia. S.A. - FCC. S.A.	50%
UTE PTAR Ambato	Aqualia Intech. S.A. - Alvarado Ortiz Constructors	60%
UTE Puebla Reina	FCC Aqualia. S.A. - Magenta Business Group	65%
UTE Recirculación la Gavia	FCC Aqualia. S.A. - Aqualia Intech. S.A.	100%
UTE Networks CABB	FCC Aqualia. S.A.	100%
UTE Redondela	FCC Aqualia. S.A. - FCC. S.A.	99.99%
UTE Pipe Renovation Lot 7	FCC Aqualia. S.A. - FCC Construcción. S.A.	60%
UTE Reparaciones Lot 9	FCC Aqualia. S.A.	100%
UTE Saneamiento Emasa	FCC Aqualia. S.A. - FCC Medio Ambiente S.A.U.	50%
UTE Santomera	FCC Aqualia. S.A. - FCC. S.A.	99.99%
UTE SCC Sice	Conservation and Systems. S.A. - SICE	50%
UTE Seafsa Lanzarote	Sociedad Española de Aguas Filtradas. S.A. - Jaime and Isaac Rodríguez	60%
UTE Sentinas	Sociedad Española de Aguas Filtradas. S.A. - Sampol	50%
UTE Vigo	FCC Aqualia. S.A. - FCC. S.A.	99.99%
UTE Sevilla Territorial Areas	FCC Aqualia. S.A. - FCC Medio Ambiente S.A.U.	50%
UTE Sollano Zalla	FCC Aqualia. S.A. - Ansareo Serv.Integrales	50%
UTE Sollanoko Ura	FCC Aqualia. S.A.	100%
UTE TSE Riyadh	FCC Aqualia. S.A. - Alkhorayef Water & Power	51%
UTE Qatar	FCC Aqualia- GEC Contracting Services- Power Water Energy	51%
UTE Ussa A 17	FCC Aqualia. S.A.	100%
UTE Vigo Swimming Pools	FCC Aqualia. S.A. - Idonea CYS. S.L:	50%
UTE Zafrá	FCC Aqualia. S.A. - Magenta Business Group	65%
UTE Zaragoza Sewerage	FCC Aqualia. S.A. - FCC Medio Ambiente S.A.U.	50%

Note: This appendix forms an integral part of the notes to the accompanying consolidated financial statements.

ANNEX V

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) VARIATIONS IN THE CONSOLIDATION PERIMETER 31-12-2021

TITLE	ADDRESS	% GROUP SHARE
A) Additions to Global Consolidation		
Aqualia Gestión los Cabos S.A. de C.V.	MEXICO	100%
B) Divestitures in Global Consolidation		
Aguas de Alcázar Empresa Mixta. S.A.	SPAIN	52.38%
C) Divestitures in Proportionate Consolidation		
Itam Delta de la Tordera AIE	SPAIN	50%

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) VARIATION IN THE CONSOLIDATION PERIMETER 31-12-2020

TITLE	ADDRESS	% GROUP SHARE
A) Additions to Global Consolidation		
Aqualia Portugal S.A.	PORTUGAL	100%
Aqualia Latinoamérica. S.A.	COLOMBIA	100%
Aqualia Villa del Rosario. S.A.	COLOMBIA	100%
Aquos El Realito. S.A. de C.V.	MEXICO	51%
Ecosistema de Morelos S.A. de C.V.	MEXICO	100%
Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A.I.S. & CO)	SAUDI ARABIA	51%
Qatarat Saquia Desalination Company LTD.	SAUDI ARABIA	51%
B) Divestitures in Global Consolidation		
Agua y Gestión Ciclo Integral. S.L.U.	SPAIN	100%
C) Disposals under the equity method		
Aquos El Realito. S.A. de C.V.	MEXICO	49%

Note: This appendix forms an integral part of the notes to the accompanying consolidated financial statements.

MANAGEMENT REPORT 2021

ON FINANCIAL STATEMENTS

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- 2. Market situation**
- 3. Contracting**
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- 12. Other information**

1. BUSINESS MODEL AND STRATEGY

Aqualia provides technical solutions and quality services in all phases of the integral water cycle with the aim of improving the well-being of the people and communities in which it operates, preserving water resources and the environment, and improving management efficiency, having as one of its main references the Sustainable Development Goals of the United Nations Organisation, and all in accordance with the existing legal frameworks in each geography.

The rapid urbanisation process in emerging countries, as well as the need to improve the living conditions of the population and to optimise a scarce resource in a process of climate change such as the one we are currently experiencing, have led governments, communities and industrial corporations to seek specialised operators to help them provide effective solutions to the problems of water supply, sanitation and wastewater treatment.

Aqualia is one of the main international operators that focuses its management on specific business models and geographical areas and acts guided by a growth objective that maintains profitability criteria and integrates all the capacities of the value chain in the water cycle, from the design of facilities to the management of large investment projects in water systems.

The most important activity is the management of integrated water services in municipalities, through long-term concession models or asset ownership, in countries with proven regulatory systems.

Aqualia operates municipal water concessions in Spain, Portugal, Italy, France and Colombia, as well as owned assets in the Czech Republic. One of the main objectives is to consolidate growth in these markets and extend its activity to other European and Latin American countries with consolidated regulatory models.

Aqualia also develops alternative and/or complementary business models, such as Infrastructure Concessions.

In these cases, Aqualia designs, builds, finances and operates long-term infrastructures, often treatment plants (drinking water treatment, purification, desalination) through BOT-type contracts and "take or pay" mechanisms in which the recovery of the investment associated with the infrastructure to be operated is guaranteed without assuming demand risk.

These formulas, which combine technical know-how with the ability to structure complex financing, are increasingly in demand by Operators or Public Agencies and Industrial Corporations in emerging countries.

Aqualia concentrates its activity in this business model in Spain, LATAM (Mexico, Peru, Chile) and MENA (Saudi Arabia, Algeria, Egypt and UAE).

These two business models, with significant investments, high added value and long duration, are another of Aqualia's lines of development, on which it is basing part of its growth.

Other business models, such as O&M or EPC contracts, are considered on a project-specific and strategic basis.

Generally speaking, in these activities, Aqualia competes in projects where either the fundamental competitive factor is the technical capacity or the quality of the services and not exclusively the price, or where the projects are of a significant size, or have a strategic interest or potential synergies due to the territory, the technology or the client where the contract is being developed.

In EPC contracts, Aqualia takes advantage of the opportunity offered by its experience with leading construction companies to create alliances in the construction of large infrastructures, which allows for a reduction and/or transfer of construction risk.

Aqualia consolidates and develops its activity in certain territories, avoiding excessive dispersion and taking advantage of commercial and scale synergies.

In Europe, especially in the municipal concessions business, maintaining the high renewal rates of its contracts and taking advantage of opportunities that may arise in both organic growth and value-adding acquisitions.

In LATAM through the consolidation of long-term contracts for municipal concessions, infrastructure concessions or emblematic Design & Build projects.

In MENA, developing a consolidated position in infrastructure concession or high value-added O&M contracts.

2. MARKET SITUATION

2.1. Domestic market

During 2021, the effects of the COVID 19 pandemic that began in Spain in March 2020 have continued, in a more attenuated form than in the first months of 2020. Until May 2021, the Declaration of a State of Alarm has been maintained throughout the national territory. Subsequently, the different Autonomous Communities have gradually relaxed their restrictive policies. In spite of this, during the summer, there was a significant fifth wave of contagion that has been reproduced throughout the month of December with a sixth wave.

Throughout the year, Aqualia has been adapting the contingency plans in force to the health situation at any given time. At present, the Plan in force has been adapted to the legal provisions dictated by the health and labour authorities in each territory. By maintaining the appropriate labour measures (social distancing, provision of PPE), we are currently providing our services in a practically normal manner. Aqualia, as a provider of an essential qualified service, has not seen its standards of efficiency and quality reduced, while at the same time maintaining the levels of health and safety at work.

There have been no outbreaks of contagion in any production centre in Spain, and activity has been maintained at all times in the drinking water treatment plants (DWTP), wastewater treatment plants (WWTP), operation of supply and sanitation networks, laboratory management, etc., which has led to the receipt of a letter of congratulations from the Vice-President for Ecological Transition.

During the year, technological solutions have been promoted that have efficiently enabled teleworking, stock controls of essential products have been reinforced, special measures have been established for action in sports centres, non-face-to-face customer service channels have been strengthened (having carried out specific communication campaigns with customers and town councils), as well as implementing all the necessary hygiene and health measures.

With regard to tariff billing, in the first quarter of 2021 it was noted, in comparative terms with the same quarter of the previous year, that the Covid effect¹⁹ had hardly any influence in the first months of the previous year. In 2021, the impact was particularly felt in contracts in the Canary Islands, where there were falls in the volume invoiced in that quarter of up to 20.2%, mainly linked to the decline in tourism activity. Subsequently, consumption has been gradually recovering in all regions, with the exception of those areas where hotel consumption is more important (Canary Islands, Balearic Islands and some Mediterranean coastal areas), where pre-pandemic consumption levels have not yet been reached. On a like-for-like basis, water

consumption by end users (downstream water) grew by 0.25% in Spain as a whole in 2021 and the amounts billed by 1.55% with respect to 2020. If we compare with respect to 2019, the last year prior to COVID 19, the average volume billed is still 0.8% lower, although in terms of tariff revenue the amounts are similar. This is despite the fact that, overall for the year, consumption levels have been lower than during the pandemic: 10.1% in the Canary Islands, 6.7% in the Balearic Islands and 2.0% in the province of Cadiz, which we estimate will recover in 2022.

With regard to the sale of bulk water, in 2021 the volumes supplied recovered by 4.9% compared to 2020, with 8.9% still remaining to reach the 2019 values. In any case, this type of supply has little weighting in Aqualia's overall business.

In October 2020, the Spanish government submitted to the EU its proposal to develop the **Plan for the Recovery, Transformation and Resilience** of the Spanish economy, with an initial budget of €72,000m. In December, the law implementing the plan was approved and the final proposal was sent in April 2021. Finally, in June the final amount of €69.500m was approved. Of these funds, MITECO has approved €2.000m for its WWTP construction, energy transition and flood prevention projects. Aqualia is developing proposals in the field of photovoltaic generation, water reuse and digitalisation. In the latter field, the Vice-President for Ecological Transition has publicly announced the approval of a PERTE for the Digitalisation of water uses in Spain, with a budget of €3.000m, in which the specific sector of urban water, in which we are a very relevant player, has an allocation of €1.920m. The first actions should be awarded in the first half of 2022.

In the **institutional and legislative field**, the meetings of the Urban Water Cycle Roundtable have been held throughout 2021, with the presence of the Ministry, Business Associations, Trade Unions and Users, as an embryo of the future Urban Water Observatory of Spain, included in the PERTE mentioned above. Also noteworthy is the suspension of the application of the Budgetary Stability Law during 2021 and 2022, which will allow local councils with cash surpluses to use the surpluses to make investments. Congress approved the Climate Change Law, which prioritises green electricity sources and the reduction of CO₂ emissions. The Government has also approved the 3rd revision of the Hydrological Basin Plans for the period 2022-2027, with a planned investment of €21,000m. Finally, the Water Laws of Extremadura, Aragon, Castilla la Mancha and Galicia are under review, with a strong commitment to the regulation of the urban water cycle.

During the Alarm period, which has been extended until the end of the year, **water cut-offs** for non-payment to vulnerable customers have been prohibited, and in practice this has not significantly affected Aqualia's collection capacity.

During the year, work was done to strengthen the **Spanish Association of Water Management Companies (AGA)** and the **AEAS** management association, which brings together public and private companies operating in the sector. The aim is, among other things, to make society aware of the high social commitment of the management companies, the existence of a very relevant technology transfer at world level, and the affordability of tariffs in Spain for family economies, still low in comparative terms in relation to those of the rest of the OECD countries.

It is an ongoing policy of the company to seek **efficiency in operational management**, highlighting the efforts made in 2021 to reduce costs, especially in the reduction of variable consumption (energy and water purchase), an action that has enabled us to improve efficiency ratios, measured as gross profit from the activity in relation to turnover.

Since the beginning of the year, the Spanish **electricity market** has seen a 145% increase in tariffs compared to the same period the previous year. The theoretical impact that this resource could have had on the company in Spain has been partially mitigated by efficient energy purchase management, which has been carried out by combining fixed price contracts (18%), futures purchases (41%) and PPA contracts (17%), leaving only 23% of consumption exposed to the market, which must be transferred to tariffs according to the contractual mechanisms.

Also during the year, we continued to reduce costs linked to customer management, with policies of pursuing fraud in the measurement of consumption, strengthening electronic billing, increasing the direct debiting of bills, controlling bank fees, reducing face-to-face customer service and transferring to other channels (telephone, social networks, internet).

In the area of **digitalisation**, the Denia and Toledo technology centres have been put into operation, where the **Aqualia Live** integrated digital management tool for water services is being developed, which allows us to manage water networks, incidents, issue work orders, manage assets and meters in an integrated manner. We are in the implementation phase in another six regional centres. The progress achieved in this field will allow us to tackle the major water sector digitalisation project promoted by the Spanish Government under very favourable conditions.

Aqualia has promoted actions in Spain as a socially committed company, with the renewal of agreements with UNHCR and Caritas, and with the environment with numerous initiatives aimed at reducing greenhouse gas emissions, opting for green energy. As part of its social, economic and environmental responsibility policy, the 2021-2023 Sustainability Plan has been approved.

Aqualia, a founding partner of the **StepbyWater** Alliance, has also promoted the development of its founding objectives. Our CEO, Felix Parra, chaired the 1st European Conference of the Alliance, in the presence of the Vice-President of the Spanish Government and Minister for Ecological Transition and the European Commissioner.

In September, a State of Drought was declared in the Guadalquivir basin and it is likely to extend to the Guadiana and other Andalusian basins. It is not foreseeable that it will affect our water distribution capacity, as urban water is a preferential supply compared to agricultural, sports and industrial water.

2.2. International market

In the international sphere, Aqualia has concentrated its activity during the 2021 financial year in Europe, North Africa and the Middle East (MENA) and Latin America (LATAM).

2.2.1. Europe

In 2021, the Covid19 pandemic affected consumption in Europe, reducing the volume of supply to residential and non-residential customers in Portugal and the high water activity line in the Czech Republic. However, Aqualia was able to maintain the levels of quality and continuity of service with no significant operational effects. The company made progress in its consolidation of the business in France and its complete cultural and operational integration into Aqualia, to improve the service to the more than 140,000 citizens who enjoy our water supply and sewerage network management. In addition to the various services provided by the acquired company in 2019, in 2020 and 2021, new water and wastewater network management, operation and renewal contracts were added, such as the water distribution contract for Mantes and other municipalities in the province of Yvelines (55,000 inhabitants), the wastewater treatment contract for Carrières-sous-Poissy and other nearby communities (27,000 inhabitants) and the first wastewater treatment contract with a large treatment facility (with a treatment capacity of more than 225,000m³/year) in Sausseron. On the other hand, the dynamics of the French market have been strongly influenced by takeover bids by two of the world's largest water and environment groups.

In the **Czech Republic**, the political and social debate on public action in guaranteeing water supply, initiated in previous years in the wake of frequent droughts and floods and politically promoted by the advocates of public water management, opposed to the generation of economic incentives in favour of operators, has continued during 2021. Within its competencies, the Ministry of Finance has approved, for the period 2022 to 2026, a revision of the tariff framework in line with other provisions on the subject promoted by different areas of the public sector. The review has focused on the adjusted calculation, using the replacement value, of investment needs, regulatory capital and the associated regulatory benefit. Both Aqualia, through its subsidiary SmVak, and the association of water operators, were actively involved in the debates, in which they were able to defend, through the established channels, the maintenance of the economic balance as a consequence of the regulatory modification. It is

therefore estimated that the regulatory change will not have a significant impact on the economic sustainability of Aqualia's Czech business. On the other hand, Aqualia was awarded new contracts in the country, such as the sanitation contracts in Novojicinsko, Mosnov and Orlová (wastewater), and the integrated water cycle contract in Frenstat.

In **Italy**, with no major regulatory or commercial news, the market is expectant about the consequences of the corporate operation between two large global operators with significant exposure to the Italian market.

In **Portugal**, after the municipal elections in autumn 2021, it is expected that various infrastructure development projects or improvements in the management of the integral water cycle will be gradually implemented within the robust Portuguese concession framework.

The pace of work on the extension of the Glina wastewater treatment plant in **Romania** was affected by the limitations imposed by the authorities in the face of COVID-19, but progress has been made on the civil works and with the contracting of equipment to minimise the impact on the work schedule of the disruptions caused by the pandemic and the subsequent crisis.

In the **Balkans**, for reasons attributable to customers, the contracts for the Berane and Pljevlja projects, which were completed and in operation, were terminated. At the same time, the established dispute resolution and settlement mechanisms for both plants were initiated. The Prziren project reached the acceptance of works and is in the warranty and assisted operation period.

2.2.2. MENA

In **Algeria**, the start-up phase of the Mostaganem desalination plant installation was completed at full capacity following the execution of the works on the new seawater intake and provisional acceptance was obtained. The plant has increased its real capacity and is protected from the influence of adverse conditions at sea.

As for the operation of the desalination plants, despite the enormous impact of the epidemic, and thanks to the dedication and good planning of the plants' management team, the two desalination plants, Mostaganem and Cap Djinet, have managed to maintain continuous operation at full capacity and without significant incidents, thus providing a critical service to the population of the area.

In **Egypt**, Aqualia completed the year of guaranteed operation of the El Alamein desalination plant, with a capacity of 150,000 m³/day, and obtained an extension of this contract until 2022.

The completion of the Alamein desalination plant to the full satisfaction of the client is a first class reference for new projects in the desalination plan designed by the Egyptian government to reduce the country's water stress in the Mediterranean and Red Sea coastal areas.

As for the implementation of the Abu Rawash wastewater treatment plant project, despite the impact of the pandemic, work has continued apace on the plant, which is expected to be commissioned in 2022.

In **Saudi Arabia**, Aqualia completed in January the acquisition of 51% of the companies Qatarat and Haaisco from the prestigious Saudi group Ali Reza. Qatarat is the concessionaire of the seawater desalination plant at King Abdulaziz International Airport in Jeddah. Haaisco is the operator of this plant as well as other representative plants in the country, such as the desalination plant at Kaust University. All plants have been operating at full capacity to provide essential services to the population during the pandemic.

Likewise, work has continued on the execution of diversions and adjustments to the supply and sanitation services affected in the Riyadh Metro, where Aqualia is carrying out the activities of diversion of services and provisional and definitive connections on Lines 5 and 6.

During this year, a huge commercial effort has been made to participate in the ambitious desalination programme promoted by the Saudi Government with the submission of very competitive bids for various projects.

Similarly, work has been carried out on the development of other lines of commercial activity within the framework of the VISION 2030 programme for the improvement of infrastructures, such as projects for new wastewater treatment plants, contracts for the rehabilitation, operation and maintenance of existing treatment plants and contracts for the provision of services for integrated water management throughout the country.

In the **United Arab Emirates**, our subsidiary Aqualia MACE has continued to provide the operation and maintenance of the networks of collectors, pumping stations and wastewater treatment plants in the geographical area of Al Ain and Abu Dhabi capital without incident and at full capacity throughout the months of the pandemic.

Oman. during 2021 Aqualia has continued to operate without incident despite the pandemic, managing the integral cycle of the Sohar port area through the subsidiary Oman Sustainable Services Company. As a significant milestone, this year Aqualia obtained AENOR certification for its asset management system, a certification that very few water management companies in the world have.

In **Qatar**, work has begun on the start-up phase of the Al Dhakhira wastewater treatment plant in the north of the country, built by Hyundai with a capacity of 55,000 m³/d, which will be operated by Aqualia MACE once it comes into service in 2021.

