



Green Finance

2022 Report

March 2023





INDEX

1. ABOUT THIS REPORT	3
1.1. Introduction and objectives . Governance.....	3
1.2. About Aqualia, its business model and strategic pillars	4
2. PERFORMANCE OF AQUALIA'S 2021-23 STRATEGIC SUSTAINABILITY - Line 2 - Climate Emergency and Environmental Care	5
2.1. Reduction of water consumption	5
2.2. Energy optimisation and emission reduction	6
2.3. Ecosystem protection and restoration: biodiversity	8
2.4. Technology transfer of the solutions obtained in R&D projects to Production	9
3. MANAGEMENT AND USE OF FUNDS	10
3.1. Characteristics of the signed green loan	11
3.2. Eligible investments made in the period 2016-2021	12
3.3. Eligible investments made in the period 2022	13
3.4. Amount of green funding to be allocated.....	14
4. EXAMPLES OF PROJECTS WITH GREEN FINANCE IN 2022	14
4.1. SmVak Investments (Czech Republic)	14
4.2. Georgia Global Utilities (GGU)	15
4.3. Vigo (Spain).....	15
4.4. Mar de Alborán Desalination Plant. Almeria (Spain)	16
4.5. Transformation of the vehicle fleet	16
5. ENVIRONMENTAL IMPACT INDICATORS	17
6. EXTERNAL REVIEW	18

1. ABOUT THIS REPORT

1.1. Introduction and objectives. Governance.

In September 2021, Aqualia published its green financing framework⁽¹⁾, which has allowed it to use the funds received to finance or refinance, in whole or in part, projects that promote sustainable water and wastewater management, the use of renewable energy in the facilities it manages and the use of clean transport for its operation.

The framework was externally and independently verified by DNV⁽¹⁾ as credible, impactful and aligned.

Aqualia undertook to report annually the details of the allocation of funds from the previous year, as well as the beneficial impacts that these investments may have generated during the same. This, for the year 2022, is included in the report that follows these pages.

The governance of this project evaluation and selection process rests with the Coordination Committee, which has been assigned the role of evaluating and managing all aspects related to the use of green finance. It has the function of cross-cutting coordination of all matters affecting the company and meets, in principle, on a fortnightly basis. This Committee is made up of the following members: CEO, CFO, Director of Spain, International Director, Director of the Legal Department, Director of People and Culture, Director of Communication and Corporate Sustainability and the Director of Operations and Technology.

The Coordination Committee (Evaluator) has reviewed this green financing framework without making any corrections or updates.

(1) The Green Funding Framework and External Verification can be found at <https://www.aqualia.com/informacion-financiera/emisiones-de-deuda/framework>.

1.2. About Aqualia, its business model and strategic pillars



Aqualia is the fourth largest water company in Europe in terms of population served and the ninth largest in the world, according to the latest Global Water Intelligence ranking (December 2022). A specialised international operator that, through the search for efficient responses and solutions to the supply, management, sanitation and treatment needs of each community, provides technical solutions and quality services in all phases of the end-to-end water cycle, preserving water resources, the environment, recovering social cohesion and caring for people's lives.

Aqualia is a company that is sensitive to the new challenges that today's society demands. Its performance during 2022, integrating sustainability into its business strategy through its 2021-23 Strategic Sustainability Plan (PESA in Spanish), can be consulted in the 2022 Sustainability Report ⁽²⁾. This shows its commitment to investors and society as a whole, contributing to social well-being while generating value for its shareholders.

(2) The 2022 Sustainability Report can be found at www.aqualia.es.

2. PERFORMANCE OF AQUALIA'S 2021-23 STRATEGIC SUSTAINABILITY -

Line 2 - Climate Emergency and Environmental Care

In accordance with the provisions of its 2021-23 Strategic Sustainability Plan, Aqualia tackles the fight against climate change through four main lines of work, developed through specific action plans.

2.1. Reduction of water consumption

In this strategic area, Aqualia is developing the following action plans to address the global challenges of water scarcity as a result of climate change, waste management and care for the environment.