In addition, a joint venture led by Aqualia and with the participation of reputable local partners has been set up to develop projects to improve the sewerage, wastewater treatment and reuse network, which will provide services to the Ministry of Public Works and Sanitation of Qatar.

2.2.3. USA.

During 2021 Aqualia has reinforced its commercial activity in the **United States**, maintaining its active search for new projects and business opportunities.

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

However, the Covid-19 crisis, the general elections and the turbulent political transition have led to a general slowdown in the economy and, in particular, in water and sanitation projects.

New legislation on the control and elimination of emerging pollutants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

2.2.4. LATAM

The deficit of water infrastructures and the search for efficiency in the existing ones are two factors that boost Aqualia's growth possibilities.

In 2021 Aqualia consolidated its presence in **Mexico**, becoming a benchmark company in the sector with a highly diversified portfolio of assets.

The experience acquired in the BOT (Build, Operate, Transfer) contracts for Aqueduct II in Querétaro and Realito in San Luis de Potosí is helping us to propose similar projects to institutional clients, where the technical and financial capacities employed give Aqualia a relevant position in the country.

The Guaymas desalination plant, awarded in 2018 by the Sonora CEA, and whose execution has been slightly delayed by the pandemic, is practically completed and will be put into operation during 2022.

In **Colombia**, the construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogota has continued, with a minimal impact of the pandemic on the execution as a result of the strict

protocols implemented. This set of measures has placed Aqualia at the forefront in terms of health safety in hydraulic infrastructure works, achieving recognition from public bodies and multilateral banks.

Aqualia has fully integrated into its management the services acquired in the 2020 Department of Córdoba: Aguas de Sinú, Uniaguas and OPSA, as well as the municipality of Villa del Rosario, despite the added difficulties caused by the COVID-19 pandemic.

In **Peru**, the State is immersed in a process of evaluating the efficiency of its public utilities in order to give way to private initiatives in those with the worst management indicators. During 2017, five private initiatives for wastewater treatment were presented and declared relevant in 2018 and are currently in the formulation phase. In 2021, a private initiative for desalination in the municipality of Ilo was also presented and declared relevant, which has begun to be developed. Aqualia is currently studying different projects both as a service provider for public utilities and for the financing, design, construction and operation of large hydraulic infrastructures.

3. CONTRACTING

3.1. Domestic market

In 2021, as in 2020, and partly due to the pandemic, there has been very little activity in public procurement for new municipal concessions, and the procurement of infrastructure operation and maintenance services has been more active.

From the point of view of public tendering we highlight:

- Madrid; Urgent renovation and repair works in the drinking water supply network and in the regenerated water network of Canal de Isabel II (Tajo Lot) for a period of 4 years and an amount of 26,4 million euros, and contract for the renovation of pipes in the supply network of Canal de Isabel II (Lot 7) for an amount of 34.4 million euros and a period of 4 years.
- Castilla - La Mancha; Operation and maintenance services for the waste water treatment plants included in Zone 1 (Toledo) for a period of 4 years and an amount of 18.3 million euros.
- Dos Hermanas (Seville); Project for the construction of the Copero environmental complex for a period of 1.4 years and an amount of 17 million euros.

- Almadén and Chillón (Ciudad Real); Concession of the water treatment service for the municipalities for a period of 20 years and a contract value of 7.5 million euros.
- Seville; 2.4-year, 2.9 million euro project to clean the sewerage networks in EMASESA's territorial areas.
- Albaladejo, Puebla del Príncipe and Terrinches (Ciudad Real): Public sewage treatment service for a period of 15 years and an amount of 2.4 million euros.
- Vilches (Jaén); refurbishment and extension of the waste water treatment plant at Aceites Coosur's Vilches factory, including operation and maintenance services for a period of 5 years and a value of 2.1 million euros.
- Guadahortuna (Granada); Project and works for the grouping of discharges and waste water treatment plant for a period of 2 years and an amount of 1.9 million euros.
- Cazalegas (Toledo); Concession of the public water treatment service of Cazalegas for a period of 20 years and an amount of 1.5 million euros.
- Darro (Granada); Concession of the public service of drinking water supply and sewerage of Darro for a period of 10 years and an amount of 1.3 million euros.
- Piedrabuena (Ciudad Real); Concession of the drinking water supply service in Piedrabuena and El Alcornocal for a period of 5 years and an amount of 1.3 million euros.
- Malaga; Inspection, preventive maintenance and cleaning service of the sewerage network of the city of Malaga for a period of 1 year and an amount of 0.9 million euros.
- Morelábor (Granada); Concession of the public service of drinking water supply and sewerage for a period of 10 years and an amount of 0.6 million euros.

With regard to the renewals, extensions and extensions of contracts already managed by Aqualia at national level, it is worth highlighting the renewal of 354 contracts with a portfolio amounting to 873 million euros, among which the following should be noted:

- Salamanca; Extension of the management of the water supply, sanitation and purification service for the city of Salamanca for a period of 5 years and a contract value of 95.4 million euros.

- Güímar (Sta. Cruz de Tenerife); Concession of the public service of drinking water supply and sewerage of the municipality for a period of 25 years and a contract value of 85.3 million euros.
- El Puerto de Sta. María (Cádiz); Service for the operation, maintenance and conservation of the wastewater treatment plant, sewage networks and pumping stations of the city, for a period of 10 years and a contract value of 51.1 million euros.
- Talavera de la Reina (Ciudad Real); Extension of the city's water and sewerage service for a period of 5 years and a contract value of 40.9 million euros.
- Louro Consortium (Pontevedra); Operation, conservation, maintenance and other related services of the facilities attached to the Consortium for the management of the urban water cycle, for a period of 3 years and a contract value of 9.4 million euros.
- Eivissa (Balearic Islands); Extension of the management of the water supply and sewerage service of the town for a period of 1 year and a contract value of 9.0 million euros.
- Vigo (Pontevedra); Extension of the management of the technical-teaching services for the City Council's indoor swimming pools and gymnasiums for a period of 1 year and a contract value of 2.8 million euros.
- Bilbao (Vizcaya); Maintenance and breakdown management service for the secondary supply networks of the municipalities in Zone A of the Bilbao Bizkaia Water Consortium for a period of 2 years and a contract value of 2.6 million euros.
- Sollano (Zalla, Vizcaya); Operation, control and maintenance service for the Sollano drinking water treatment plant for a period of 2 years and a contract value of 2.3 million euros.
- Mutxamel (Alicante); Extension of the operation and maintenance service of the Mutxamel desalination plant and its water distribution network for a period of 1 year and a contract value of 1.3 million euros.

3.2. International market

In the international market, Aqualia has maintained an important activity in tenders in different areas, highlighting the contracting of:

- Los Cabos (Mexico); Integral improvement of the management of the Los Cabos area, including investment, operation, conservation and maintenance, through the Public-Private Partnership scheme. It involves a contract of 48.3 million euros for a period of 10 years.
- Mantes-la Jolie (Yvelines, France); Public drinking water service concession for a period of 6 years and a contract value of 29 million euros.
- Qatar; Contract for asset renewal and network upgrades for an amount of 11.2 million euros and a period of 1.4 years.
- Jizan (Saudi Arabia); Contract for the operation and maintenance of a seawater desalination plant for a period of 3 years and a contract value of 9.3 million euro.
- Puiseux en France (France); Public service concession for drinking water distribution of the Syndicat Mixte d'Alimentation en Eau Potable SMAEP DAMONA for a period of 8 years and a contract value of 6.9 million euros.
- Koprivnice (Czech Republic); Contract for the operation and maintenance of the sanitation system of the municipalities of Koprivnice, Novy Jicín, Morkov and Zivotice for a period of 10 years and a contract value of EUR 5 million.
- Frydek-Mistek (Moravia-Silesia, Czech Republic); Management of the city's water supply and sewerage system for a 10-year period and a contract value of 4.7 million euros.
- Saudi Arabia; Design and construction of the drainage system and storm tanks for the formula 1 circuit in Jeddah for an amount of 4.6 million euro.
- Nesles la Vallée (Ile de France); Public supply service concession for a period of 7 years and a contract value of 2.3 million euros.
- Frenestat Pod Radhostem (Czech Republic); Concession of water and sewerage services for a period of 10 years and a contract value of 1.7 million euros.
- Carrières-sous-Poissy, Aulnay-sur-Mauldre, La Falaise, Nézel, Juziers et Vaux-sur-Seine (France); Public service supply network leasing and works execution for a period of 5 years and a contract value of EUR 1.6 million.
- Yvelines (France); Water supply contract in Yvelines (France) for a period of 9 years and a contract value of 1.3 million euros.

- Orlová and Mosnov (Czech Republic); Operation and maintenance contract for the sewerage networks for a period of 5 and 10 years respectively and a contract value of 1 million euro.

4. FORESEEABLE DEVELOPMENTS

In Spain, expectations for 2022 are for a growing recovery in the levels of activity that have been affected by the Covid-19 pandemic, fundamentally in the geographical areas where demand is most closely linked to tourism activity. In this regard, we expect a significant recovery in the Canary and Balearic Islands in the coming quarters, until recovering the volumes invoiced in 2019. This situation will be reinforced by the new contracts incorporated into the perimeter during 2021, as well as by the maintenance of the high rates of renewal of contracts that Aqualia historically records when they expire. This increase in revenues will lead to an improvement in results, reinforced by the continuation of cost optimisation actions. We expect electricity tariffs to normalise by the end of the financial year 2022, and we will develop policies to increase the number of electricity contracts negotiated in fixed price, PPA and futures contracts.

In the activity of concessions of services of the Integral Water Cycle, it is worth highlighting the expectation of maintaining renewal rates similar to those of 2021, above 90%. Several completed contracts are expected to be put out to tender and are currently operated by competitors (Santiago de Compostela, Orense, San Fernando). We also expect the tendering of several EPC projects linked to Waste Water Treatment services in Madrid and Palma de Mallorca, in particular.

Within Europe, in Portugal, the outlook remains for a certain reactivation of the concession business based on the high budget deficit of local councils and the need for investment in infrastructures. Likewise, a greater proliferation of operation and maintenance contracts promoted by public companies belonging to Aguas de Portugal and inter-municipal companies is expected.

In France, new public service delegation tenders are expected to be launched due to the expiry of the contractual term of many of the country's existing contracts.

In Saudi Arabia, the process of modernisation and provision of water infrastructures in the country promoted by the Government in the Vision 2030 programme will continue through public-private partnerships. The Infrastructure Concession contracts tendered in 2020 will be definitively awarded and it is expected that new BOT projects in the field of desalination and purification will be tendered. In addition, tenders will be launched for operation and

maintenance contracts for water and sanitation services in the six regions into which the Saudi Kingdom has been divided.

During 2022 Aqualia will start operating the new Abu Dhabi sewerage contract and the Al Dhakira WWTP in Qatar.

In LATAM, the construction phase of the Guaymas IDAM (Sonora, Mexico) will be completed, giving way to the 20-year operation period, as well as the Salitre WWTP (Colombia). In both countries, new concessions will be tendered for hydraulic infrastructure concessions for desalination in the states of Baja California and Sonora and for treatment as part of the programme to decontaminate the Bogotá river.

Finally, in Peru, the preparation of the private initiatives declared relevant to Aqualia will continue (5 treatment plants and 1 desalination plant) and in the USA, the projects currently under study will be presented to their corresponding clients under the formula of "unsolicited proposals", for their evaluation.

5. CUSTOMER MANAGEMENT

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence in customer service. The Company seeks to differentiate itself in the market by developing services adapted to the needs of its users. During 2021, it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the channels of interaction with its users, boosting technological investment, especially in this year globally affected by the pandemic.

5.1. Customer Service Channels

The main management indicators for the year 2021 in our Customer Service channels (*aqualiacontact*) are as follows:

- **Telephone customer service.** The Customer Service Centre received **1,203,947** calls in 2021.
- The specialised attention of our managers, as well as the proactivity and speed in providing telephone attention under the Presence solution (Evolutio), allows customers to be attended continuously and without interruptions through various customer service and fault communication channels, such as; Telephone Customer Service Centre, Virtual Office, APP, Twitter and email.

- The Customer Service Centre by telephone offers customers the "Appointment Management" service, to avoid waiting and crowds in the face-to-face offices, improving not only the telephone service but also offering a faster, more efficient and pleasant face-to-face service with full health guarantees.
- **Virtual office**, aqualiacontact. In 2021, **177,940** interactions were managed, 8.16% more than in 2020. Among them, 31.93% were data modification, 22.67% electronic invoicing and 23.98% payment by bank card.
- **Application for mobile devices**. Through the APP made available to our customers, **117,439** interactions were managed in 2021, **45.42%** more than in 2020, with 76.69% of them involving payment by credit card and 13.53% involving the modification of data.
- **Twitter @aqualiacontact**. Through the @aqualiacontact account, messages sent by users are dealt with and managed (1,107 in 2021). Also SMS messages for notifications of invoices with incidents and notices of breakdowns in networks (915,097 SMS in 2021).
- **Electronic invoicing**. In 2021, customers **87.356** have requested the activation of electronic invoicing, increasing this ratio by **87%** compared to the previous year.

The efficiency of all customer relations channels has led to a **very low complaints rate of 0.43%** in 2021, with a **maximum average response time to complaints set at 15 calendar days**. Also noteworthy is the maximum average time for meter installation (from the time the meter is requested), set **at 5 calendar days**.

In order to respond to the high expectations of our customers regarding the service offered, Aqualia will continue to make progress in offering all its customers a quality omnichannel experience in their interactions with the Company.

The objectives set in this area are as follows:

1. **Integration of all channels**. Channels working in unison, interrelated in real time. The new **Microsoft Dynamics CRM** implementation project will go into production at the beginning of 2022 and will allow all channels to be interrelated in real time with greater accessibility, availability and integrity of interaction information. The aim of the project is to have a new customer service module that must be integrated with other systems, such as the Diversa commercial system, which provides sufficient flexibility, guarantees availability and access to information in an agile and flexible way through guided processes.

2. More pleasurable and higher quality customer experience

- Any operation from any channel
- Single processes for all channels

3. More responsive and capable care

- Cross-platform clients
- Leveraging resources, developing communication skills by channel.

4. Search for resources and technologies allowing a greater attention with a more agile and efficient management for our clients, such as:

- Professional Whatsapp
- Click to call from the web
- Bizum® payments
- Electronic invoice management via e-mail
- Web-based customer management platform for communications via SMS, email, invoice payment link, etc.
- Electronic signature of documents

5.2. Invoicing and collection management

The Customer Management Department has maintained the same strategic vision in the evolution of management tools, as well as in the development of new utilities in the Business Intelligence tool. New improvements have been made to fraud information, including the type of fraud and the final status of the file. In the case of large consumers, the average age of meters has been incorporated, and with regard to production pending tariff billing, the information has been improved by adding the view by service provided, type of customer, concept and billing cycle. The information scorecard on the management of deposits has also been developed, with values of their situation and evolution. On the other hand, the necessary requirements for the implementation of the billing and debt management tool for non-tariff items in France's services have been completed.

At December 2021, billing has varied with respect to the previous year with a slight increase in consumption of m3 by 0.04%, mainly due to the increase in non-domestic consumption (4.60%) and high water consumption (3.95%), with a decrease in domestic consumption (-2.07%). This trend means that at the end of December 2021 there will be an increase in the amount of billing of 2.43% compared to 2020, and an increase of 0.52% compared to the value

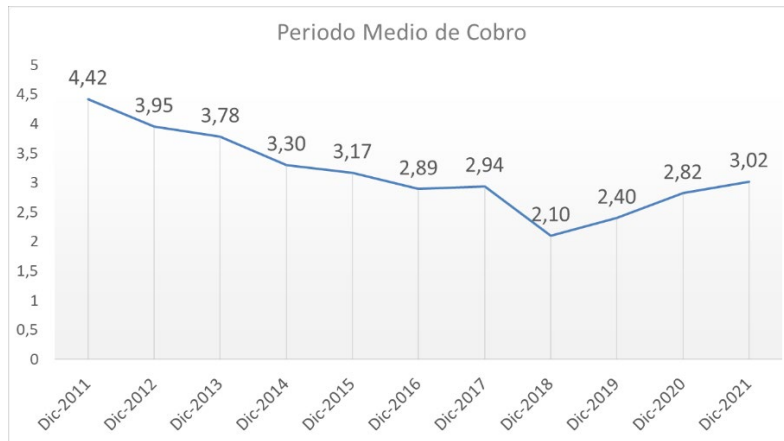
of 2019, prior to the pandemic, which confirms the recovery of billing at the end of 2021 (data without Colombia).

5.2.1 Average collection and default period

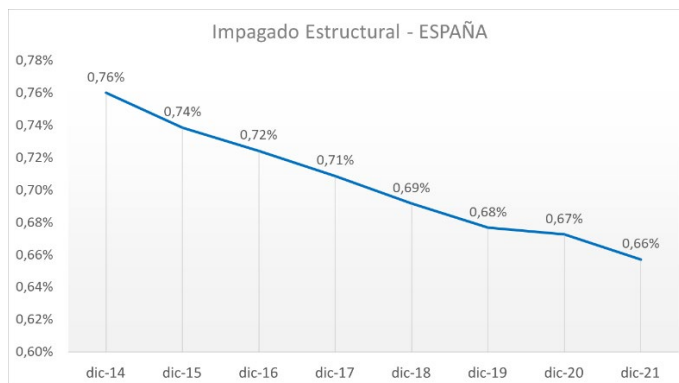
The continuous improvement of management processes has led to an average tariff collection period in Spain of 1.93 months and a total of 2.19 months, which means that the trend of previous years has been maintained by strengthening the correct management of collections despite the impact of the pandemic.



At global level, Aqualia has recorded a slight upturn in the average collection period due to the increase in activity in the International area over the last two years, with the incorporation in 2020 of the Departamento Córdoba and Villa del Rosario concessions acquired in Colombia, the acquisition of the French companies of the SPIE Group in 2019, the acquisition in January 2020 of the companies Qatarat and Haaisco (Saudi Arabia) and the takeover and consolidation commenced in June 2021 of the El Realito Aqueduct (Mexico), and on the other hand the progress of work on the Glina WWTP (Romania) and the Salitre WWTP (Colombia).



In the tariff processes, structural non-payment has been improving annually, the most important case being that of Spain, with the following evolution:



Aqualia has maintained the campaign to promote the use of electronic billing and progressively replace the largest possible number of bills issued on paper. This action has led to an increase of 17.2% in the number of electronic invoices issued by December 2021 compared to the previous year, reaching an overall ratio of 17.9% in Spain and an overall accumulated total of 15.9%, thus contributing to the fight to preserve the environment, reaching 627,499 customers who choose to receive this type of invoice.

Minimising the difference between the volume of water supplied to the network and the volume actually consumed is a basic objective for any company such as Aqualia. To achieve this, in

In addition to using sophisticated intelligent systems to monitor the networks and renewing those networks that are reaching obsolescence to avoid leaks as much as possible, plans are designed to detect fraudulent actions or uses of drinking water. During the period from January to December 2021, more than 20,304 cases of fraud have been detected for an amount of consumption equivalent to 4.6 million euros. As a complement to these actions, more than 360,913 meters have been renewed in different contracts.

5.2.2. Meter Reading Mobility Project

During 2019,2020 an ambitious project was developed in the area of meter reading. The aim of the project is to update the mobility solution implemented for taking meter readings (TPL), providing it with online and offline functionalities with the current DIVERSA commercial system implemented in Aqualia. The solution runs on smartphones, with the aim of providing functionalities related to taking and managing meter readings.

With this project, Aqualia aims to achieve an improvement in the current processes for taking and managing readings, and to achieve efficiencies in the shortest possible time and with the least possible economic impact. The pilot launch scheduled for January 2020 was successfully carried out, with the corresponding roll-out to the rest of the farms being carried out gradually.

Deployment in production Meter Reading Module Project:

- The pilot trial was carried out in Alcalá de Henares with satisfactory results.
- Subsequently, it was implemented in Ávila, Salamanca, Lleida, Llíria, Sant Josep, Écija, Jaén, Sanlúcar and Mérida with satisfactory results, which allowed mass implementation.
- Until December 2020 it was implemented in:
 - 439 services implemented (Spain) and 6 (Italy and Portugal)
 - 5,296,171: readings taken to date with the new APP
 - 20.241: routes of readings exported to APP
 - 2,589,927: contracts exported to be read in the PPP
- The full roll-out will be completed in Q1 2021.

5.2.3. CRM Microsoft Dynamics

The new customer service module is based on the *Microsoft Dynamics CRM 365* tool. This solution provides a unified view of the customer, technological innovation, as well as

improvements in business processes.

- The solution includes a new customer website that will replace the current virtual office and will be deployed for Call Centre users and the new virtual office, covering all operations, with the corresponding adaptations of the CRM currently in progress.
- Tests by the technical team and the business team have been carried out in 2021 with satisfactory results, planning to start production in the first quarter of 2022.

5.2.4. Electronic signature of documents project

The face-to-face contracting process at our offices involves the client signing various documents, which are scanned and stored in a virtual Sharepoint repository.

In order to optimise this manual process, the advanced electronic signature project has been developed.

The electronic signature project includes two types:

- Biometric signature. The customer signs the document on an electronic device that collects his signature and biometric data.
- OTP (One-Time Password) signature. It is a signature system with a personal password and a one-time code, which is sent to the customer by SMS to sign documents digitally.

Associated with this process is the "signature operation record", which is the document containing all the electronic evidence of the signing process. This record is signed electronically with a certificate, thus guaranteeing the integrity of the record.

The signed documents, the signature and the minutes are automatically stored in the sharepoint virtual repository.

Testing by the technical and business teams is currently underway, with production scheduled for the first quarter of 2022.

Data protection

In Spain, with the entry into application 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 terms of data protection.

The novelties established by the Regulation implied making adjustments in the field of data protection in all the Entities, given that it applies to all the affected Areas in the following aspects:

- 1) Employee Scope
- 2) Customer Scope
- 3) Supplier Scope
- 4) Scope of Contractual Relations FCC Group
- 5) Area of Contractual Relations Public Administrations
- 6) Documentation and internal management.
- 7) Area Information Technology and Information Security
- 8) Technical and organisational measures.

During the adaptation project, the implementation of the *epri* tool was managed. This tool is used to record the processing activities of all the entities. It has a document and evidence manager, as well as a risk assessment tool.

The tool provides a quarterly risk status report as well as continuous improvement assessments following the implementation of corrective and preventive actions.

- Initial situation May 2018:

RIESGOS:
PROBABILIDAD

Muy alta - Máxima	0	0	0	0
Alta - Significativa	4	171	0	0
Media - Limitada	132	468	224	0
Baja - Despreciable	0	1	0	0
	Muy bajo - Despreciable	Medio - Limitado	Alto - Significativo	Muy alto - Máximo

IMPACTO

- Situation December 2021

PROBABILIDAD				
Muy alta - Máxima	0	0	0	0
Alta - Significativa	0	0	0	0
Media - Limitada	10	92	18	0
Baja - Despreciable	127	631	203	0
	Bajo - Despreciable	Medio - Limitado	Alto - Significativo	Muy alto - Máximo
	IMPACTO			

For 2021, the extension of the upgrading works started in 2020 were planned, such as:

- Project International data transfers between FCC Group entities
- FCC Group Data Retention Periods Project.
- Adaptation of the Aqualia National Security Scheme.
- Revision and approval of the vehicle data protection clause, in particular regarding geolocation and telemetry (as well as retention periods).
- Revision of the data protection clause in relation to the use of deskless employees' personal contact details.

5.4. Social action

Although the capacity to set tariffs and regulate the provision of services in the integral water cycle in Spain is the exclusive competence of the Administration, Aqualia actively promotes social action mechanisms in tariffs and solidarity funds for the most disadvantaged users. In addition, the Company has worked to improve coordination with the social services of the local councils to protect customers at risk of social exclusion. For example, as part of its CSR policy, Aqualia has been renewing its collaboration agreement with Caritas Española since 2015, and with UNHCR since 2019 to support initiatives of this humanitarian organisation in Spain. It has also guaranteed access to water to anyone in a situation of vulnerability and has extended payment deadlines to all customers affected by the pandemic.

The information on tariffs and social vouchers has been published on aqualia's website, available to all users. Likewise, aqualia informs customers, in the notifications sent to them, of the possibility of setting up deferred payment plans. During this year, more than 6,906 payment plans have been made.

For Aqualia, it is essential to extend the company's commitment to society, seeking excellence

in customer service. The Company seeks to differentiate itself in the market by developing services adapted to the needs of its users. During 2021, it has continued to make progress in a strategic orientation towards the end customer, with special attention to the quality of the channels of interaction with its users, boosting technological investment, especially in this year globally affected by the pandemic.

6. EFFICIENT AND SUSTAINABLE MANAGEMENT

6.1. Management systems

Aqualia continues to support, as one of its priority objectives, the fulfilment of the United Nations Sustainable Development Goals (SDGs), focusing on those that affect the water sector and its stakeholders:

- Nº. 3. Promote general welfare.
- Nº 6. Sustainable Water and Sanitation.
- Nº. 7. Clean energy.
- Nº. 8. Promote sustained economic growth.
- Nº. 9. Building resilient infrastructure.
- Nº. 11. Achieving sustainable cities.
- Nº. 12. Ensure sustainable production and consumption.
- Nº. 13. Take urgent action to combat climate change.
- Nº. 14. Conserve marine resources in a sustainable manner.
- Nº. 15. Combating desertification and protecting biodiversity.
- Nº. 17. Partnerships to achieve the objectives.

As proof of this, in 2021 Aqualia was the first company in the sector to certify the **Strategy for the Contribution to the Sustainable Development Goals**, by AENOR, in an integrated manner with the annual Sustainability Report, under GRI criteria.

Aqualia is also continuing with its strategy of creating shared value, responding to the expectations of its stakeholders and developing tools that enable it to understand and measure its social and environmental impacts, in order to support the creation of economic value and increase the company's competitiveness (calculation of social and environmental footprints). To this end, in 2021, work has been carried out on the following aspects:

6. **Integration of the new ISO 45001 Standard** in Aqualia's Management System, establishing already integrated Management System Committees and carrying out integrated audits, both internal and external (AENOR).
7. **Increased efficiency in the process of internal audits**, through the publication of integrated reports, and external audits, with four-qualified auditors, which allow audits of the Quality, Environmental, Energy, Carbon Footprint calculation and Health and Safety at Work Management Systems to be carried out.
8. Increasing the scope of the **Energy Management and Climate Change** strategy.
 - Follow-up of contracts with energy review.
 - Calculation of the Carbon Footprint at fixed perimeter 2020.
 - Calculation and verification of the Carbon Footprint of all Aqualia's activity in Spain and Portugal 2020.
 - Registration in the Carbon Footprint Register of the Spanish Office for Climate Change (OECC) of the Ministry of Ecological Transition and Demographic Challenge (MITERD) for all Aqualia's activity in Spain, requesting the "CALCULO+REDUZCO" Certificate for 2020.
 - Carbon Footprint Reduction Plan for Aqualia's activity 2020 - 2022.
 - Verification of emissions avoided in the MITERD OECC CLIMA Project, approved in 2018, for the use of alternative fuels, specific to the company's activity, in automobiles.
 - Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
9. Participation in **AENOR** meetings and conferences and in **ACS** working groups.
10. Participation in the **Circular Economy Commission** of the **Spanish Chamber of Commerce**, where legislative initiatives are analysed and meetings are held with political leaders.

As a complement to all of the above, the strategy with the Company's stakeholders has been maintained, consisting of incorporating the treatment of Aqualia's stakeholders and the Company's context analysis into the Management System, as a requirement of the new

Standards and as support for other Aqualia departments in their daily work (Clients, Compliance, Communication, CSR, HR, etc.).

6.2. Energy Management

The **energy management** of production facilities has been a strategic line of action for the company since its inception, with the optimisation of energy consumption being an objective of continuous improvement.

This is reflected in the calculation of the company's Carbon Footprint at its farms in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by AENOR, where the impact of energy management (Scope 2) can be seen in the 13% reduction in emissions compared to the previous year.

Greenhouse gas emissions Spain (2020):

	t CO ₂	t CH ₄	t N ₂ O	GHG 2020	%
				(t CO ₂ e)	
Scope 1	9.984,80	2.233,50	24,30	78.971,30	45,49%
Scope 2	63.437,10	0,00	0,00	63.437,10	36,54%
Scope 3	14.571,00	0,00	62,80	31.201,40	17,97%
TOTAL	87.992,90	2.233,50	87,10	173.609,80	

Greenhouse gas emissions Spain (2019):

	t CO2	t CH4	t N2O	GEI 2019 (t CO2e)	%
Scope 1	7.615,4	2.173,3	24,2	74.876,9	37,5%
Scope 2	94.583,3	0,0	0,0	94.583,3	47,4%
Scope 3	13.346,2	0,0	63,3	30.111,1	15,1%
TOTAL	115.544,8	2.173,3	87,4	199.571,3	

In this respect, two projects were launched as early as 2020, each of which focuses on GHG reduction.

On the one hand, the signing of a PPA (Power Purchase Agreement) for 76 GWh/year of renewable energies (photovoltaic), which began operating in July and will reduce emissions by around 15,200 t CO2e/year.

On the other hand, the project for the installation of 3.2 MWp of peak power, of photovoltaic panels, which will supply 26 consumption points, with an expected annual production of 5 GWh/year, which will result in a reduction of GHG emissions of around 1,000 t CO2e/year.

During 2021, the second phase of the installation of solar panels began, the objective of which is to reduce a further 820 t CO2e/year by installing 3.14 MWp of photovoltaic panels, which will supply 52 consumption points.

Special mention should be made of the installation of a 0.84 MWp photovoltaic park at the La Cartuja WWTP in Jerez de la Frontera.

Improvements to reduce energy consumption

Since 2016, and every four years, the company has been subjecting a set of production facilities that consume more than 85% of the company's total consumption to energy audits (in

accordance with the ISO 50001-Energy Management Systems standard). In order to monitor the opportunities for improvement detected in the audits, an IT tool has been implemented. This tool is integrated with Aqualia's technical reporting/analysis tool (AqualiaRT/AqualiaBI), allowing the actions and results obtained in the audits to be monitored.

Among the actions being carried out is the piloting of an energy optimisation system for offices and warehouses, to be developed initially in seven locations, with the aim of rationalising the use of energy in lighting and air conditioning in these administrative centres. It is expected to be implemented between the end of 2021 and the first quarter of 2022.

6.3. Technical Management Improvement Projects

During the year 2021, as in previous years, we have continued with the implementation and development of activities related to the improvement of management, both at the operational level and the deployment of new platforms to standardise best practices at the technical level of the company. The most important of these have been:

6.3.1 Energy Management

- Start-up of the centralised monitoring and control platform for proposals and improvement objectives of the different contracts, relating to energy efficiency, under the ISO 50001-Energy Management Systems standard.
- Connection of the new electricity billing control platform, Synergica, with the technical reporting platform, Aqualia RT.
This allows the monitoring of ratios of the different energy-dependent variables, eliminating the possibility of human error.
- A new Energy Efficiency Working Group, whose main work will focus on the publication of "best practices" and the certification of high-efficiency devices, has become operational.

6.3.2. Asset management

The deployment of the new Asset and Maintenance Management software tool has begun, which will allow the standardisation of maintenance activities, depending on the size and purpose of the service provided, as well as a better centralised control of the inventory of assets managed, which will facilitate not only knowing the status and updated value of the inventory, but also developing and planning "Smart" proposals for renewal and/or expansion of the infrastructure operated by the company.

Once installed in different locations in Spain, it is starting to be deployed in France and Italy.

6.3.3. Approval of hydraulic devices

During the current financial year, a system for the approval of materials and devices to be used in the supply networks is being implemented.

As the average lifetime of managed networks is increasing, with very low renewal rates, it is essential to promote the use of materials with the best guarantee of durability and performance.

Laboratories and collaborating entities are being analysed for the implementation of this activity, as well as the preparation of the homologation flows.

6.3.4. Technology Transfer

During 2020, a new tool was launched, complementing the function of the Innovation Department, which is that of Technology Transfer.

During the year, projects such as ABAD (conversion of biogas from wastewater treatment into automotive biogas) and Remembrane (recovery of desalination membranes for reuse) have been validated for production.

6.3.5. Accredited Laboratories

A new drinking water laboratory of the Aqualia Group in Vigo has been accredited by ENAC.

With this new incorporation, Aqualia now has a network of 10 accredited laboratories in Spain, Italy and the Czech Republic.

It is also worth highlighting the activity carried out by the company in the monitoring of COVID-19, expert personnel from the company, in collaboration with the CSIC (Spanish National Research Council), with which, through the signing of an agreement, wastewater from different municipalities in Levante, Andalusia and the Balearic Islands is being analysed.

The agreement also includes the training of company personnel and inter-comparison exercises for the fine-tuning of a PCR technique to complete the offer of the Oviedo laboratory.

7. INNOVATION AND TECHNOLOGY

Innovation at Aqualia is guided by the European Green Deal policies, to reduce the carbon footprint to zero, thanks to the transition to a circular economy with no environmental impact. The Department of Innovation and Technology (DIT) develops new smart management tools and new proposals for sustainable services, supporting the company in achieving the United Nations Sustainable Development Goals (SDGs). Priorities are affordable, high-quality water and sanitation services (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and contributing to sustainable production and consumption (SDG 12).

The attached table summarises the projects developed by the DIT during 2021 (and their completion dates), strengthening Aqualia's technological proposal in four lines of work: Quality, Eco-efficiency, Smart Management and Sustainability.

Three projects have been completed during the financial year 2021:

- 1 Interconecta project (Feder): **Advisor**
- 2 EU H2020 framework programme projects: **Savannah** and **Run4Life**

Fourteen other ongoing projects have continued to be developed:

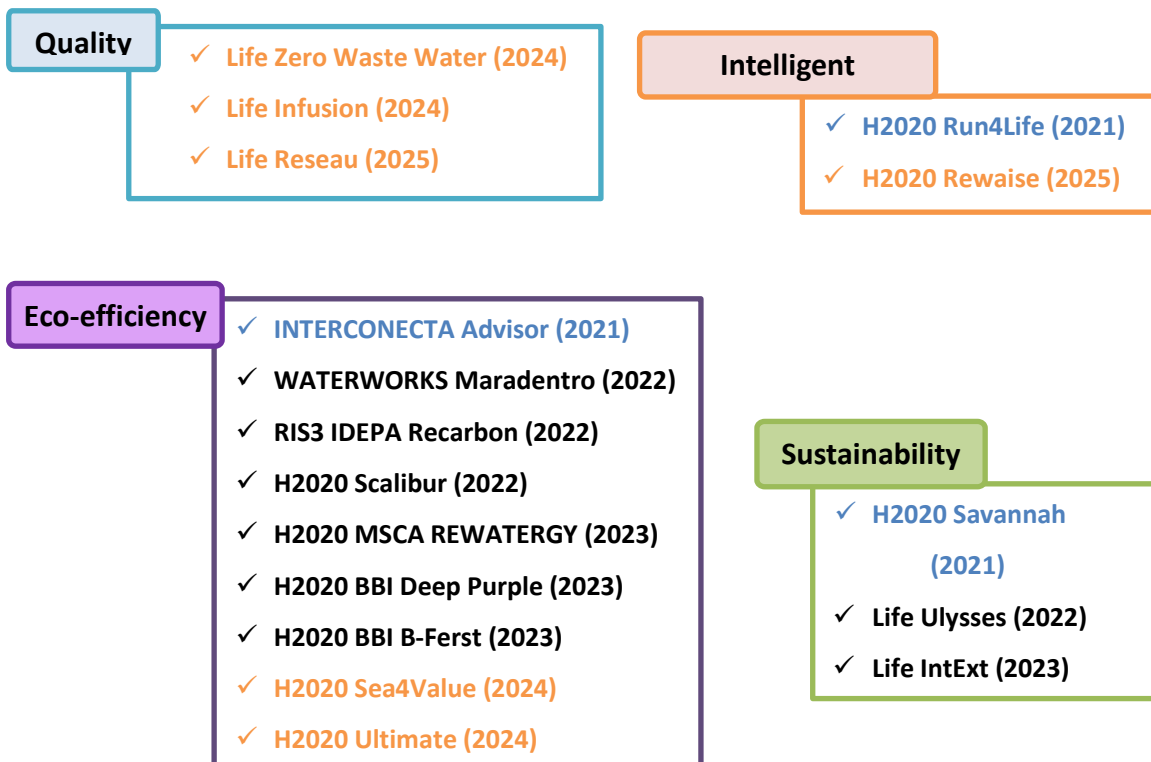
- 1 JPI WATERWORKS **MarAdentro** project (extended to June 2022)
- 1 Regional RIS3 Idepa project in Asturias: **ReCarbon**
- 5 from the European Life programme: **IntExt**, **Ulysses**, **Infusion**, **Phoenix** and **Zero Waste Water**.
- 2 of the EU Joint Initiative / Bio-Based Industries (BBI): **B-Ferst** and **Deep Purple**
- 4 from the EU's H2020 programme: **Scalibur**, **Rewaise**, **Sea4Value** and **Ultimate**.
- 1 Marie Skłodowska Curie (MSCA) training course: **Rewatergy**

In addition to technological development, the latter focuses on scientific training, participating as an industrial partner in the Rewatergy project of the H2020 Marie Skłodowska Curie programme of European academic networks, led by the Universidad Rey Juan Carlos. Two PhD researchers have joined in 2021 to carry out practical work at Aqualia:

- of the University of Cambridge, focusing on the production of hydrogen from ammonium in wastewater at the Lérida WWTP.
- of the University of Ulster, developing photo- and electro-disinfection processes to eliminate micro-pollutants in drinking and waste water at the Jerez WWTP.

Thanks to the 2020 calls, two new projects have been launched in 2021:

- 1 of the European Life Programme: **Reseau**
- 1 of the EU H2020 programme: **Nice**



7.1. Projects completed in 2021

For the three projects completed in 2021, the following results have been achieved:

- **Interconecta (Feder) Advisor:**

With the aim of achieving a circular economy in the agro-industrial activity of Guijuelo, and avoiding the cost and impact of waste management in the meat industry, new recovery solutions have been demonstrated at the WWTP operated by aqualia. By adapting co-digestion to slaughterhouse waste, with the validation of a thermal pre-treatment and innovative control systems, the energy self-sufficiency of the treatment plant has been increased. The increased production of biogas, and its enrichment with the ABAD Bioenergy® process, has made it possible to supply biomethane to service vehicles.

The ELSAR process, a new anaerobic reactor with bio-electrochemical intensification, a patent shared with the University of Alcalá, has also been demonstrated. In addition, the transformation of fatty waste into bioplastics has been evaluated, and the fertiliser value of by-products has been demonstrated in collaboration with farmers in the region.

- **H2020 Savannah:**

Led by the University of Almeria, the consortium of eleven entities from five countries (including the Czech Republic and Hungary) includes three large companies: Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project has optimised the production of new biofertilisers and biostimulants from algae, and in the WWTPs managed by aqualia in Mérida (Badajoz) and Hellín (Albacete), two biorefineries based on algae cultivation have been implemented on a total of five hectares.

- **H2020 Run4Life:**

Led by Aqualia, a consortium of fifteen entities in seven countries has implemented new nutrient recovery concepts, based on the separation of greywater and blackwater, in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain). In the Vigo Free Trade Zone, Aqualia operates a membrane reactor (MBR) in an office building for greywater, which is reused in the toilets. The sewage is transformed into bioenergy in an anaerobic MBR. For effluent, various nutrient recovery options have been tested, followed by advanced oxidation to remove viruses and emerging pollutants to promote reuse. A larger scale prototype installation has been prepared in Balaídos with effluents from the Citroën industrial estate.