L2 CLIMATE EMERGENCY AND CARE FOR THE ENVIRONMENT - ODS 6

Line of work		Reduction of water consumption		
Action Plan	Reduction of non-revenue water volumes (NRA)	Improving the efficiency of water distribution networks		
Performance in 2022	28.29% of the volume of non-revenue water (NRA) over the total volume of water injected into the distribution network. Target 27% by 2023	Volume of non-revenue water per kilometre of network per day 12.14 m ³ /km/day Target: 12 m ³ /km/day by 2023		
Sustainable development	Target 6.6	Target 6.3		
Potential impact metrics	Annual water savings	Annual volume of wastewater treated or prevented	Sewage sludge treatment and disposal	Reuse of sewage sludge

COMPANY PERFORMANCE IN 2022

The indicator corresponding to non-revenue water for all drinking water distribution networks, as of December 2022, stands at 28.29%, which represents a reduction of more than 1% on the value as of December 2021. Despite the considerable effort made, there is still work to be done to reach the value established for this indicator in the Plan at the end of 2023 (27%). However, the value achieved for the indicator corresponding to the volume

of non-revenue water per kilometre of network per day is 12.14, very close to the target set in the Plan for the end of 2023 (12.0).

2.2. Energy optimisation and emission reduction

In this strategic area, Aqualia is developing the following action plans for energy optimisation and emissions reduction, in order to face the global challenge of pollution and climate change.

L2 CLIMATE EMERGENCY AND ENVIRONMENTAL CARE - SDG 7 and 13

Energy optimisation and emission reduction				
Line of work				
Action Plan	Country-specific carbon footprint calculation	Transformation of the vehicle fleet	Improving energy efficiency	Use of renewable energies
Performance in 2022	100% countries where the carbon footprint is calculated over the total number of countries where Aqualia operates. Target: 100% of countries	12.54% low emission vehicles CO2 over total vehicle fleet Target: 100% by 2030	Reduction in % of kWh/m3 energy used in Drinking water supply, treatment and distribution in 0.51 kWh/m3 Target: 3% s/2020 Reduction of % kWh/kg COD removed, energy used in sanitation and wastewater treatment 0.69 kWh/kg Target: 3% s/2020	34.15 % of renewable energy used from own installations, PPA or purchase, out of total energy consumed. Target: 50% by 2030
Sustainable development	Target 7.2	Target 13.2	Target 13.2	Target 13.2
Potential impact metrics	Annual GHG emissions reduced/avoided in tonnes of CO2 equivalents	Absolute (gross) annual GHG emissions in tCO2-e Number of clean vehicles deployed	Capacity of built or rehabilitated renewable energy plants in MW	Annual renewable energy generation in MWh/GWh and GJ/TJ
	GHG emissions intensity	Estimated fuel consumption reduction	Power density: W/m2	Capacity of built or rehabilitated renewable energy plants in MW

CALCULATION OF THE CARBON FOOTPRINT

EMISSIONS BY COUNTRY

2022	SPAIN	ALGERIA	CHEQUIA	COLOMBIA	EGYPT	ITALY	MEXICO	PORTUGAL	EMIRATES	SAUDI ARABIA	FRANCE	GEORGIA	TOTAL
Scope 1	85.409	0	7.342	419	6.466	720	0	482	6.615	0	807	10.985	119.246
Scope 2	101.440	147.146	10.56	3.190	5.139	2.531	10.919	724	8.765	36.934	222	3.153	330.519
Scope 3	135.664	19.755	6.332	1.622	3.981	6.898	2.839	2.856	1.772	4.708	1.025	84.937	272.386
Total	322.513	166.901	24.031	5.231	15.585	10.148	13.758	4.062	17.152	41.642	2.053	99.076	722.151
Other emissions*													
Other emissions*	28.633	0	4.699	0	0	47	0	0	0	0	0	0	33.378
Other emissions													

* Associated with fuels of biogenic origin

COMPANY PERFORMANCE IN 2022

Energy efficiency

At the end of the year, the value of the indicator corresponding to KWh/m³ of energy used in the processes of adduction, treatment and distribution of drinking water was 0.51, which represents a reduction of 9.46% over the value of this indicator in 2020, substantially improving the target set in the Plan (3%). With regard to the indicator corresponding to KWh/kg COD removed by energy used in wastewater treatment processes, its value at the end of 2022 was 0.69, which represents a reduction of 9.9% over the value of this indicator in 2020, also substantially improving the target set in the Plan (3%).

Use of renewable energy

The use of renewable energy has grown to 34.15% of the total energy consumed, improving by 2.35% on the value recorded in 2021, which continues to bring us closer to the target set in the Plan of reaching 50% by 2030.

Low-emission vehicle fleet

In accordance with the established plan, the incorporation of low-carbon vehicles has continued, despite some vehicle supply problems during the year due to the lack of electronic components that has affected manufacturers. At the end of the year, the Spanish fleet had 13% low-carbon emission vehicles.