In the other two demonstration sites, in hundreds of new flats in Ghent and Helsingborg, grey and black water are separated, and organic kitchen waste is included in the anaerobic reactors. After the housing units have been commissioned in 2020, and the energy and nutrient recovery facilities have been commissioned, the service has been optimised through dialogue with the users, reducing water and energy consumption through decentralised management.

In Sneek, new vacuum toilets have been installed in some thirty houses, with minimal water consumption, facilitating direct thermophilic digestion of sewage in a novel bioreactor that allows direct production of a fertiliser. An important task was the evaluation of the effect of new fertilisers, verifying through greenhouse cultivation trials the quality and safety of the effluents and by-products of the different nutrient recovery processes.

7.2. Projects due to end in 2022

Three other projects, one from IDEPA's RIS3 programme in Asturias, one from the JPI WATER co-funded by CDTI, and one within the H2020 programme, are in their final phase of development in 2021, with completion expected during 2022:

- **RIS3 ReCarbon**

Financed by the Asturian agency IDEPA with FEDER Funds, and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), Aqualia supports the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre) in the research of pollutant adsorption methods with regenerated activated carbon and bio-char. This sustainable and affordable adsorbent is being evaluated for the cleaning of biogas at the Chiclana, Lleida and Jerez WWTPs, as well as in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

The bio-char is also being tested in new micropollutant adsorption units, for which Aqualia's accredited laboratory in Oviedo is developing advanced analysis methods, and new sensors are being validated to enable real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI MarAdentro**

The project "Managed Aquifer Recharge: ADRessiNg The Risks Of regenerated water" is led by the Instituto de Diagnóstico Ambiental y Estudios del Agua (IDAEA-CSIC) in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden, and examines soil as a tertiary treatment unit.

A 400 m² infiltration system is built at the Medina del Campo WWTP for the advanced treatment of treated water and its reuse in Aquifer Recharge, compared to conventional tertiary treatments. The scientific institutes are developing system design and simulation tools to optimise the operation and costs of the elimination of emerging pollutants.

- **H2020 Scalibur**

The project led by the Itene technology centre integrates twenty-one partners from ten countries, and focuses on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

Within this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), testing improvements in thickening and dual two-stage digestion, and simplifying sludge stabilisation without heated concrete structures. The project has facilitated first innovation activities at SmVaK in the Czech Republic to convert organic matter into by-products and bioenergy, and prototypes are being built at the Karviná WWTP.

7.3. Projects in full swing

Five other projects with European H2020 funding are in full swing during 2021, two in the BBI (Bio-Based Industries) initiative, and two in the H2020 "Water Smart Economy" call, in addition to one focused on the recovery of minerals from desalination brines. Also, in the EU's LIFE programme, 4 projects are being implemented in facilities operated by Aqualia, and another in cooperation with FCC Medio Ambiente:

- **BBI Deep Purple:**

Led by Aqualia and supported by thirteen partners from six countries, the project implements a new bio-refinery model on a demonstration scale, integrating purple and phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal waste into feedstock for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

A first Aqualia prototype is operating at the Toledo-Estiviel WWTP, and a 10 times larger demonstration reactor is being built at the Linares WWTP. Parallel activities are also being prepared at the SmVaK WWTP in the Czech Republic and another demonstration site is planned.

- **BBI B-Ferst:**

With Fertiberia as leader, and with ten partners from six different countries, Aqualia is participating in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of raw materials recovered from urban waste and effluents in the production of fertilisers is being analysed in three countries (Spain, Italy and the Czech Republic). A struvite precipitation system has also been built at the Jerez WWTP to incorporate the recovered phosphorus in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.

- **Life IntExt:**

The project to optimise low-cost wastewater treatment technologies in small towns is led by Aqualia, with the AIMEN and CENTA technology centres and the University of Aarhus in Denmark, supporting SMEs in Germany, Greece and France. The objective is to minimise energy costs, carbon footprint and waste treatment, providing sustainable solutions from an ecological and economic point of view to urban centres with less than 5,000 inhabitants. The demonstration platform of 16 technologies was launched at the Talavera WWTP, operated by Aqualia, which will enable a tailor-made offer to isolated urbanisations.

- **Life Ulysses:**

Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support aqualia as a coordinator to transform conventional WWTPs into "energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pretreatment with the PUSH reactor, which has also been successfully evaluated in two WWTPs in Portugal, has been implemented at the El Bobar WWTP in Almeria, operated by Aqualia. To improve the energy balance, digestion is intensified with hydrolysis, to use bio-methane as a vehicle fuel with an ABAD BioEnergy refining system and a dispenser.

- **Life Infusion**

After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) wanted to extend the operation of the pilots to prepare the designs of several new plants for recovering resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is being optimised with technologies from Aqualia, AnMBR and ELAN, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and [AMIU in the region of Genoa/Italy](#) are also participating to evaluate the options for implementing the solutions in their plants.

- **Life Phoenix**

The project, led by Aqualia, and supported by the technology centres CETIM and CIESOL, optimises tertiary treatment to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). To evaluate various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir Hydrographic Confederation, several mobile plants are being built, one for physical-chemical treatment at 50 m/h³, another for advanced filtration at 30 m/h³, to be combined with various ultra- and nano-filtration membrane refining skids.

In addition, Newland's European subsidiary Entech is participating with ozone O₃ and ultraviolet UV modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan for on-line microbiological measurements is also being tested.

- **Life Zero Waste Water**

The project, led by Aqualia, with Canal Isabel II as a partner, installs a combined treatment unit for Urban Waste Water (UWW) and Organic Fraction of Urban Solid Waste (OFUW) at the Valdebebas WWTP. An anaerobic reactor AnMBR of 50 m/d³ will be fed, which will be followed by the ELAN in-line water process, allowing a carbon neutral treatment footprint. The management of FORSU at municipal level will be assessed, using the sewerage system to transport the mixture in a single stream.

In addition to the Universities of Valencia (co-holder of the AnMBR patent) and Santiago (co-holder of the ELAN patent) the Portuguese SME Simbiente is participating to develop an advanced management system, combined with on-line monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).

- **H2020 Sea4Value**

The EureCat technology centre coordinates fourteen partners from seven countries to recover resources from concentrated brine in seawater desalination plants (WWTPs). Thanks to 100% EU funding, at least eight innovative technological solutions are still being developed at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

For the analysis of the technical and economic impact, the implementation of pilot units is planned in the various WWTPs operated by Aqualia, to reinforce aqualia's Desalination

Innovation Centre in Denia and to develop a new platform in Tenerife, adding the development of solutions for the valorisation of brine to the new desalination methods. Work is being carried out on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimisation of the remineralisation of permeate with micronised calcite, reducing CO2 consumption, turbidity and the size of the installation.

- **H2020 Ultimate**

In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, which receive up to €15m of EU support per project. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine demonstrations of synergies between water utilities and industries.

At the Mahou WWTP in L rida, operated by aqualia, an industrial-scale fluidised anaerobic reactor (FBBR / Elsar) is being installed, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Co-digestion of yeast is also being studied, as well as support to another project partner, Aitasa in Tarragona, where aqualia is building a new industrial effluent treatment plant.

- **H2020 Rewaise**

Of the five projects funded under the EU Smart Water Economy call, Aqualia leads the one with the largest business participation, as the twenty-four entities in the consortium include water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "living labs" including Aqualia's operations in Badajoz, Canary Islands, Denia or Vigo.

Rewaise reinforces Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise the efficiency of the service and the quality of the water.

7.4. Projects started in 2021

In 2021, two new European projects were launched, bringing aqualia's participation in each of the major European support programmes, Life and H2020, to eleven:

- **H2020 Nice**

The project, led by the technology centre CETIM with 14 partners from 9 countries, focuses on natural solutions for the purification and recovery of resources from wastewater, such as wetlands or green belts. These options for sustainable cities will be implemented in a dozen sites, including aqualia's facilities in Vigo, Talavera and Algeciras. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE Reseau**

The RESEAU project seeks to increase the resilience of the existing hydraulic sanitation infrastructure to the impact of climate change. The project, led by Aqualia, is in partnership with ITG (Fundación Instituto Tecnológico de Galicia) and VCS (VandCenterSyd AS) in Odense (Denmark). In Moaña (Pontevedra), sensors (velocities, flow rates, etc.) will be installed in the sewerage network to monitor and model its behaviour.

In addition, a 500 m³ aerobic granular reactor will be built at the Moaña WWTP to treat up to 2,000 m³/d of wastewater. Compared to conventional activated sludge technology, this advanced biofilm system multiplies the biological treatment capacity several times over, improving the WWTP's capacity to react to flow variations and limiting the space required for its implementation. It also significantly reduces the environmental impact of the treatment process by reducing energy needs and avoiding the emission of greenhouse gases.

7.5. Patents

During the year 2021, one new European patent and one American patent have been obtained as a PCT extension of European patents for the year 2020:

- Bioelectrochemical system for simultaneous production of water disinfection agents and carbon-neutral compounds/Device for disinfectant synthesis from salt coupled to methanation of carbon dioxide - DARE, with the University of Girona).
 - EP18382099.2 with award date 19/05/2021

- Microbial Desalination Cell (MDC, together with Imdea Water):
 - After approval of [EP 3336064 A1](#) in 2020, US patent title No. 10954145 is received in March 2021.

Three trademarks and one utility model are also registered:

- ELSAR (Electro Stimulated Anaerobic Reactor) for the patented bioelectrochemical fluidised bed process that has been developed with the University of Alcalá de Henares. Method for Treating Waste Water in a Fluidised Bed Bioreactor
- AQUAVITE for the Struvite/Vivianite based fertiliser product obtained from the co-precipitation reactors at B-Ferst (Jerez) or Run4Life (Guillarei).
- ANPHORA" (Anaerobic PHOTotropic RAceways) for purple bacteria reactors in DEEP PURPLE (Advansist Patent with URJC)
- From the LIFE Icirbus project, the process for the elimination of heavy metals in sludge for agricultural use is protected under the model ES1268689.

These patents are incorporated into Aqualia's industrial property, with ELAN[®] (EP 2740713 A1, and its extension EP 3255016 A1), ABAD Bioenergy[®] (EP 15382087.3) and LEAR algae reactors ([EP 2875724 B1](#) and [EP 2712917 B1](#)).

7.6. Publications and Events.

In terms of publications and conference participation, activities are picking up again, after 2020 with the cancellation of many events due to Covid restrictions. The attached table shows that the rate of references in various media is already close to one mention per working day.

The documentary "Brave Blue World" ([youtube.com/netflix trailer BraveBlueWorld](https://www.youtube.com/watch?v=trailer_BraveBlueWorld)) featuring aqualia DIT activities was released on Netflix in October 2020, and has been distributed in more than 50 countries, winning some awards such as "Best of Show" at [indiefest/winners-feb-2021](https://www.indiefest.com/winners-feb-2021) . He also participated in the DIT in September in a contribution to [cbsnews.com/aqualia-committee-to-water-circularity](https://www.cbsnews.com/aqualia-committee-to-water-circularity).

	2019	2020	2021
Scientific articles	12	5	6
Trade press	108	63	69
Mainstream press	139	93	186
International events	24	14	30
National events	19	11	26
TOTAL	302	186	317

8. PEOPLE AND CULTURE

8.1. General lines of action

Around the **Be Aqualia** project, the different functions of the People and Culture department converge under the common orientation and motto: **people working for people**.

Be Aqualia is the company's cultural transformation project through a coherent and consistent intervention from the human resources function. This intervention is in line with the company's strategic plan and business vision and is supported by the people management led by the company's executives.



During this financial year, and with the key objective of becoming a **Healthy Organisation**, work has continued on the basis of the seven blocks of action identified as "health assets", which constitute the different lines of work that will be detailed in the different sections below.



8.2. Reconciliation

Aqualia maintains its **efr** (family-friendly company) certification obtained in 2017. It has recently renewed this certification until 2023. The audit was carried out by Aenor in February 2021. Aqualia has raised its score from the initial certification and is now a **C+** company.

In the interviews carried out with the staff in February by Aenor, it is highlighted that:

- 80% consider that the conditions for work-life balance have improved since the initial certification.
- 43% consider that Aqualia is above average in terms of work-life balance in the sector and 45% that it is within the average.
- 94% believe that senior management and managers are supportive of work-life balance.

In addition, for the years 2021-2023, a series of objectives have been set in terms of work-life balance, which have been approved by the company's management and are available to employees, as follows:

- Analysing and segmenting the "Be Aqualia Catalogue of Measures" in order to adapt it to the real needs of the different groups.
- Communicate the "Be Aqualia Measures" effectively by groups.
- Extend the culture/leadership in work-life balance.
- Extending the efr culture to the value chain

8.3. Diversity and Equality

8.3.1 Diversity and Social Inclusion

Aqualia maintains its collaboration agreements with different associations.

In 2021 Aqualia has renewed its participation in the **Diversity Charter** that it joined in 2018. By signing this charter, Aqualia declares that it respects the regulations in force in terms of equal opportunity and anti-discrimination, and assumes the following basic principles:

- Raise awareness: the principles of equal opportunities and respect for diversity must be embedded in the company's values and disseminated to employees.
- Making progress in building a diverse workforce.
- Promote inclusion.
- Consider diversity in all people management policies.
- Promote work-life balance through a balance between work, family and leisure time.
- Extending and communicating engagement to stakeholders

Adherence to the [#CEOPorLaDiversity](#) alliance (signed by Félix Parra in March 2021), a pioneering initiative in Europe led by the Adecco Foundation and the CEOE Foundation, to unite companies and the people who manage them around the values of diversity, equity and inclusion, with Aqualia being the only company in its sector to form part of this agreement.

The Leading Programme for Aqualia's managers (held between April and June) included a module on the **importance of diversity and inclusion in the business environment**.

Training in Diversity and management strategies aimed at personnel from the people and culture department. The aim of this course, given by the Adecco Foundation, was to raise awareness of co-responsibility in diversity management and to acquire tools to define a Diversity strategy and implement initiatives and projects that respond to the goals set. 24 people completed this training in May 2021.

Diversity and Inclusion awareness-raising for the entire workforce. This awareness-raising develops the concepts of equality, uniqueness and unity to advance Aqualia's commitment to diversity. Employees with access to e-mail are taking the course through the FCC Campus and

employees without access to a computer are carrying out a campaign through posters in different countries.

In 2021, 1960 people have completed the first part of the training. This awareness-raising will continue throughout 2022 in order to contribute to the following challenges:

1. Foster an inclusive culture and leadership where diversity is managed in four dimensions. *1. Personality. 2. Internal dimension* (age, race, gender, sexual orientation, race, ethnicity, physical abilities). *3. External dimension* (family situation, values, beliefs, hobbies, etc.). *4. Corporate Dimension* (category, position, etc.).
2. To extend the culture and inclusive leadership in those countries where Aqualia operates, as long as it is in line with the legislation and culture of each country.
3. Reducing unconscious gender bias and discrimination of those involved in the selection process.

With the Adecco Aqualia Foundation, it continues to develop the Family Plan aimed at children of employees with a certified disability greater than or equal to 33%. It also maintains the Collaboration Agreement with the Down's Syndrome Foundation and with FSC Inserta de la Once.

8.3.2 Equality

- **Mentoring/ Training**

The IV Female Talent Mentoring Programme was launched in 2020 with the aim of continuing to promote the presence, visibility and participation of women in the company's organisation, thus facilitating the development of their professional careers. This year, seven mentees, three mentors and four female mentors took part in the programme. This programme will end in November 2021.

- **Equality Badge**

Aqualia maintains its "Equality in the Company" award. In December 2020, the third extension was granted for a period of 3 years. This distinction is recognition by the Ministry of Health, Social Services and Equality of the company's commitment to diversity and equal opportunities for men and women.

- **Equality Plan**

In 2021 Aqualia continued with the implementation of its second Equality Plan in which both the company and the majority trade unions at the national level reiterated their commitment to equal opportunities between men and women.

On 5 October 2021, Aqualia signed its 3rd Equality Plan for the period 2021-2025, renewing its commitment to guaranteeing gender equality (SDG 5) and reducing inequalities (SDG 10).

The III Equality Plan is adapted to the requirements of Royal Decree 901/2020, of 13 October, which regulates equality plans and their registration, and Royal Decree 902/2020, of 13 October, on equal pay for men and women.

This Plan extends its application and is therefore binding on all workers who provide services at any of the work centres of FCC AQUALIA, S.A.,, as well as those of subsidiary companies with 50 or more workers and in which FCC AQUALIA, S.A. directly or indirectly holds more than 50% of the capital.

- **Campaigns: Women's Day, Gender Violence, etc.**

The Company continues to show its commitment to combating gender-based violence through the implementation and participation in various awareness-raising and sensitisation campaigns carried out in different municipalities and with the collaboration of Aqualia's staff.

- **Management Development Programme for Women**

In 2021, a new edition of the Management Development Programme for Women with High Potential of the School of Industrial Organisation (EOI) was held with the participation of 3 members of Aqualia's staff.

8.4 Leadership

During 2021, the **Leading Programme was** held for all Aqualia's managers, with the aim of developing the new leadership skills that, now more than ever, are necessary to work with teams in this ever-changing environment.

The contents of the programme have focused on these points:

- The person at the centre.

- Emotions and their place in the work environment.
- The purpose that unites the team.
- Communication and team management.
- The new leadership.
- The importance of diversity and inclusion in the business environment.

8.5 Work climate

Aqualia, as part of its organisational culture of commitment to people, launches a work climate survey every two years. In 2019, a specific questionnaire was developed and, at the end of 2021, it was decided to re-evaluate the situations previously collected, adding, in addition, key questions about the current situation resulting from the international pandemic that began in 2020 and whose effects are still present today.

It should be noted that in 2019 the study was carried out in Spain, while in 2021 it will also include the following representative countries where Aqualia operates: Mexico, Colombia, Czech Republic, Egypt, France, Italy, Oman, Portugal, Spain and Portugal.

The overall participation was 51.3% and ten dimensions were analysed: communication, company vision, culture, work-life balance, processes, organisation, development, relations, management, involvement.

As an overall result, it should be noted that 89% said that they were proud to work at Aqualia and 95.1% liked their work. In addition, 80.3% of those surveyed said that they felt accompanied and supported by the company in times of confinement.

8.6 Development

8.6.1. Professional and Personal Development

With the aim of contributing to the well-being of its employees, Aqualia has maintained the measures included in the **Be Aqualia Psychopack** in 2021:

- **Psicomet:** Aqualia provides all employees with this tool that allows them to check their level of mental and emotional well-being, helping employees to identify any psychological problems they may be experiencing at an early stage.
- **Employee Assistance Programme (PAE):** Psychological care service offered by expert psychologists that will help employees to resolve any possible psychological and emotional

distress they may be experiencing, both personally and at work. The psychological care service is available 24 hours a day, 7 days a week, no appointment is necessary and its use is unlimited.

- **Interpersonal Conflict Management Procedure:** which aims to be an effective tool for the management and resolution of conflicts arising in the workplace through mediation (a voluntary process in which the parties to a conflict try to reach an agreement by themselves with the assistance of a third, impartial and neutral person, called a mediator).
- **Standard Post Manual:** Throughout 2021, job descriptions have been drawn up for the organisation's jobs according to professional families and differentiating within each post: mission, functions/responsibilities and requirements (academic training, experience, technical knowledge and languages). This manual is intended to be a basic tool for organisational processes such as:
 - Job evaluation
 - Recruitment
 - Career plans
 - Performance evaluation
- **Training:** Training at Aqualia is linked to the Company's strategic objectives, to improving the performance of the workers' functions and to ensuring health and wellbeing. To this end, we work to develop training that is adapted to the requirements of each of the Company's jobs.