2.3. Ecosystem protection and restoration: biodiversity

In this strategic area, Aqualia is developing the following action plans to protect and recover ecosystems, in order to meet the global challenge of **caring for the environment**.

L2 CLIMATE EMERGENCY AND ENVIRONMENTAL CARE - SDG 15 and 17

Line of work		
Ecosystem protection and recovery. Biodiversity		
Action Plan	Identification of spaces protected (biodiversity)	Initiatives with the environment to promote biodiversity.
Performance in 2022	132 spaces of biodiversity identified Target: 5 more spaces each year	5 new biodiversity protection and ecosystem recovery projects. Target: 5 projects
Sustainable development	Target 6.6	Target 6.3

COMPANY PERFORMANCE IN 2022

In accordance with the requirements of the Plan, **132** protected **areas** have been identified in the geographical area where Aqualia provides its services. During 2022, important biodiversity protection projects have been developed in Colombia, Saudi Arabia and the Czech Republic.

Awareness-raising campaigns on the need to protect the environment and biodiversity have also reached more than 20,000 people.

2.4. Technology transfer of the solutions obtained in R&D projects to Production

In this strategic axis, Aqualia is developing the following action plans for the transfer of technological solutions obtained in R&D projects to production, in order to meet the global challenge of the **circular economy and care for the environment**.

L2 CLIMATE EMERGENCY AND ENVIRONMENTAL CARE - SDG 9 and 17

Line of work	Technology transfer of the solutions obtained in R&D projects to Production	
Action Plan	Portfolio of innovative solutions for the fight against climate change	Transfer mechanisms from R&D to Production
Performance in 2022	4 new R&D projects initiated during the year that include the development of innovative solutions for combating climate change Objective: 2 new projects	10 transfer actions from R&D to production Objective: 2 new actions
Sustainable development	SDGS 12, 9, 13	SDGS 12, 9, 13

COMPANY PERFORMANCE IN 2022

Significantly exceeding the objectives set out in the Plan, six new innovation projects were launched in 2022 and eight technology transfer actions were carried out, always with the aim of developing and applying new solutions that can help us to achieve the objectives set for mitigating the effects of climate change.

3. MANAGEMENT AND USE OF FUNDS

The funding obtained has been granted for the purpose of:

- a) refinance debt derived from debt instruments as detailed below, the proceeds of which were originally applied by Aqualia or its investees, as appropriate, to finance eligible projects:
 - a. Bonds issued for an original amount of USD 250,000,000,000 and maturing on 30 July 2025, carried out by the subsidiary company Georgia Global Utilities (GGU). In this case partially contributing up to an amount of USD 174,000,000.
 - b. Cancellation of a €600,000,000 fully drawn down bilateral financing contract signed with Caixabank on 4 November 2021.
 - c. Cancellation of a €300,000,000 bilateral financing contract, drawn down in full, signed with Caixabank on 28 March 2022.
 - d. Cancellation of bilateral financing contract, drawn down in the amount of €25,000,000 out of a total amount of €200,000,000 drawn down on 25 January 2022
- b) To finance general corporate needs related to eligible projects.

3.1. Characteristics of the signed green loan

Financed by: FCC Aqualia SA

Contract date: 22 June 2022

Expiration date: 22 June 2025 (ext. 1 year)

Loan nominal amount: 1.100.00 thousand EUR

Interest rate: Euribor 6m + 97 bp

Agent Bank: CAIXABANK

Funding entities:

- ✓ CaixaBank, S.A.
 - ✓ Banco Bilbao Vizcaya Argentaria, S.A.
 - ✓ Crédit Agricole Corporate & Investment Bank, Spanish Branch
 - ✓ ING Bank NV, Branch in Spain
 - ✓ Banco de Sabadell, S.A.
 - ✓ Societe Generale, Sucursal en España
 - ✓ Komerční banka, a.s.
 - ✓ Intesa Sanpaolo, S.P.A. Spanish Branch
 - ✓ Kutxabank, S.A.
 - ✓ Banco de Crédito Social Cooperativo, S.A.
 - ✓ Unicaja Banco, S.A.
-

3.2. Eligible investments made in the period 2016-2021

ELIGIBLE INVESTMENTS REALISED IN THE PERIOD 2016-2021

Project categories	2016	2017	2018	2019	2020	2021	Total
1 Construction, extension and operation of water collection, treatment and distribution systems	9.75	13.74	13.23	15.51	17.06	15.28	84.57
2 Renovation of water collection, treatment and distribution systems	16.87	21.23	21.93	55.06	34.09	35.19	184.36
3 Construction, extension and operation of sewage collection and treatment systems	3.22	5.46	4.01	5.48	10.47	7.28	35.93
4 Renovation of wastewater collection and treatment systems	11.83	12.19	11.97	14.56	16.88	18.72	86.14
5 Anaerobic digestion of sewage sludge	0.32	0.33	0.35	0.43	0.45	0.49	2.38
6 Anaerobic digestion of bio-waste	-	-	-	-	-	-	0
7 Desalination plants	0.03	0.34	1.78	17.09	53.38	9.33	81.96
Sustainable water management and wastewater management TOTAL	42.02	53.29	53.27	108.13	132.33	86.29	475.33
8 Hydropower generation infrastructure	0.16	0.17	0.18	0.22	0.23	0.25	1.20
Renewable Energy TOTAL	0.16	0.17	0.18	0.22	0.23	0.25	1.20
9 Transformation of the vehicle fleet	-	0.01	0.10	0.56	1.15	1.06	2.89
Clean transport TOTAL	-	0.01	0.10	0.56	1.15	1.06	2.89
Grand total	42.19	53.47	53.55	108.91	133.70	87.60	479.42

Summary table and SDG impact

	Total	
 Sustainable water and wastewater management	475.33	 
 Renewable Energy	1.20	
 Clean transport	2.89	

(*) All data are presented in millions of euro.

3.3. Eligible investments made in the period 2022

ELIGIBLE INVESTMENTS MADE IN THE PERIOD 2022

Project categories	2022
1 Construction, extension and operation of water collection, treatment and distribution systems	438.10
2 Renovation of water collection, treatment and distribution systems	52.13
3 Construction, extension and operation of sewage collection and treatment systems	11.00
4 Renovation of sewage collection and treatment systems	9.71
5 Anaerobic digestion of sewage sludge	0.03
6 Anaerobic digestion of bio-waste	-
7 Desalination plants	12.70
Sustainable water management and wastewater management TOTAL	523.67
8 Hydropower generation infrastructure	0.26
Renewable Energy TOTAL	0.26
9 Transformation of the vehicle fleet	4.36
Clean transport TOTAL	4.36
Grand total	528.30

Summary table and SDG impact

	2022	
 Sustainable water and wastewater management	523.67	 
 Renewable Energy	0.26	
 Clean transport	4.36	

(*) All data are presented in millions of euro.

3.4. Amount of green funding to be allocated

AMOUNT OF GREEN FUNDING TO BE ALLOCATED	
Loan	1.100
Investment period 2016 - 2021	479,42
Investment period 2022	528,30
Total investment	1.008,72
Pending	92,28

(*) All data are presented in millions of euro.

4. EXAMPLES OF PROJECTS WITH GREEN FINANCE IN 2022

4.1. SmVak Investments (Czech Republic)



Country: Czech Republic

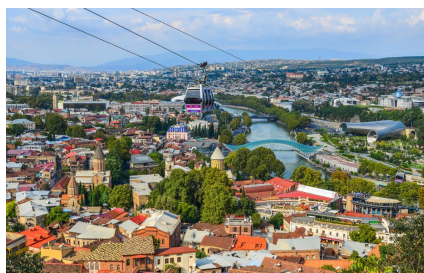
Investment description: Investment in renovation, modernisation and development of drinking water treatment plants, supply and sewerage networks as well as wastewater treatment plants with the aim of improving efficiency. Positive impact on the arterial production and distribution system for the supply of drinking water in the region, the High-Water System and the Ostrava DWTP.

Funding Framework categories to which it belongs and value of the investment:

1: Construction, extension and operation of water collection, treatment and distribution systems	9,87 M€
2: Renovation of water collection, treatment and distribution systems	8,34 M€
3: Construction, extension and operation of sewage collection and treatment systems	5,23 M€
4: Renovation of sewage collection and treatment systems	7,52 M€

Value of the investment: €31 M

4.2. Georgia Global Utilities (GGU)



Country: Georgia

Description of the investment: In 2022, Aqualia acquires GGU, the company that owns and operates the end-to-end water cycle infrastructure in the capital of Georgia, Tbilisi, and other cities, with 1.4

million inhabitants served. In addition, it also owns and operates major renewable energy generation assets with an installed capacity of 240 MW in 9 mostly hydroelectric plants, some of them associated with the water cycle assets (150 MW) and others independent (90 MW). These investments are aimed at improving efficiency ratios both in reducing grid losses and in the efficiency of electromechanical equipment.