In the context of the health crisis that has continued to mark 2021 Aqualia has continued with the **training against the coronavirus** for employees who had not yet been able to do so, in total, 311 people have completed this course this year.

The aim of this course was to provide the organisation with specific and updated information on the organisational, hygienic and technical measures implemented by the company that allow us to create habits for high professional performance in times of crisis.

The criterion followed by Aqualia for the implementation of the 2021 Training Plan until September has been to carry out, fundamentally, the mandatory training and that which can be effectively delivered through virtual and e-learning methodologies.

Face-to-face training was resumed in September due to the improvement of the health situation in COVID-19.

Globally, in all the countries where Aqualia operates, **training courses** 1.561 were organised in 2021 and (7.5245,769 male and female 1.755) employees received 141,080 hours of training.

In October 2021 Aqualia published its new **Language Training Policy**.

Throughout 2021, courses on the Office 365 Tools required for the digital transformation process have continued to be delivered.

In addition, a course on **interpersonal conflict management** was given to individuals. 2.411

Likewise, in 2021, training on the **code of ethics and conduct** continued to be developed. Training was also provided on **anti-corruption: relations with public officials in the FCC Group**.

Training in **digital disconnection** has also been very important in 2021. 2.496 people have taken this course which aims to contribute to guaranteeing the right to digital disconnection: the employee's right not to use or connect to corporate telematic media outside of work time, provided that during this time they do not have to fulfil an obligation or responsibility that cannot be postponed in their job. This course also aims to prevent techno-stress among employees.

Finally, **cybersecurity** training was provided to raise employee awareness of their crucial role in information security, create a culture of security and lay the foundations for the protection of our confidential information as well as that of our customers and suppliers. 2.155 people have completed this training.

- **Accreditation of Professional Competences:**

Aqualia continues to promote and develop professional skills accreditation processes. In 2021, the second call for the accreditation process was launched, registering 45 workers in Aragón-Rioja-Navarra (21 workers in Energy and Water and 24 workers in Safety and Environment).

On the other hand, in 2021 the Departament d'Educació has published 2 public calls for personnel in Catalonia for the Energy and Water certificates.

In the 1st call for applications, Aqualia registered 11 workers, 10 of whom obtained full certification and 1 worker partial certification.

In the 2nd call Aqualia has registered 7 workers. This call is currently in the registration phase.

In the Community of Valencia there are 2 public calls in process:

- Call aimed at water network managers and in which 12 Aqualia workers have registered.
- Call addressed to the monitors of the Sports Centres in which 13 Aqualia workers have registered.

It should be noted that two Aqualia employees (from Aragon) took the course to qualify as experts in the accreditation process and to be able to participate as assessors and evaluators of the Safety and Environment family and after passing the course, the Department of Education qualified them to be able to participate in the next calls for applications.

Aqualia currently has 19 qualified experts (12 for energy and water, 7 for safety and environment).

Looking ahead to 2022, Aqualia has already started talks to renew the agreement that expires on 31/12/2022 as 535 workers remain to be accredited due to the pandemic.

8.6.2. Talent Selection and Attraction

Aqualia's Recruitment and Internships Department continues to work in line with the company's policies, using different recruitment methods and sources to **attract talent, guaranteeing objectivity and equal opportunities** in the selection and recruitment processes.

To this end, **throughout 2021, the new Personnel Selection procedures** worked on during 2020 **have been implemented in Aqualia**, in which the necessary modifications have been contemplated for adaptation to the different areas and to Aqualia's business, both nationally and internationally, with the aim of **improving the selection processes and the quality of these.**

In line with the job map also drawn up in 2021, work has been done on the **description and evaluation of jobs and professional profiles**, the **application format for the opening of selection processes** and the **style of publication of job offers.**

In addition, in 2021 we worked on **Aqualia's Employer Brand** Image when publishing our job offers, investing in the **Employer Branding** service in the usual publication channels and based on the **Project to Attract Talent 4.0**, especially people with a STEM profile (Aqualia's adaptation to the climate emergency, new technologies, renewable energies, etc.).

Example Employer Branding Infojobs: <https://fcc-aqualia.ofertas-trabajo.infojobs.net/>

In 2021, the quality of the interviews has been improved with a new model of **Interview Script**, which is still being worked on with a view to its definitive implementation in 2022, and in which, in addition to the **curricular profile** of the candidates, the competencies and skills of the same are analysed, and ultimately, the **fit with the company and with our values and key competencies, previously defined by the company**.

During 2021 Aqualia has invested again in the most relevant national and international job portals such as **Infojobs** and its ATS **E-Preselec** or **LinkedIn**, and in the adaptation to the competencies and job map of the tests of **The Key Talent** platform already contracted in 2020.

Aqualia promotes internal mobility as a source of recruitment, publishing all the positions required in the company on the **Internal Mobility** (IM) channel to which all FCC Group employees have access. We are also **working on action plans to feed the database extracted from our own Aqualia website**, redirecting candidates who arrive through other channels.

- **External Publications:** Average of about **70 publications per month** in national areas and SSCC (national and international).
- **Selection processes:** average of **150 selection processes per year** per national/SSCC area (data includes production and structural selection processes).

The number of new hires made during the year 2021 is detailed below:

SDG 8	Men	Women	Total
New recruitments Central Services	32	37	69
New recruitments Spain (ZONES)	541	124	665
New international recruitments	247	116	363

Regarding the incorporation of young talent, in 2021 we have worked on some modifications to the **Internship Procedure** that will be definitively implemented in 2022 with a double objective:

- **Improve the procedure and processes for incorporating trainees** who will provide the talent for the future.
- To collaborate with the **employment of young people in** projects with a clear and necessary future for the achievement of a sustainable world.

SDG 8	Men	Women	Total
Traineeships 2020/2021	18	18	36

We are working on a **plan to integrate young people into the company**, and with this vision, we have carried out some actions to date:

- **All the agreements with universities with which Aqualia** has been **collaborating** for years that required the approval of new periods of validity **have been renewed** and others have been signed with **new schools, universities and vocational training centres** in different communities (CUNEF, University of Castilla la Mancha, University of Malaga, among others).
- For the third consecutive year, four (4) trainees from the Instituto de La Paloma in Madrid have been incorporated for the 2021-2022 academic year for the **Higher Degree in Water Management** and the **Intermediate Degree in Water Treatment Networks and Stations of the Dual Vocational Training programme**, promoted by Canal de Isabel II.
- **70% of the students of the FP Dual programme** who have worked at Aqualia to date **have joined our workforce**. Aqualia is **one of the companies in the programme with the most involvement and success in the programme** and with the highest percentage of new recruits after the work experience period, receiving an excellent rating from both students and the study centre itself and the rest of the collaborating companies.
- There has also been an increase in the number of total trainees who manage to join Aqualia's workforce once they have completed their internships.

8.7. Health and Welfare

The actions and priorities of the Health and Wellbeing area during the 2021 financial year have been marked by the current situation, the different scenarios and the requirements and responsibilities derived and necessary to limit and minimise the impact of the COVID-19

health crisis in Aqualia, always in line with the objectives and guidelines on health and safety and the permanent need for evolution and improvement, following as strategic axes:

- Effective and efficient management of the pandemic and for the protection of people's health and well-being at Aqualia.
- Increasing the integration of preventive activities through direct collaboration with the production areas of the Zones and the promotion of coordinated actions to deal with critical risks (asbestos, ATEX, road safety, etc.).
- The establishment of guidelines, actions and tools for the promotion of organisational learning, thus improving the effectiveness of preventive activity through the digitalisation of processes, means and technical development.
- Improved preventive management and specialised on-site assistance, which has led to the reinforcement of the Health and Welfare team.
- The design and implementation of a new policy on the management of contractors and suppliers, from the initial approval process to the supervision and control of the development of the work, with the aim of improving health and safety performance.

Some of the most relevant activities carried out during the year include the following:

8.7.1. Management of COVID-19 in Aqualia

From the beginning of the health crisis, Aqualia's main objective was to establish a line of action throughout the company to limit and minimise the impact of this contingency on Aqualia's employees, on its assets (maintaining the continuity of the activity) and to ensure the correct service to our users and customers.

The capacity for reaction, planning and organisation has made it possible to confront the health crisis by implementing the necessary measures to protect workers and their families and to ensure the continuity of an essential service such as integrated water management, in the face of a situation that was unexpected and unknown to all.

Now, a year and a half later, when we look back, we realise that the strategy followed by Aqualia has allowed us to have a great success in the management of this health crisis, managing to maintain a very low incidence in the entire workforce, not having had to interrupt the service at

any time and with the reliability of not having suffered at any time any outbreak of occupational origin.

Aqualia's commitment to updating the measures has been total since the beginning of the health crisis, from 15 March 2020 to the present day Aqualia has drawn up a total of 9 contingency plans and a Preventive Action Protocol to adapt the proposed technical-sanitary measures to the social situation at any given time.

The chronological summary of the documents produced is as follows:

- COVID-19 Contingency Plan - version 1 (13/03/2020)
- Contingency Plan COVID-19 - version 2 (16/03/2020)
- COVID-19 Contingency Plan - version 3 (9/04/2020)
- COVID-19 Return Plan - version 4 (4/05/2020)
- COVID-19 Return Plan - version 5 (5/06/2020)
- COVID-19 New Normality Plan - version 6 (01/09/2020)
- COVID-19 Contingency Plan - version 7 (1/11/2020)
- COVID-19 Contingency Plan - version 8 (22/03/2021)
- COVID-19 Contingency Plan - version 9 (14/06/2021)
- COVID19 Preventive Action Protocol - Version 1 (16/12/2021)

Each update of the Company's contingency plan has responded to necessary modifications of the initial plan in order to update the measures implemented and adapt them to the regulations published by the Health Authorities, the Ministry, the Labour Inspectorate and the Autonomous Communities as the health crisis has progressed.

Among the most relevant milestones related to the management of the pandemic by Aqualia, the following can be highlighted:

Definition of contingency plans, guidelines and protocols, both specific to Aqualia and the corresponding corporate ones, in collaboration with the Mutual Society and the FCC Corporate Prevention Service and FCC Medical Services.

1. Incorporation of a health technician in the Department with the aim of providing support, guidance and personalised follow-up (by telephone) of each COVID incident reported according to an adapted and personalised protocol for the detection, notification, study and management of cases and contacts.

2. Parallel monitoring with the health authority: individualised medical monitoring of each COVID incident that has been maintained throughout the pandemic, 2549 incidents have been managed as of 30 September 2021.
3. After a period of non-exhaustive incident monitoring, this dynamic was reactivated during the last fortnight of December 2021 due to the irruption of the new Omicron variant with the following data (at the end of 04January 2022): 293 new cases and 137 pre-emptive isolations in Spain, 27 new cases and 13 pre-emptive isolations in Europe and MENA and 2 new cases and 3 pre-emptive isolations in America.
4. Management of vulnerable workers. 84 cases of vulnerability have been managed.
5. Specific health campaigns according to the needs of the moment, for example:
 - Different prevention campaigns using serological tests. The diagnostic tests carried out by the company to date have been:
 - ✓ Serological rapid antibody test: 2332,
 - ✓ ELISA serological tests: 58,
 - ✓ PDIA (antigen test): 598,
 - ✓ PCR: 115.
 - Campaign to draw up, periodically monitor and update specific contingency plans per contract or work centre.
 - Campaign on ventilation and indoor air quality
 - Communication and awareness campaigns for the commitment to personal and individual responsibility of workers.
 - COVID Easter Preventive Plan 2021
 - Reminder campaign on preventive measures aimed at tackling the outbreak of the new Omicron variant.
 - Awareness-raising campaign: Promoting vaccination

6. Regular reports to the Board of Directors on the status and management of the pandemic in Aqualia.

8.7.2. Health and Emotional Wellbeing Project "Challenge: COVID-19".

With a special emphasis on the more human nature of the pandemic crisis, the People and Culture area has sought to reinforce the care of people's psychological health in an essential way, reinforcing and focusing in a very special way on the emotional well-being of all our employees and even their closest relatives, thus strengthening synergies focused both on co-responsibility and with the SDG3 and our corporate social responsibility given the current health and socio-economic situation.



By way of summary, we could indicate that, in general terms, the actions carried out have been aimed at:

1. The establishment of methods and mechanisms necessary to carry out the internal analysis of the state of affairs and the validation of the best strategies to be developed.
2. The development of specific tools for psychosocial research aimed at assessing "in situ" the impact of Covid on our workers, as well as the possible effects on the working environment and the corresponding training of all members of SPM for psychosocial diagnosis and intervention.
3. The generation, provision and dynamisation of quality initiatives developed by expert psychologists for the individual approach in favour of emotional health, such as:
 - **PSICOMET-COVID adaptation:** thanks to the advice of Affor (an expert in psychosocial well-being), the individual emotional health assessment tool was modified to be able to assess the "COVID affectation" with the dual objective of early detection of damage (which can lead to the implementation of all necessary measures for prevention) and

to be a very valuable source of information with regard to providing indicators that will help to design strategies to promote emotional well-being within the company.

- **Extension of the Employee Assistance Programme (PAE) to family members** of Aqualia's employees to facilitate psychological support so that they can use it whenever they need psychological counselling and/or support resources to resolve any possible emotional distress they may be experiencing in their daily lives, both personally and at work.
 - **Information and awareness-raising through TIPs and psycho-educational campaigns:** multi-channel campaigns, accessible to all workers and led by specialised psychologists, providing practical resources for self-care of emotional health.

Finally, the effectiveness of the actions developed to manage the impact of the pandemic on Emotional Well-being has been evaluated.

- 1) The results of Aqualia's "Employee Voice" survey show that 100% of those interviewed affirm that Aqualia has acted appropriately in the face of the COVID-19 crisis.
- 2) From the analysis of the Results of the Psychosocial Diagnoses carried out by the Health and Wellbeing technicians in the work centres, it can be concluded that the impact of COVID-19 is not having a relevant effect in relation to the psychosocial factors associated with the different jobs. Furthermore, based on the responses and perceptions received during the personal interviews, focusing only on the section of RESOURCES / HELP / EMOTIONAL AND PSYCHOLOGICAL SUPPORT, we can determine a high degree of satisfaction in relation to the results obtained:
 - Although 63% of the workplaces are aware of the tools available to take care of our emotional health, the following are not the most common.
 - In 86% of the Work Centres it is understood that Aqualia has implemented psychosocial support strategies to manage the emotional impact of this situation (informative or supportive conversations, acknowledgements, provision of specialised help, etc.)".
 - And in 83% of the cases, workers consider that the company has managed the psychological and emotional support well.From the analysis of absenteeism due to pathology derived from psycho-emotional health, we can conclude that, currently, in Aqualia it only represents 3% (with 42 cases identified).

8.7.3. Promoting coordinated action against asbestos

Throughout the 2021 financial year, a significant amount of resources has been invested to strengthen the control of asbestos management. Some of the main milestones in this area are:

- The control of compliance with medical protocols in the corresponding health surveillance of workers has been reinforced.
- A new training plan has been designed to meet the demanding training requirements set by the administration for the 2022 financial year, and a major effort has been made to train employees to meet these requirements. And the first phase of the training plan has been successfully implemented.
- Actions are coordinated for the design of decontamination cabins and units to be acquired, the evaluation and determination of new pipe cutting equipment, the registration in Aqualia WO of work reports with asbestos cement, the feasibility of reducing the number of personnel dedicated to work on asbestos cement, etc.
- The renewal of Aqualia's General Work Plan has been achieved, maintaining and even improving the conditions that were already required of us:
 - only mandatory use of cabin or double coverall for cutting diameters over 150 mm
 - an alternative system to the double-diver cabin (1+1) is authorised.
 - the authorisation of sabre sawing is maintained

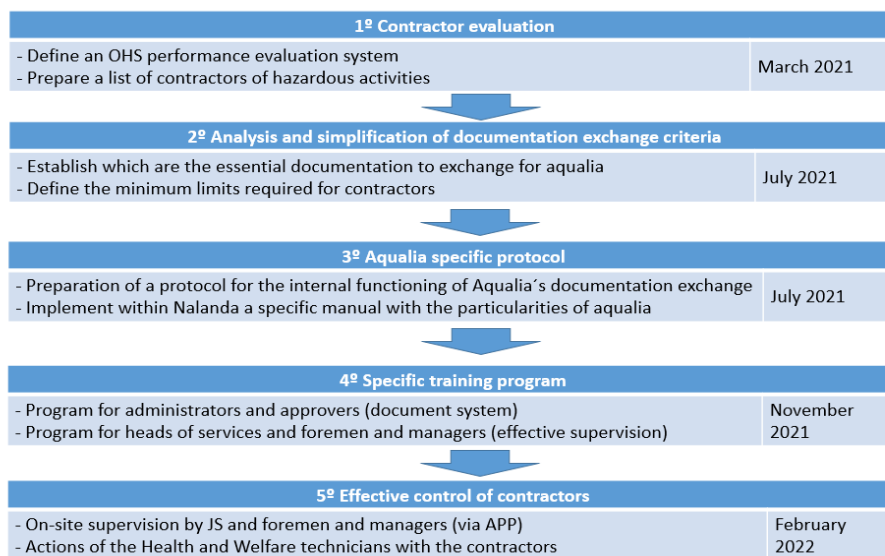
8.7.4. Contractor Management - Use of Nalanda

Based on the preventive and safety culture of our company, throughout this financial year a significant effort has been made to achieve the objective of ensuring that the contractors with whom Aqualia works have excellent health and safety performance and that this performance is monitored, from the process prior to contracting to the completion of the work.

Given the previous lack of sufficiently clear supervision protocols, the failure to monitor indicators and the lack of a policy for extending our health and safety requirements to our contractors, all of this, together with the reinforcement of the implementation and use of NALANDA (or similar), have been the strategic guidelines to mark our roadmap in the management of contractors in Aqualia, which we summarise below:

Health & Safety

Implementation plan H&S Contractor Policy



As the latest actions in which we are currently involved, we could indicate that:

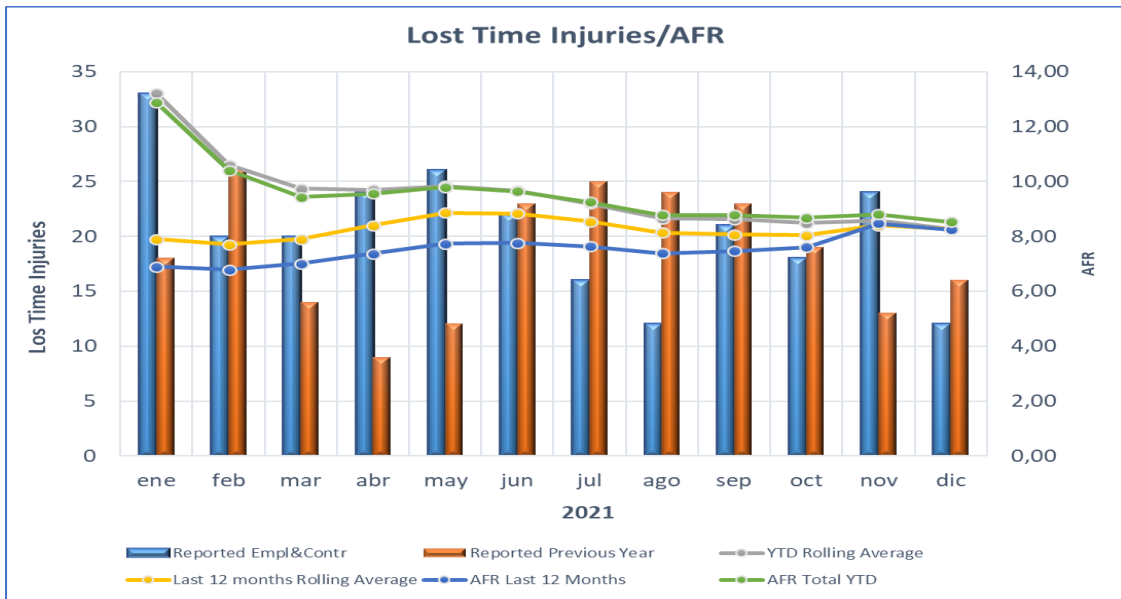
- ✓ Resources are being dedicated to strengthen the use of Nalanda.
- ✓ An Implementation Guide for the Coordination of Business Activities has been prepared.
- ✓ A training plan on the use of Nalanda has been designed and implemented.
- ✓ The implementation of specific actions for hazardous activities is defined: coordination meetings, access control, training, etc.

8.7.5. Actions on Management Systems

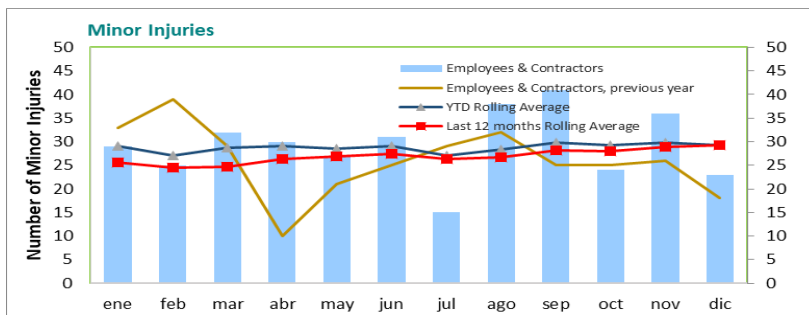
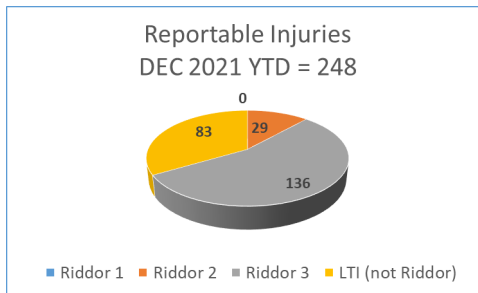
The most significant development in 2021 in this field will be the development of the country-specific Technical Instructions at international level for the integration of health and wellbeing in the management system according to ISO 45001.

8.7.6 Absenteeism Analysis and Promotion of Organisational Learning

With regard to the evolution of the accident rate, in 2021 (year-end data), the AFR frequency index (relating the number of accidents with sick leave to the number of hours worked) has maintained a slight but continuous downward trend, which seems to have stabilised at the end of the year at around 8.5, improving from the value of 9.14 in 2019.



Note that the 2020 value of 6.64 is not proportionally comparable due to its outlier status.



During the financial year 2021, three serious accidents occurred involving our own personnel. To date, two of the workers have recovered and have not suffered any after-effects from the accidents, and only the last one, which occurred in November, is still on medical leave.

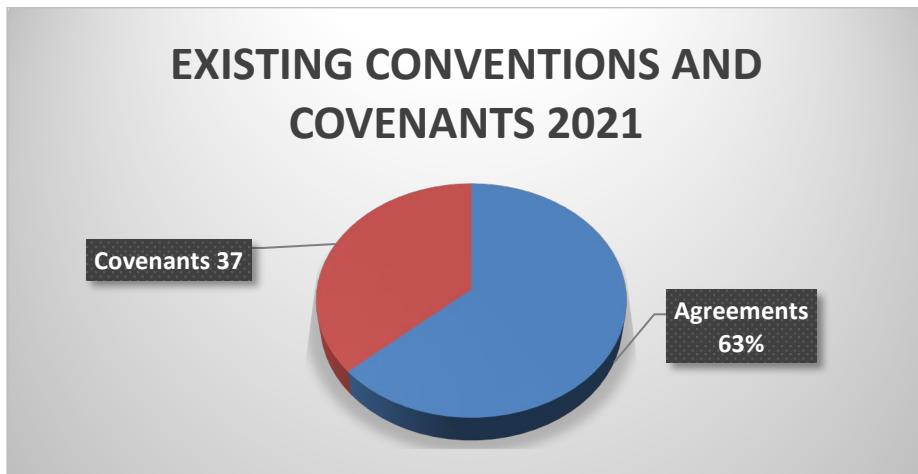
In terms of different actions related to the analysis of our absenteeism, some of the most relevant during the year are as follows:

- Improvement of the incident investigation process through the implementation and application of the new Accident Communication and Investigation procedure.
- The promotion of organisational learning through the implementation of, among others, initiatives such as:
 - ✓ Implementation of general measures and actions such as:
 - Detailed analysis by relevant characteristics
 - Developing tools for organisational learning from relevant accidents
 - Centralised management of incident prevention measures (development of new trainings, etc.)
 - ✓ Regular dissemination of "Lessons learned" and "We should know" through the Be Aqualia APP.

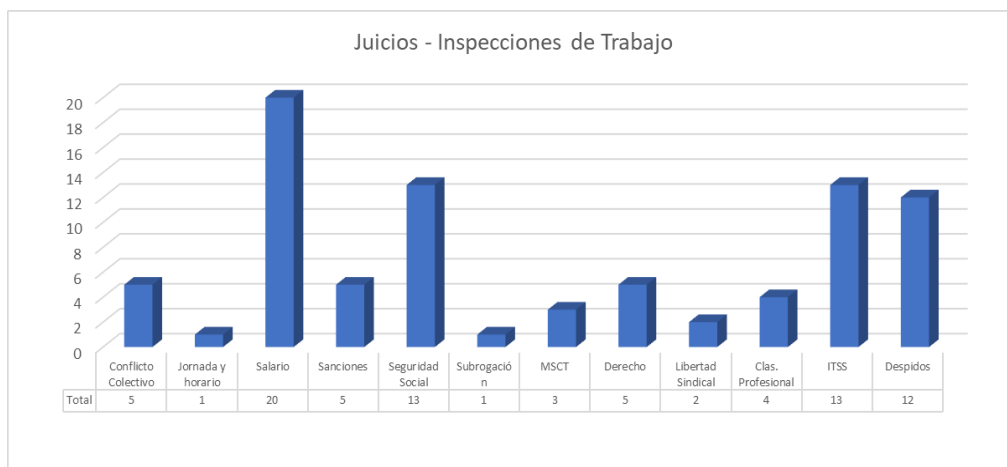
8.8. Quality in Employment: Collective Bargaining, Industrial Relations and Personnel Administration

In terms of collective bargaining, it is worth highlighting the agreement reached in December 2020 between the signatories of the 6th State Water Agreement, whereby the increase planned for 2021 has been modified by 50% as a result of the impact of the pandemic on the economy and the sector. This agreement reflects the stability and fluid collaboration existing between the most representative trade union organisations (UGT and CC.OO.) and the companies that represent the sector at employer (AGA) and trade union level, extending the duration of the 6th agreement by a further year, an extension that provides and demonstrates the stability of the sector at trade union and company level and further strengthens labour relations between workers and companies in the sector, keeping conflict in the work centres where it is applicable to a minimum.

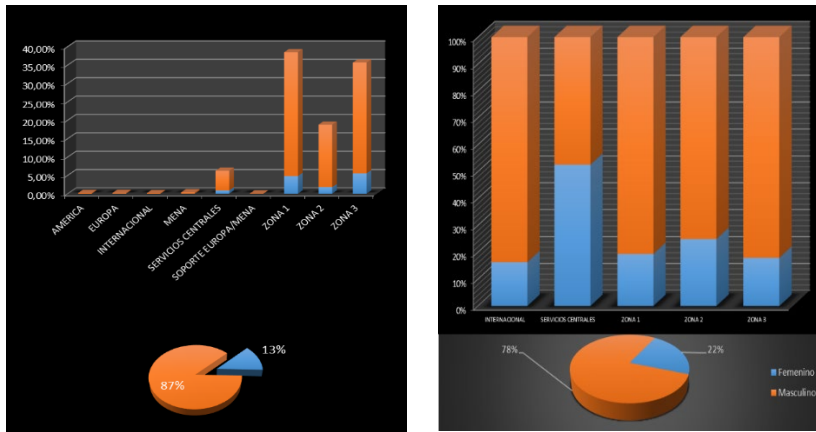
As in 2020, the consolidation and extension of the State Water Agreement has been one of the most relevant successes in terms of Labour Relations, however, the % of workplaces with collective agreements or collective bargaining agreements has been maintained in % with respect to the 2020 figure.



Labour conflict has remained at a residual level, as in 2020, with no strikes declared in the whole year 2021, and a 28.21% reduction in court cases and Labour Inspections in 2021 compared to 2020.



With regard to quantitative data, in 2021 the employment stability policy is maintained, with a result of 87.01% of permanent contracts compared to 86.45% of permanent contracts in 2020, and in terms of gender, the percentage of female employees has been maintained compared to 2020, with a gender distribution of 78% of employees and 22% of female employees.



With regard to compliance with the regulations on staff with different abilities, the Aqualia Group complies with these regulations in full, maintaining the required 2% of staff with different abilities in the companies with more than 50 employees and in the cases of FCC Aqualia S.A. and Aguas de Alcalá UTE through the corresponding alternative measures, having not reached the required 2%, obtaining approval of the alternative measures for FCC Aqualia S.A. for the years 2020 -2023 in August 2020.

Finally, the situation in terms of ERTE which, as a result of the impact of COVID 19 and the restrictive measures implemented by the government initially and by the Autonomous Regions and City Councils subsequently led to closures and a reduction in the activity of all Sports Centres (21 Sports Facilities) affecting 409 workers in March 2020, have now resumed their activity, ending all proceedings and there are no workers in ERTE at present.

9. COMMUNICATION, MARKETING AND CSR

9.1. Communication

9.1.1. Communication COVID

Efficient water management is not only an essential service for citizens, but also contributes to the economic and social development of society as a whole. The tremendous impact of COVID-19 over the past two years has further highlighted the importance of ensuring socially, economically and environmentally sustainable water services, not only as a first barrier to pandemic prevention, but also as a basic element for progress.

Aqualia has tackled this particular situation through two axes: one, by developing a more active listening oriented towards all its stakeholders: Public Administrations, users, employees, consumer organisations, NGOs, suppliers, the media and shareholders. And two, by increasing the information offered to these *stakeholders*, especially through its digital channels. In addition to focusing its efforts on maintaining water cycle services, the company is committed to reinforcing its strategy of continuous, useful and responsible communication, as befits the operators of an essential public service.

9.1.2. Communication Plan

The uncertainty of the last months of 2020 continued into the beginning of 2021, which started with the aim of leaving behind the consequences of the COVID-19 health crisis in a scenario marked by social and health restrictions. In these circumstances, the sector has taken on a new way of understanding and applying the concept of "health and safety", which now figures as a value of emerging importance in all areas. This aspect is in addition to the main challenges that the actors in the integral water cycle were already facing before the outbreak of the pandemic (fight against the social divide, climate emergency and technological disruption).

To this end, Aqualia proposed its Communication and CSR Plan as a response to these major challenges and as a roadmap to place the company in a position of responsible business from the perspective of the SDGs, the 2030 Agenda and the International Decade for Action "Water for Sustainable Development (2018-2028)". Its strategic lines:

01. To achieve a position as a leading company with the capacity to influence the sector (social licence).
02. To convey that the company brings real value to municipalities/countries through the management of the integral water cycle.

03. Highlighting the company's technological evolution and adaptation to climate change with a focus on education and awareness of sustainability.

In order to fulfil this roadmap, a total of 681 press releases were launched in 2021 in both online and offline media and 147 meetings were held with national, regional, sectoral and business media.

On the occasion of World Water Day, which is celebrated every 22 March, Aqualia opted for an advertising and information campaign that sought a direct, quick, bold impact with a clear and forceful message, dedicated to the work carried out by all the company's professionals. Despite the tireless work of the people who make up Aqualia's staff, this effort may be imperceptible to the rest of society, which perhaps does not value the role of the water operators fairly. This is summed up in the campaign's key phrase: "We are people working for people providing an essential public service". For the campaign, a [video](#) was made [on Aqualia's YouTube channel](#), which in the first 24 hours had already registered 17,578 views and reached 75,000 in one week. An outstanding result, taking into account the added competition, as on that day many companies in the sector presented their own campaigns.

After analysing the data, it was found that users aged between 25 and 34 were the most interested, followed by those aged between 35 and 44. It is also surprising that more than half of those who have seen the campaign (52.3%) have done so through Smart TVs, which means entering fully into a new medium. In addition, 741 *clicks* to Aqualia's website were generated, a real achievement in terms of digital marketing.

At the height of the boom in telematic events, [Investagua](#) was held in April. A digital meeting that, for two weeks, from 12 to 23 April, dealt with the main current issues in the sector. Aqualia took part in three key tables: a dialogue on purification and sanitation between Marta Casao, head of Purification and R&D&I of Zone I, and Alejandro Maceira, partner of iAgua. The company also participated in a session on Reuse through Zouhayr Arbib, head of Sustainability in the Innovation and Technology department. Finally, the 'Top Executive Roundtable' brought together some of the main executives from Acciona, Gestagua, Miya Water, Almar Water Solutions, Schneider Electric and Aqualia, which was represented by Santiago Lafuente, director Spain.

As part of this event, the **iAgua 2020 Awards** were presented, in which **Aqualia** was awarded "**Best Company of 2020**" by the readers and followers of iAgua magazine, the leading media in the sector in Spain and Latin America. Aqualia came first, ahead of other candidates such as Acciona, Schneider Electric, Ídrica and Hidroconta. This is the fourth time (2015, 2017, 2019 and now 2020) that Aqualia has received this recognition as the most representative entity in the sector.

The company was also present at the **National Environmental Congress, CONAMA 2020**, the first major event held in person (with a year's delay due to the pandemic), which brought together the main players in the environmental sector. The Minister for Ecological Transition, Teresa Ribera, opened the Congress, which included the participation of Aqualia's representatives in various sessions. One of them was Juan Pablo Merino, Director of Communication and CSR, who took part in the debate on communication in the COVID-19 health crisis of essential environmental services.

In the last half of 2021, certain events have been resumed, most of them in hybrid format, face-to-face and *online*. One of them was the informative breakfast with the Mayoress of Jerez, Mamen Sánchez, as the protagonist. Félix Parra, CEO of Aqualia, accompanied the mayoress during her speech.

Another important milestone in terms of communication was the presentation of the **5th Aqualia Journalism Award**, which was held in June on the occasion of World Environment Day. A total of 65 journalistic works from audiovisual, print and digital media were submitted to the fifth edition of the competition, a record number since the launch of the competition in 2016. Over the five editions of the Award, 230 journalistic works have been submitted and 175 authors from 133 media outlets have participated.

"A la caza de un rebrobobrobrode del coronavirus en las aguas residuales de Salamanca" published by journalist Rosa María Domínguez in La Gaceta de Salamanca was the winning entry. The report addresses the common challenge of researchers and water management companies to detect traces of COVID-19 in wastewater. Félix Parra, CEO of Aqualia, presented the award at a ceremony held at the headquarters of the Madrid Press Association (APM) in front of a small number of attendees, in compliance with the health and safety measures established by the administrations. The event also featured a speech by Nemesio Rodríguez, president of the Federation of Spanish Journalists' Associations (FAPE), who reflected on the journalism-water binomial.

In July, the **Technological Centre of Dénia (Alicante)** and the project for the fully digital management of the Municipal Water Service of this town were presented, which allows 571 million data to be captured and analysed per year and to transform them into benefits for the City Council and the users. It is a digital control centre, a pioneer in the services managed by Aqualia in Spain, which unifies all the management of the integral water cycle on a single platform.

From the associative point of view, one of the company's major milestones was the support and dissemination of the **1st European StepbyWater Conference**, held on 21 April. Félix Parra, president of the StepbyWater alliance and CEO of Aqualia, opened the Conference with a speech

in which he pointed out the need to consider water as a strategic axis for the recovery and promotion of a more social and sustainable economy. The event was attended by the EU Commissioner for the Environment, Oceans and Fisheries, Virginijus Sinkevičius, the Minister for Ecological Transition and the Demographic Challenge, Teresa Ribera, MEPs Clara Aguilera and Juan Ignacio Zoido, and sustainability managers from public institutions and private companies that are members of StepbyWater.

To close the year, Aqualia's headquarters in Las Tablas (Madrid) hosted a new meeting of the StepbyWater Alliance (SbW) on 15 December. The meeting, which was held in a hybrid face-to-face-online format, was attended by representatives of 20 allied entities and served to define the Alliance's action plan for 2022.

The development of new solutions aimed at optimising the management of the integral water cycle, which contribute to decarbonisation and a circular economy, attracts a great deal of media attention. Thus, the initiatives developed by Aqualia to disseminate the milestones of its **innovation** activity have been a communicative success. An example of this is the presentation of the biofactory at the wastewater treatment plant in Guijuelo (Salamanca). This facility treats waste generated by the agri-food industry together with sludge from the plant and transforms it into energy, biofuels, bioplastics and biofertilisers. On 16 September, the biofactory was presented in an on-site event, which was also broadcast in *streaming* for more than 200 spectators, with the participation of all the agents involved in the project, from representatives of the City Council to companies and industrialists and producers in the area who benefit from the resources generated by this innovative plant.

Another important milestone took place in Talavera de la Reina (Toledo) on 30 November, when the president of the regional government of Castilla-La Mancha, Emiliano García-Page, inaugurated the Life INText project facilities at the town's wastewater treatment plant. The event was also attended by the mayoress of the town, Tita García, and the Spanish director of Aqualia, Santiago Lafuente. Numerous local and regional media attended the event and reported the news through their channels and social networks.

Aqualia's performance in **relations with the media**, following the strategic lines of the PCOM, has been reflected in different collaborations with local, regional and national media and with professional associations. In this regard, the collaboration between Aqualia and APIA, the Association of Environmental Information Journalists, stands out for the 14th Environmental Journalism Congress, held in Madrid on 22 and 23 November under the title "A question of global health". The alliance between the two entities reinforces Aqualia's role as a qualified source in the dissemination of content related to the integral water cycle in order to offer rigorous information from a technical point of view.

Also in the field of local information, some actions stand out, such as the management of communication prior to and during the cold wave and the "**Filomena**" storm, which in January affected services in the provinces of Toledo, Ávila and Madrid particularly severely. In Almería, the official presentation of the **Mar de Alborán** (Almería) desalination plant project, owned by Aqualia, was made to the media and the public administration. In Vigo, the symbolic act of laying the "first stone" of the city's new Drinking Water Treatment Plant (DWTP) was held. **The new customer service offices in Oviedo** have marked the new style of the company's offices.

In the **international sphere**, the communication work has been marked by the development of an **ad hoc Communication Plan for Colombia**, which includes the definition and establishment of objectives and the strategy and action plan for their achievement and analysis, with the main emphasis on the implementation and consolidation of the brand image and services in the areas where Aqualia has been providing integral cycle services since last year. The special emphasis on communication in Colombia is due to the obsolete state of the water infrastructures and the delicate social and media situation involved in the management of water resources, especially in the municipalities of Sahagún and Planeta Rica, in the district of Córdoba.

In Mexico, active listening and preparation of communication material has been carried out for the operation of the **El Realito aqueduct**, a water infrastructure that carries water from the El Realito dam (located on the Santa María river in the north of the state of Guanajuato) to the San Luis Potosí metropolitan area (ZMSLP).

In addition, information was prepared and disseminated on the new water supply management contracts for the Jizán industrial complex (Saudi Arabia) and the improvement of the water supply network in Los Cabos, the main tourist area in Baja California (Mexico).

During this year, the case studies of New Cairo (Egypt) and El Realito (Mexico) carried out by the **United Nations Centre-IESE PPP for Cities** have been recognised with honourable mentions by UNECE (United Nations Economic Commission for Europe) within the *top 20* worldwide in terms of public-private partnerships since 2016. Both projects have been mentioned as *Building-Back Better* Projects for their contributions to post-pandemic reconstruction by an international jury of this multilateral organisation at its *5th UNECE International Public-Private Partnerships Forum 2021*.