Funding Framework categories to which it belongs and value of the investment:

1: Construction, extension and operation of water collection, treatment and distribution systems	361,71 M€
8: Hydropower generation infrastructure	0,26 M€

Value of the investment: 362 M€

4.3. Vigo (Spain)



Vigo, Spain

Description of the investment: Refurbishment of the drinking water treatment plant, adapting it to the new quality requirements established by current health legislation, maintaining an expected unit consumption well below

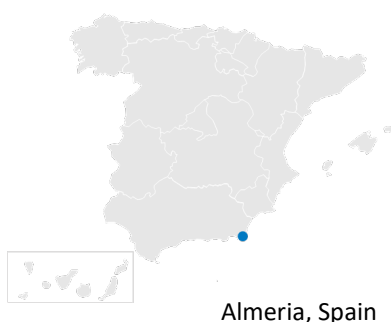
the 0.5 kWh/m³ committed in the Financing Framework. On the other hand, investments are being made in the reform and adaptation of the drinking water distribution, collection and wastewater treatment systems, making progress in the digitalisation of the system.

Funding Framework categories to which it belongs and value of the investment:

1: Construction, expansion and operation of water collection, treatment and distribution systems	9,32 M€
2: Renovation of water collection, treatment and distribution systems	2,44 M€
3: construction, extension and operation of wastewater collection and treatment systems	0,59 M€
4: Renovation of sewage collection and treatment systems	0,29 M€

Value of the investment: €12.6 million

4.4. Mar de Alborán Desalination Plant. Almeria (Spain)



Description of the investment:

Acquisition, reform, rehabilitation and commissioning of the water collection, treatment and distribution system for the "Rambla Morales" Community and support for the supply of the municipalities of Almería and Níjar (5Hm3/year), as

well as the installation of a photovoltaic solar energy plant for self-consumption.

With the installation of the solar photovoltaic plant, a final emission coefficient of around 97g CO₂ e/kWh is expected, below the 100g CO₂ e/kWh set out in the Fianciation Framework.

Funding Framework categories to which it belongs and value of the investment:

7: Desalination plants

11,86 M€

Value of the investment: €11.86 million

4.5. Transformation of the vehicle fleet



Description of the investment: The transformation of the fleet from fossil fuel-powered vehicles to low-emission vehicles is one of the commitments of Aqualia's 2021-2023 Strategic Sustainability Plan. In 2022, Aqualia decided that the industrial vehicles (mostly vans) to be renewed or acquired should be 100% electric. In addition, the company currently has a total of 32 electric chargers installed.

Funding Framework categories to which it belongs and value of the investment:

9 Transformation of the vehicle fleet

4,36 M€

Value of the investment: €4.36m

5. ENVIRONMENTAL IMPACT INDICATORS

The financial resources from the Green Finance contracting have been used to finance new projects or refinance existing projects, partially or totally, in the different lines of action described in the Financing Framework. Thus, through different impact indicators we can measure the environmental contribution of our projects:

Categories of selected projects	Description	2022
Water and wastewater management 	Absolute annual water (gross)	1,811,372,007 m³/year
	Annual volume of wastewater treated or prevented	835,276,327 m³/year => 8,859,531 /year
	Annual volume of wastewater reused	80,862,569 m³/year
	Sewage sludge treatment and disposal Absolute (gross) annual amount of raw/untreated sewage sludge treated and disposed of (in tonnes of dry solids per year and in %)	99,723 mt 16,67%
	Reuse of sewage sludge Absolute (gross) annual quantity of sludge reused (in tonnes of dry solids per year and in %)	72,122 mt 16,67%
	Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)	60.92 MWh/GWh *Savings 2022/2021 for contracts older than five years
	Annual GHG emissions reduced/avoided in tonnes of CO2 equivalents	16,802 TmCO2 e
Renewable energies 	Annual GHG emissions reduced/avoided in tonnes of CO2 equivalents	55,876 TmCO2 e
	Annual renewable energy generation	301,88 GJ/TJ
	Capacity of the renewable energy plant(s) built or rehabilitated in MW	3,110 MW
Clean transport 	Absolute (gross) annual GHG emissions in tCO2 -e	25,254.5 TmCO2 -e
	Number of clean vehicles deployed	291 light vehicles in Spain
	Estimated fuel consumption reduction	425,383.6 kgCO2 -e

6. EXTERNAL REVIEW