9.1.3. Digital Communication

From the beginning of the pandemic, Aqualia adopted a contingency plan that included communication and the promotion of the use of telematic customer service channels, grouped under the name Aqualia Contact. One year later, in April, a balance has been made and the result is more than significant: at the end of 2021, the aqualia.com website had registered 2,628,603 visits.

Social networks (SSR) are an environment where everything is connected and where competition takes place today. It is the place where the main operators of the urban water cycle and all the company's stakeholders are present and interact. Given this scenario, Aqualia has launched an ***Employee Use and Participation Manual on social media with the*** aim of maintaining control of the official channels and the activity of our employees in relation to the Aqualia brand on social media, ensuring compliance with both the *Code of Ethics and Conduct* and the company's *Brand Manual*.

In **social networks**, the number of followers has grown notably throughout the year: more than 400 new followers on Twitter (6.546 in total) and more than 400 on LinkedIn (25,833 in total). Aqualia's YouTube channel has more than 1.8 million views and has grown in subscribers up to 2.880.

During 2021 the new [website of the mixed company Aguas de Guadix](#) became a reality. The migration of all the contents and applications of this website by the IT department has been carried out under the corporate image of Aqualia.

On the other hand, the mixed company Aguas de Ubrique needed to have its own website to host its contracting profile for public tenders. Together with the IT department, the website www.aguasdeubrique.com has been created.

On an international level, the **French version of the aqualiaeduca.com website** has been adapted and launched. Under the name aqualiacademie.fr, this adaptation to the French language and context is a powerful training tool on water management and an interesting platform for raising awareness of the value and importance of this resource.

9.1.4. Internal Communication

The situation caused by the pandemic has elevated internal communication to a status of the utmost importance, due to the need to transmit all types of information to all of Aqualia's staff through the different channels and formats available, both *online* and *offline*. During the year,

169 information flashes and 86 emailings were sent by *email*, in addition to another 42 communications from the Be Aqualia app.

Aqualia has renewed its **certificate as a Family Responsible Company (EFR)**, which it has held since 2017, for the period 2021-2023. In its audit report, AENOR highlights the progress made in communication regarding the work-life balance issues affecting the company.

On the other hand, since the launch of the **Employee Assistance Programme (PAE)** in December 2019, the Communication and CSR and People and Culture departments have worked in a coordinated manner to promote its use among employees. This is a free psychological care service that the company makes available to the entire workforce in Spain. It can be accessed by telephone or via the "My psico" app, and is available 24 hours a day, every day of the week.

In the framework of the EAP Programme, a series of webinars (psycho-educational campaigns) focusing on emotional health have also been coordinated throughout the year, with one thematic event per month. The campaign, for Spain only, kicked off with the theme "Guidelines for dealing with pandemic fatigue". These actions are communicated via email and the Be Aqualia app, thus promoting the use of the app among employees.

In 2021 Aqualia launched two campaigns aimed exclusively at the internal public: [Be International](#) and "[i4U](#)", the first Aqualia Innovation Awards. The first, driven by the People and Culture department of the International Area to promote the expatriation of internal talent to other countries where Aqualia has offices. The aim is for expatriates to share their own knowledge and experience of Aqualia with other local colleagues.

On the other hand, the '[i4U](#)' **First Aqualia Innovation Awards** seek to capture innovative and transformative ideas focused on sustainability through the participation of all the company's employees, under the slogan "For a world driven by innovation, for you, Aqualia's professionals, and for the benefit of society as a whole".

On 7 July, the Communication department organised, together with UGT, an **event to thank the workers** in the sector. In front of an audience made up of union delegates and company managers and staff, Pepe Álvarez, General Secretary of UGT; Pedro Hojas, President of AGFITEL and General Secretary of UGT FICA; and Félix Parra, CEO of Aqualia, spoke. Afterwards, representatives of political parties (PSOE, PP and Podemos) debated on "Blue and Green Employment" as a commitment to the future. Gustavo Vargas, secretary of the Energy and Water Sector of UGT FICA, brought the event to a close.

It is also worth highlighting the organisation of a special event for the families of Aqualia's Customer Service Centre (CAC), as part of the company's EFR (Family Responsible Company)

plan. The *Family Day* consisted of a visit to the Estiviel wastewater treatment plant in Toledo, where parents and children were shown how the plant works. Afterwards, the group took part in a treasure hunt with various educational tests in which they learned about the water cycle and how to take care of it. The thirty participants rated the organisation of the event very positively.

9.2. Marketing

The Communication Plan (PCOM) for the year 2021 is articulated around the decade for action "Water for Sustainable Development" with the Sustainable Development Goals (SDGs) as the central axis of the new strategic umbrella. Getting citizens to perceive Aqualia as a company that adds value to their municipalities has been one of the objectives established in the PCOM 2021 and has marked the actions developed throughout the year.

During the first quarter of the year, the success of another campaign launched during the previous year was consolidated. **The "H2Ohh!" advertising campaign** by Aqualia and the Vigo City Council was recognised at the 27th edition of the *Galician Advertising Awards in the radio* category.

For yet another year, and with the aim of highlighting the daily work involved in bringing water from nature to the tap and returning it to the natural environment in optimum conditions, Aqualia has launched a new edition of its **Digital Children's Drawing Competition** on the *microsite* www.aqualiyods6.com. Participation this year has increased by 58% compared to last year, which demonstrates the full consolidation of the initiative and the involvement of schools, families and children in this educational tool. In total, www.aqualiyods6.com has received 10,450 works, providing 5,966 hours of training and entertainment (+57% compared to last year). The increase in the number of sessions registered on the website is along the same lines, with 60% more than in the previous edition, reaching 42,969, during which children have been able to complete their canvas, as well as learn much more about the SDGs.

In October, Aqualia's Digital Children's Contest was recognised as the "Best Integrated Communication Strategy" at the XII Edition of the **Corresponsables Iberoamerica 2021 Awards**. Juan Royo, from CulturaRSC.com, presented the award to Juan Pablo Merino, Aqualia's Director of Communication and CSR, at a ceremony held at the Ministry of Labour and Social Economy.

These initiatives are an example of Aqualia's contribution to education and support for academic institutions and public administrations to provide quality education for all. SDG 4, "Quality Education", is of cross-cutting importance in the achievement of the 2030 Agenda, and is one of the most effective tools for improving the quality of life of people and the environment. **It is**

worth highlighting the wide participation of the Colombian public, both internal and external, in both competitions.

Also during 2021, work was carried out to reinforce the perception of Aqualia as a glocal company (global management with a strong local commitment), a local company that provides local and at the same time international value, permeable to new cultures. Thus, the company has been present at strategic events and forums of international importance. Among these, Aqualia's original participation in the first **Digital Congress of the Spanish Association of Desalination and Reuse (AEDyR)** stands out. On this occasion, the company presented, in an entertaining format similar to a videoconference, a video compilation of all its R&D&I activity.

On the occasion of World Sanitation Day (19 November), an informative event was held in Oviedo's Town Hall square. A tent was set up with different technical and technological elements that the service uses for its sanitation and sewerage maintenance work in the municipality, as well as different tests and "experiments" related to this service: an inspection robot, samples to see the degradation of different compounds in the water, screens with explanatory videos on sanitation and purification, *roll ups of the #nolotires* campaign, and different *merchandising* elements.

In the international arena, Aqualia, together with its French subsidiaries SEFO and CEG, participated in the **Salon des Maires et des Collectivités Locales (SMCL)**, held in Paris between 22 and 24 November. The event was dedicated to municipal services with a broad perspective that included sectors such as the environment, sustainable transport, water treatment and smart services.

On the other hand, in Peru, Aqualia's participation in Expoagua has been coordinated within the round table "Contributions to forge an education and culture of water valuation". Aqualia was invited to participate in this event by SUNASS (regulatory body of the sector in Peru) following the news published in iAgua about the awarding of the Corresponsables Prize for the Best Communication Strategy for the Children's Drawing Competition.

Educativa Sunass 2021 has been an institutional event aimed at the educational community in general, mainly directors, teachers and students of all levels (pre-school, primary, secondary), of regular, special and alternative basic education. The round table we organised and chaired was entitled "Caring for water. A 360º communication action". Raquel López, representing the Marketing and CSR department, was accompanied by Arturo García, head of Aqualia's service in Talavera de la Reina, together with the headmistress of the Hernán Cortés school in Talavera and Sergio De la Llave, councillor of Talavera City Council.

9.3. Corporate Social Responsibility (CSR)

Aqualia understands CSR as a cross-cutting element in its business model. Thus, economic profitability and competitiveness are integrated with the social and environmental factors of its surroundings, which are so important both for the future of its business and for contributing to sustainable development.

The climate emergency and the health crisis have marked the beginning of the decade. During the first months of 2021, Aqualia implemented the **2021-2023 Strategic Sustainability Plan**, aligned with the company's strategy and the 2030 Agenda. The Plan establishes the lines of action and proposes specific initiatives aimed at maximising Aqualia's contribution to sustainable development, including risk mitigation, given the relevance that a "water crisis" such as the one contemplated by the *World Economic Forum* in its annual report on global risks could have.

The definition of the Plan is based on the strategic materiality analysis that Aqualia carried out in 2020, where the expectations of the company's internal and external stakeholders were identified and prioritised, as well as the SDGs to which Aqualia should contribute. The conclusions of this work led to a SWOT analysis that is the starting point for the development of the Strategic Sustainability Plan 2021-2023.

This Plan marks the route for progress in Aqualia's purpose: to ensure the well-being and progress of the people and communities in which it works by providing a public service, the sustainable management of water. Guaranteeing the universal/local right to water with pride and commitment.

9.3.1. Sustainability Report

Aqualia's [2020 Sustainability Report](#) places the conversation with citizens and the rest of the stakeholders at the centre of the conversation in order to continue to make progress in the fulfilment of the 2030 Agenda, one of the company's main commitments. Under the title [#Conversa](#), this year's report is a continuation of the listening process initiated in 2019, when an in-depth analysis of strategic materiality and active listening to more than 18,000 people was carried out. The company points to dialogue and collaboration with all social agents as the two pillars on which to respond to the new post-pandemic challenges and to continue contributing to the Sustainable Development Goals (SDGs), which have been present in Aqualia's strategy for years.

"2020 has been a very complicated year in which we have had to deal with the health emergency without neglecting the climate emergency, which occupies and worries citizens and institutions

so much", explains Félix Parra, CEO of Aqualia, in the [interview that opens the Report](#). In it, the chief executive emphasises the work carried out by the workers, designated as an essential group during the pandemic. *"They have always shown that they have a great vocation for public service; and today we can say that, thanks to that spirit, we have managed to respond to one of the greatest challenges humanity has ever faced"*, the CEO emphasises.

Aqualia's Management System Policy establishes, among its principles of action, the achievement of the Sustainable Development Goals. These are also a reference framework for the definition of a Strategic Sustainability Plan that determines the SDGs to which it will contribute and integrates quantification and reporting. In the audit report issued by AENOR in the **certification process of the Sustainability Strategy and its contribution to the SDGs**, the certifying body highlights the integration of the different management systems in Aqualia's international policy as a strong point and points out how the company's activity contributes to the achievement of the SDGs. AENOR particularly highlights initiatives such as Aqualia's internal and external Communication Plan for the dissemination of the SDGs, through projects such as #StepbyWater, the campaign www.compromisoreal.com and the educational website www.aqualiaeduca.com.

These efforts are reflected in the *"Environmental, Social and Governance ESG Vulnerability Score 100 Utilities"* report prepared by the risk rating agency Fitch on the vulnerability of the utilities sector, considered the 'world ranking of sustainability'. This index assesses the companies best positioned to face a sustainable transition, measuring their level of risk for financial credit ratings according to environmental, social and governance (ESG) factors.

There are 100 companies analysed in this report, dominated by European companies, among which Spanish companies have the best scores. Aqualia and FCC Medio Ambiente are two of the companies that appear in an excellent position. **Aqualia's Sustainability Reports, which have been published since 2006, reflect the value that the company places on environmental, social and corporate governance factors, which are those analysed by the Fitch report.**

9.3.2. The Strategic Sustainability Plan 2021-2023

Aqualia's 2021-2023 Strategic Sustainability Plan has been designed to place the company in a position to overcome its weaknesses and enhance its strengths, so that it is able to avoid threats and make the most of the opportunities. Work has been carried out on the strategic lines that make up the Plan, to establish the projects and actions necessary to achieve the objectives of each one, as well as the definition of the corresponding performance indicators.

In November Aqualia presented its Strategic Sustainability Plan 2021-2023, in which sustainability is integrated as a transversal and implicit aspect. The document integrates the

commitment to sustainability through measurable and quantifiable objectives that allow its contribution to the 2030 Agenda to be known. This new roadmap, approved by the Management Committee and the ESG Committee for the next three years, has been drawn up by the Corporate Social Responsibility department together with the teams involved and includes the perspective of all stakeholders, previously consulted in an active listening process with the participation of 18,000 people.

To publicise this document, the company activated a dissemination plan aimed at both employees and external audiences. A press release was sent to the media and news agencies and disseminated through the company's social networks and digital channels. Internally, the Plan was communicated through an information flash. Face-to-face training sessions are planned for 2022 in Aqualia's branches in Spain.

The strategic lines are:

01. Strategic communication.
02. Climate emergency and environmental care: mitigation, adaptation to climate change.
03. Technology for integrated management.
04. People management.
05. Ethics and *compliance*.
06. Social impact.
07. Strategic alliances.

9.3.3. CSR Actions

Aqualia is committed to proximity and closeness to the communities in which it operates and where it carries out its activities.

At the local level, in Almería, this summer Servicios Hídricos held an event to thank the irrigators who support the **Mar de Alborán** project and who have expressed their desire to receive water from the desalination plant when it comes on stream. Some 60 representatives of irrigation communities and the company met to discuss the progress of the project, update dates, resolve doubts and present the experienced team of professionals chosen to manage it. Thanks to the

20 cubic hectometres per year that the desalination plant will provide, it will be possible to manage the water from the wells more rationally, and this will make groundwater recovery possible.

Finally, on the occasion of the sixth anniversary of the Sustainable Development Goals, which is celebrated on 25 September, Aqualia launched the **#supporttheSDGs** campaign involving its 10,525 employees worldwide. The aim was to disseminate the SDGs among its stakeholders and raise awareness of the "Decade of Action". Twelve employees acted as a loudspeaker for the rest of the workforce and starred in six videos in which they

All these videos have also been disseminated on social networks with the *hashtag* [#supporttheSDGs](#) and, in addition, on the occasion of this sixth anniversary, Aqualia created a [new space on its website aqualia.com](#) where it compiles, with multimedia elements adapted for all audiences, information of interest about the SDGs and the six main measures to advance in the specific fulfilment of SDG 6, one of the pillars of the 2030 Agenda.

In line with the promotion of initiatives aimed at mitigating and adapting to climate change, Aqualia, in collaboration with the Autonomous University of Madrid Foundation (FUAM), initiated a two-year project that seeks to develop **innovative technologies for the early warning and efficient elimination of toxic cyanobacteria in water supplies**. The **agreement signed between the company and the UAM has as its ultimate goal the technological transfer of the results obtained in the research project**. In Spain, *blooms*, or uncontrolled growths of cyanobacteria, are a frequent phenomenon, estimated to affect more than 30% of the country's reservoirs on a regular basis (Quesada et al., 2004; Wörmer et al., 2011).

In addition, linked to the dissemination of the company's innovative actions, Aqualia presented the **Deep Purple project in Linares (Jaén)**, in an event where the mayor, Raúl Caro-Accino, and the director of Aqualia's delegation in Jaén, Jose Colomina, presided over the signing of the agreement by which the town council cedes the necessary space in the current treatment plant, next to the Córdoba-Valencia road, for the construction of a demonstration plant for the "Deep Purple" project.

With the ultimate aim of improving the quality of life of citizens, Aqualia presented the **H2020 NICE project in June**, which aims to demonstrate the feasibility of using natural systems such as green walls and roofs, infiltration gardens, artificial wetlands and sustainable drainage in cities, integrating them into the urban water cycle and the architectural landscape of large cities.

Among the eleven pilots to be developed in different European cities, an artificial wetland will be installed in **Algeciras** to treat and reuse rainwater as part of the Lago Marítimo municipal project. *Demos sites* of the project will also be implemented in Vigo (Pontevedra), Talavera de

la Reina (Toledo), Benalmádena (Málaga) and Madrid. This project represents a further step by Aqualia in the development of initiatives that contribute to protecting environmental resources and preserving biodiversity and ecosystems in the territories where it provides services, aligning its activity with the United Nations Sustainable Development Goals. In this case, specifically, H2020 NICE has a direct impact on SDG 12 "Sustainable Cities and Communities" and SDG 15 "Life of Terrestrial Ecosystems".

On the other hand, and in its commitment to transfer Aqualia's culture and ethical values and *compliance* to the entire organisation and the supply chain, and together with the principles of action that appear in the Code of Ethics and which are articulated around three axes: honesty and respect; rigour and professionalism; loyalty and commitment, linked to CSR and the strategic line of exemplary performance, Aqualia has developed a multitude of actions during 2021.

In this context, Aqualia contributed to the **objectives of equality and diversity** with different initiatives in 2021. Of particular note are the awareness campaigns developed to celebrate International Women's Day (8 March). Under the slogan "**Who is behind the Management of the Integral Water Cycle... Them too**", this year Aqualia wanted to recognise the role of water professionals and give them the prominence they deserve, highlighting the work of women. The company set up the website www.aqualiaidigualdad.com so that employees, professionals in the sector and the general public could share their photographs and messages in support of gender equality, with the *hashtag* #AqualiaIgualdad.

On the occasion of this Day, a corporate press release was launched informing about the aforementioned campaign, the participation in [the 8th edition of the #EmpleoParaTodas report](#) and other actions that Aqualia carries out in favour of equality. Messages were also disseminated on social networks, with an impact of 21,480 impressions on Twitter (number of times users saw the tweet on Twitter) and impressions 6.325 on LinkedIn. Internally, Aqualia organised a virtual meeting with Matilde Fernández, former Spanish Minister of Social Affairs and honorary member of UNHCR. Around 200 employees from all territories participated in the event.

It also promoted the celebration of the Day against Gender Violence (25 November). Under the slogan "Take the leap", the company invited all citizens to take part in the challenge to equal, by jumping, the height of the largest waterfall in the world: Angel Falls, a waterfall with a drop of one kilometre. To take part, you had to share a photo of yourself jumping on the website www.aqualiacontigo.com and share it on Twitter with the *hashtag* #AqualiaContigo. The massive response to this year's campaign has meant that administrations from different localities and various countries, with their mayors and councillors at the head of citizen participation, have joined the proposal, making it their own.

On the other hand, in order to contribute to reducing the problems faced by refugees, Aqualia, in collaboration with the Spanish **UNHCR** Committee, has launched a new edition of its campaign www.sedsolidarios.com. Through this initiative, Aqualia collaborates in the water and sanitation programme of the Spanish UNHCR Committee in the **refugee camps in Chad**, which host 368,781 people from Sudan. The programme is materialised in the maintenance and repair of water points for the particularly vulnerable population;

In May 2021, Aqualia signed up to the [#CEOPorLaDiversidad](#) alliance, personalised by its CEO and Managing Director Félix Parra. The initiative is a pioneer in Europe and is led by the Adecco Foundation and the CEOE Foundation.

Aqualia has also renewed its commitment to the **Diversity Charter** that it has held since 2018. This is the European charter of principles signed voluntarily by numerous companies and organisations in Spain to highlight their commitment to diversity and inclusion in the workplace.

In addition, during 2021, the **different initiatives** have continued to **guarantee access to the drinking water and sanitation service for those citizens who cannot afford to pay the water bill for economic reasons and for reasons of social exclusion**. Thus, services such as Chipiona (Cádiz), Llagostera (Girona) and Novelda (Alicante) are some examples of this initiative that Aqualia intends to extend to almost all the towns where it operates. The aim is to ensure that no citizen is deprived of the domestic water service for economic reasons, always in collaboration with the service holder (city council) and its social services.

After several years of collaboration in different research projects, the fruitful relationship between **Aqualia and the University of Almeria** has culminated in the creation of the **Aqualia Chair of the Integral Water Cycle**. The agreement was signed for a period of two years, extendable for a further two years, and focuses its objectives on research into the application of solar energy in the different processes of the water cycle. The teaching and research tasks of this initiative aim to align with the UN Sustainable Development Goals, prioritising research that can contribute to achieving them. With its creation, Aqualia contributes directly to SDG 6, which guarantees the availability and sustainable management of water and sanitation, and to SDG 17 in the search for partnerships between institutions and companies.

Among other actions developed throughout 2021 with a high social impact is the **SOS Gorriones** project in **Jerez de la Frontera (Cadiz)**, where the company Aquajerez, Aqualia's subsidiary in the city of Cadiz, has signed an agreement with the environmental association Faunatura to carry out a project to help repopulate sparrows in the urban and peri-urban area of Jerez. Wooden nest boxes will be made in collaboration with associations for the disabled, schools and the elderly in the city. These nests, which carry a brass plate with the Aquajerez logo, will be installed in trees in schools in the city next to bird feeders.

10. REGULATORY COMPLIANCE

Among the objectives of the Compliance Division for 2021 is the continuation of the extension of the Compliance Model in some investee companies within the international activity, thus continuing with its implementation, especially in the MENA area where work is being done to reach agreements with partners in this area.

It should be noted that 2021 has been the year of the international expansion of the Compliance function, as local Compliance Officers have been appointed in America, the Czech Republic, France and Portugal, all of them with a functional dependence on Aqualia's Chief Compliance Officer.

During 2021, the FCC Group implemented the supplier approval system, which is initially being developed for the activity in Spain. Depending on the risk initially determined for the Compliance area, a reinforced due diligence may be required to verify the warning signs that may arise during approval.

Following the approval of the Compliance Risk Assessment Procedure, the methodology for carrying out this criminal risk assessment was determined, which enabled it to be updated in the first quarter of the year.

Two self-assessments were carried out during the year by the control and process owners to verify the execution of the controls aimed at mitigating Compliance risks, which were subsequently monitored by the Compliance Function through sampling to detect gaps and find possible improvements in the system. From the third line of defence, FCC's Internal Audit carried out a review of the Compliance Model to verify its correct development and proposed recommendations aimed at its continuous improvement.

10.1. Compliance policies and procedures

In 2021, the Compliance Risk Assessment Procedure (Compliance Department) was approved, which establishes the methodology for compliance risk analysis.

The Procedure for the selection and contracting of agents has also been approved as a development of the Agents Policy, which establishes the categories of agents with whom relations may be established and the suitability analysis to be carried out prior to any contracting of these third parties.

In addition, the following procedures have been updated which have an impact on the Model and on the controls aimed at mitigating compliance risks:

- Sponsorship and donation management and control procedure (Communication and CSR Department)
- Personnel Selection Procedure (National and International) (People and Culture Directorate)
- National and International Purchasing Procedure (Purchasing Directorate)
- Cash Management Procedure (Economic Directorate)
- Procedure for the generation of the purchase order/receipt of delivery note in SAP (Economic Directorate).
- Procedure for the Management of Contracts (Economic Directorate).
- Procedure for Incidents in the quality of water for human consumption (Operations Management).

Work has been done on updating the Compliance Due Diligence Procedure for third parties to extend due diligence analyses to private clients, to suppliers identified as requiring enhanced due diligence during the supplier approval process and to M&A processes.

The FCC Group has also updated both the Selection Policy (FCC Human Resources Department) and the Supplier Management Procedure (FCC Purchasing Department), which includes the approval of suppliers by subject, including Compliance.

10.2. Training and awareness-raising

As a fundamental part of the development of the Compliance Model, a training plan has been established for the year 2021 that has enabled online courses to be held through Campus FCC, extending its reach to the international sphere, as in the case of the employee training courses on the Code of Ethics and Conduct that have been developed, adapted to each language, in Portugal, the Czech Republic and France. Likewise, through Campus FCC, online training was given on "6 keys to a smooth bidding process" for key employees who participate directly or indirectly in bidding processes.

All new employees who have joined Aqualia (in the national activity), who had online access, have been invited to the training on the Code of Ethics and Conduct that can be followed on Campus FCC. Acque di Caltanissetta also provided this training in person for new employees.

As a complement, and due to the restrictions imposed by COVID-19, digital platforms (Teams) have been used for training given directly to key employees, as in the case of the training given by the Chief Compliance Officer on the Code of Ethics and Conduct to the Top Management of Aqualia France, who attended from their work stations in the Andrésy offices (France).

For employees of the activity in Spain, Portugal, France, Italy, Czech Republic and Latin America who in their work may have a relationship with a public official, training was carried out in which the basic regulatory principles (Criminal Code and international standards: FCPA, UK Bribery Act, World Bank Integrity Guidelines) for the fight against corruption and bribery were included.

The new process and control owners have been provided with anti-corruption training which, in addition, explained the purpose and functioning of the Criminal Prevention Model adopted by the company.

In addition, a training session was held on the due diligence processes following the approval of the Due Diligence Procedure with third parties on compliance matters for all those employees who form part of the Communication and CSR department, the Legal Department and production departments who may have a relationship with business parties, as they must know what measures must be taken to align third parties with Aqualia's ethical principles and values before establishing relationships with them.

As part of the employees' awareness of Compliance, Compliance Tips have been periodically sent out by email, advice on the main Compliance policies, explaining, among other matters, what the Compliance system is, what a conflict of interest is, the gift policy, measures for the prevention and eradication of harassment, who forms the Compliance Committee and what its functions are, and the appropriate use of the Aqualia brand.

We also wanted to reach out to offline staff for national activities through the dissemination of Compliance Tips via the BeAqualia app.

It should be noted that based on the due diligences carried out on the business parties (third parties with which Aqualia establishes contractual relations), when a low compliance culture is detected in these analyses, the key employees of these third parties (who will maintain a relationship with Aqualia) are called for training on the Code of Ethics and Conduct and, in some cases, also on corruption prevention training to disseminate the Group's ethical principles and values and international anti-corruption standards.

10.3. Risk assessment and controls

Based on the risk assessment carried out and the controls established to mitigate these risks, two certifications of the execution of controls by their control and process owners were carried out in 2021, in May-June and November-December. In both certifications, 100% of the control owners have self-assessed the execution of their controls, determining the evidence that the activity has been carried out and, therefore, the corresponding risk is being mitigated. Likewise,

100% of the process owners have verified the information provided by the owners of each control that make up the different processes.

Based on the information provided by control and process owners in the certification, the Compliance Directorate carried out an analysis which it passed on to the corresponding process owners to work on the improvements detected.

The subsidiaries Acque di Caltanissetta, SmVAK and Aqualia France have joined the process of self-assessment of the implementation of anti-corruption controls which took place between November and December 2021 and in which the activity carried out between May and October 2021 was verified.

In parallel to the certification process, the Compliance Department has monitored processes assessed by the control owners and reviewed by the process owners, analysing whether the risks are covered and highlighting the gaps detected, which have also been reported in meetings held with the process owners.

10.4. Compliance due diligence with third parties .

During the year 2021, the Compliance Department has continued with the activities of analysis of Aqualia's third parties in terms of compliance, consolidating the application and knowledge by the entire organisation of the due diligence measures contemplated in the Procedure approved in June 2020, also through the convening of internal training courses on this matter aimed at the various requesting departments.

The assessment of third parties is carried out according to the principle of proportionality and a risk-based approach. Based on the identification of the different types of business parties (partners, agents, collaborators, single suppliers, etc.), the level of risk of the third party (high, medium or low) is determined in the context of the project, the sector and the country in which the activity will be carried out. The scope of the analysis for the final risk assessment is established on the basis of the initial risk derived from the basic information provided by the requesting department and ranges from consulting sanctions lists to requesting a background check from the FCC Intelligence Department.

With regard to the scope of the due diligence measures, this year the Compliance Department is working on establishing the analysis criteria for Aqualia's private customers and, on the other hand, it has begun to participate in the supplier approval process, which is being carried out by FCC's Purchasing Department, providing the minimum requirements for the certification of the suitability of these third parties in terms of compliance.

As of 31 December 2021, due diligence has been initiated on 116 business parties identified in 45 projects. Of these 116 business parties, a final valuation report has been obtained for 71% of the total number of third parties; 8% correspond to projects that have been cancelled before the completion of the due diligence and 22% are still in the analysis phase. Of the final assessment reports issued by the Compliance Department, 23% of the third parties were classified as high risk, 57% as medium risk and 20% as low risk. Depending on risk levels, mitigation measures are applied.

10.5. Ethical Channel (*Whistleblowing line*)

Up to 31 December 2021, a total of alerts⁵² have been received in the Ethics Channel on issues related to customer management (21%), issues that may affect environmental damage (6%), labour conflicts between employees (4%), breaches of internal regulations (2%), occupational risk prevention (2%), harassment (2%) and considered not relevant because they are customer queries, complaints or claims that have to be managed through AqualiaContact (63%).

Those alerts that are classified as high or medium risk are analysed in detail and, if necessary, an investigation is opened to clarify the facts and, if necessary, their treatment by means of an action plan.

11. DIGITALISATION AND CYBERSECURITY

In recent years, Aqualia has made a clear commitment to digitalisation, as it is a key tool for meeting the various challenges of sustainability, reducing environmental impact and continuously improving customer service.

For this reason, at Aqualia, the journey of the digital transformation of the integral water cycle began a few years ago and is now a reality. Our work as a global water operator puts us in a privileged position to offer a comprehensive and flexible solution to the current and future problems of the service. And all this, always framed within the highest standards of cybersecurity.

AqualiaLive

New technologies are improving connectivity and therefore accessibility to relevant data (IoT), converting information into knowledge much faster (Big Data and Cloud Computing), as well as helping decision-making, management and process monitoring (AI/ML).

AqualiaLive, incorporates these technologies to offer a modular and integrated platform that allows the managers of the integral water cycle to have the most advanced tools for the most efficient and sustainable management of the process as well as providing the best service to citizens.

The platform is made up of independent and fully integrated modules to cover all management needs. The design of the platform is based on Aqualia's experience in the water sector and the use of the most advanced technology to benefit the management of the complete water cycle.

aqualialive



AqualiaLive includes all the necessary tools for the management of the complete water cycle:

- IoT - Management of connected devices (smartmeters, sensors, remotes,)
- Geographic Information System.
- Management of the complete life of the Assets (water treatment plants, wastewater treatment plants, desalination plants, supply and sanitation networks, etc.).

- Customer management, incorporating all channels of communication with the customer (office service, call centre, virtual office, app, etc.), as well as all back office processes (readings, invoicing, collections, etc.).
- Laboratory management and integration with certification bodies
- And of course the intelligent management of processes under aWA - Aqualia Water Analytics is the analytical platform for the intelligent management of the water cycle. Information from IoT devices, using BigData, Cloud Computing, Machine Learning and AI technologies.

Continuous digitisation

Aqualia currently has two technology centres where innovative initiatives are designed, tested and their viability is verified, and finally, they are developed and industrialised for subsequent deployment in the rest of aqualia.

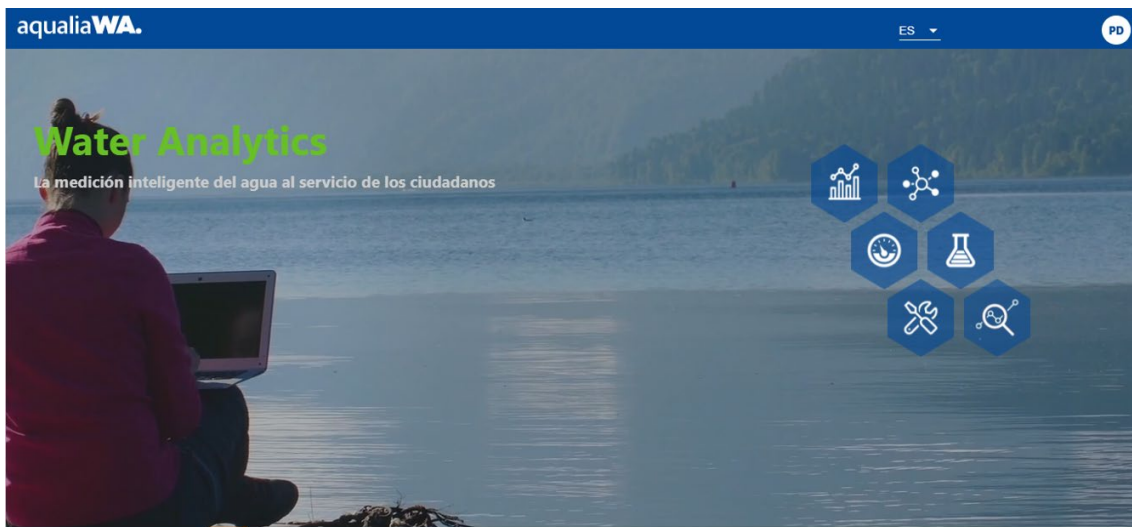
These two centres are specialised:

- Centro Tecnológico Toledo: specialised in the management of supply and sanitation networks.
- Denia Technology Centre: specialised in Smartmeters

Toledo Technology Centre

Toledo is the city chosen to house Aqualia's **first Technology Centre**. It is the most advanced facility of its kind in the sector, a fully functional centre that allows centralised and online access to all Aqualia's information.

Aqualia Water Analytics was designed at the Toledo Technology Centre, which is the analytical platform for the smart management of the water cycle and forms part of the Aqualia Live platform. This platform captures information from IoT devices in the water cycle to convert it into knowledge and business intelligence through the use of BigData, Cloud Computing, Machine Learning and AI technologies.



This platform encompasses the complete data cycle from data capture in IoT devices, real-time processing, enrichment and transformation, and the generation of business intelligence, allowing the automation of processes and integration with the rest of the solutions that form part of Aqualia Live.

The platform is designed taking into account a plural ecosystem of connected devices, a plurality of communication technologies and a plurality of technological solutions in the field. In this way, aWA allows Aqualia greater adaptability and flexibility in prescribing IoT solutions according to the specific needs of each location.

aWA is the analytical tool that offers Aqualia a transversal analysis of the complete water cycle, allowing the analysis of OT and IT information, as well as external sources of information. All this within a secure framework following strict cybersecurity policies.

Applying AI/ML techniques, the AWA platform offers Aqualia's users tools for intelligent management, in an analytical environment designed to provide the best user experience.

The analytical platform is designed along three main axes:

- Geospatial analytics that allows the user to analyse through geo-positioning on maps that include navigation functionalities and interactive view of the data.
- Benchmarking analytics that allows the user to generate customised queries and analysis in interactive graphs
- Advanced analytics, through AI/ML advanced analytics tools are provided.

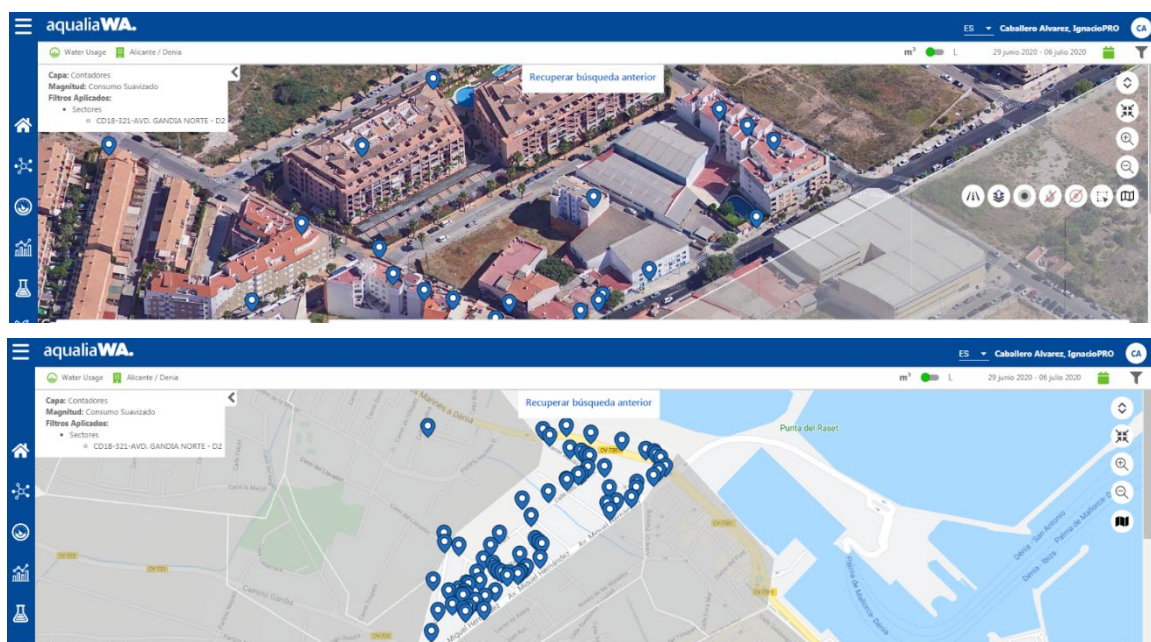
Denia Technology Centre

The municipality of Dianes is a national benchmark for its high rate of meters with remote reading (96% of the meters). This figure clearly exceeds the 16.7% penetration rate of remote metering that, on average, is found in the main cities of our country. In addition, Denia combines the most innovative communications technologies, LoRaWAN and NB-IoT (5G) and all of them are managed by Aqualia Water Analytics within AqualiaLive.

In addition to an innovative and efficient remote meter reading system, remote metering improves service management by allowing users to check their water consumption at any time. For this purpose, state-of-the-art technology is available, which allows detailed online access to information via Aqualia contact, Aqualia's app for water management by citizens.

This allows, among other things, citizens to have an interior leakage alarm system so that they know instantly if they are losing water when they notice a very high consumption. In this way, a solution to the leak is anticipated and the possibility of high consumption bills is reduced.

In addition to remote metering, the Denia technology centre also incorporates real-time monitoring of the urban water cycle, from catchment to sanitation. These data are available thanks to the sensors installed and distributed throughout the more than 500 kilometres of supply networks and other facilities.



Digital Assessment

During the year 2021, McKinsey carried out a "digital opportunity assessment" of Aqualia. As part of this analysis, McKinsey assessed Aqualia's digital maturity, placing it above the average for utilities (electricity, gas and water companies).

Cybersecurity

During the year 2021, the main cybersecurity initiatives have been the following:

- Identify and develop the necessary cybersecurity skills and knowledge in different areas and foster a culture of cybersecurity at all levels of the organisation.
- Implement and prioritise cybersecurity measures based on risk and threat analysis and with a focus on systems that support critical infrastructure and essential services.
- Establish mechanisms to monitor the state of cybersecurity in the different areas of the company and ensure compliance with applicable internal and external regulations.

12. OTHER INFORMATION

The Group's exposure to financial risks is detailed in the accompanying notes to the consolidated financial statements (Note 23).

With regard to treasury share transactions, the Group has not carried out any treasury share purchase transactions, nor does it plan to do so in the future.

After 31 December 31 2021, the possible events that may have occurred are described in Note 26 of the accompanying notes to the financial statements.

The Company is included in the consolidated Statement of Non-Financial Information that forms part of the consolidated Management Report of Fomento de Construcciones y Contratas, S.A., and Subsidiaries. Said Statement of Non-Financial Information has been prepared considering the requirements established in Law 11/2018, of December 28, which amends the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, on Auditing of Accounts, in relation to non-financial information and diversity. The consolidated management report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries is filed with the Mercantile Registry of Barcelona.