

FCC Aqualia, S.A. and Subsidiaries

**Consolidated Financial Statements
for the year ended
31 December 2020 and
Consolidated Directors' Report,
together with
Independent Auditor's Report**

*Translation of a report originally issued in Spanish based on our work
performed in accordance with the audit regulations in force in Spain.
In the event of a discrepancy, the Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of FCC Aqualia, S.A. and Subsidiaries,

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 as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations 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 pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement 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 opinion thereon, and we do not provide a separate opinion on those risks.

Recognition of unbilled revenue

Description

As indicated in Note 1 to the accompanying consolidated financial statements, one of the Group's main activities is integrated water cycle management, and it recognises revenue from supplying water to its customers. These services are billed in accordance with the frequencies established in each of the contracts with which the Group operates and, therefore, the revenue recognition process requires an estimation of the users' consumption for the periods between the date of the most recent meter reading and the reporting date.

In this connection, the recognition of unbilled revenue for water supplies to users, including an estimate of water volumes consumed by them from the date of the most recent meter reading, was determined to be an area of significant auditor attention in our audit due to the materiality of the amount to be billed for work performed recognised as revenue with respect to the total net balance of trade receivables at 31 December 2020, and considering that, as indicated above, it requires Group management to make significant estimates.

Procedures applied in the audit

Our audit procedures to address this matter included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process to account for unbilled revenue from the supply of water to customers, as well as the performance of tests to check that the aforementioned controls operate effectively (including information system controls, for which we involved our internal experts in systems technology).

Also, we performed substantive procedures on a selective basis for a sample of contracts, which included, inter alia, the assessment of the reasonableness of the amounts recognised as amounts to be billed for work performed on the basis of the trends of comparable prior periods and the obtainment and adequate understanding of reports quantifying the amounts to be billed for work performed prepared by the service managers responsible for the performance of the aforementioned contracts in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group.

The method used for recognising unbilled revenue for these services and the estimates made in this connection, as well as the additional disclosures relating to the amounts to be billed for work performed under the contracts, which are accounted for in accordance with the aforementioned method, are included in Notes 2-d.16, 2-d.17 and 11.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2020, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the consolidated directors' report included a reference to the fact that the information described in section a) above was presented in the consolidated directors' report of the FCC Group to which the Group belongs, and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors 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 Parent's directors 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

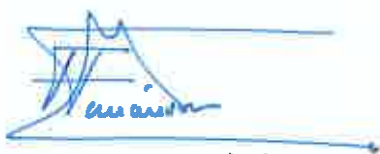
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force 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.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description forms part of our auditor's report.

DELOITTE, S.L.

Registered in ROAC under no. S0692

A handwritten signature in blue ink, appearing to read 'Francisco Fernández', is written over a horizontal line.

Francisco Fernández

Registered in ROAC under no. 20215

26 March 2021

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism 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 the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors 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 Parent's directors 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 Parent's directors, we determine those risks 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.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



CONSOLIDATED FINANCIAL STATEMENTS

- **Financial statements**

Consolidated balance sheet

Consolidated income statement

Consolidated statement of comprehensive income

Consolidated statement of changes in equity

Consolidated statement of cash flows

Notes to the consolidated financial statements

- **Annex I: Fully consolidated subsidiaries**
- **Annex II: Proportionately consolidated jointly controlled 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 DIRECTORS' REPORT

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2020 AND 2019 (in thousands of euros)

ASSETS	2020.12	2019.12
NON-CURRENT ASSETS	2,541,972	2,461,787
1. Intangible assets (Note 4)	870,909	808,476
1. Concessions	774,359	713,087
2. Goodwill	85,305	85,305
3. Other intangible assets	11,245	10,084
2. Property, plant and equipment (Note 5)	456,511	428,160
1. Land and buildings	85,016	87,449
2. Plant and other items of property, plant and equipment	371,495	340,711
4. Investments accounted for using the equity method (Note 7)	68,269	87,620
5. Non-current financial assets (Note 9)	1,115,194	1,108,482
6. Deferred tax assets (Note 18)	31,889	29,049
CURRENT ASSETS	901,514	815,865
1. Inventories (Note 10)	37,449	52,970
2. Trade and other receivables	283,235	266,741
1. Trade receivables for sales and services (Note 11)	190,210	170,203
2. Other receivables (Note 11)	92,826	91,921
3. Current tax assets	199	4,617
3. Other current financial assets (Note 9)	90,251	69,654
4. Other current assets	4,458	4,976
5. Cash and cash equivalents (Note 12)	486,121	421,524
TOTAL ASSETS	3,443,486	3,277,652

The accompanying Notes 1 to 27 and Annexes I to V are an integral part of the 2020 consolidated financial statements.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2020 AND 2019 (in thousands of euros)

LIABILITIES	2020.12	2019.12
EQUITY (Note 13)	726,720	640,964
1. Equity attributable to the Parent Company	594,229	499,155
1. Shareholders' equity	620,697	510,554
1. Capital	145,000	145,000
2. Share premium and reserves	366,033	255,025
4. Profit for the year attributable to the Parent	109,664	110,529
2. Valuation adjustments	(26,468)	(11,399)
2. Non-controlling interests	132,491	141,809
NON-CURRENT LIABILITIES	2,048,129	1,995,179
1. Grants (Note 17)	44,364	55,870
2. Non-current provisions (Note 15)	140,026	124,996
3. Non-current financial liabilities (Note 14)	1,812,827	1,776,700
1. Debt instruments and other	1,551,520	1,556,641
2. Bank borrowings	133,074	109,167
3. Other financial liabilities	128,233	110,892
4. Deferred tax liabilities (Note 18)	47,148	33,662
5. Other non-current liabilities	3,764	3,951
CURRENT LIABILITIES	668,637	641,509
2. Current provisions (Note 15)	13,274	18,335
3. Current financial liabilities (Note 14)	93,936	50,724
1. Debt instruments and other	17,762	17,768
2. Bank borrowings	18,787	5,996
3. Other financial liabilities	57,387	26,960
4. Trade payables and other accounts payable	555,388	568,027
1. Suppliers	226,390	234,341
2. Other payables (Note 16)	325,983	325,350
3. Current tax liabilities	3,015	8,336
5. Other current liabilities	6,039	4,423
TOTAL LIABILITIES AND EQUITY	3,443,486	3,277,652

The accompanying Notes 1 to 27 and Annexes I to V are an integral part of the 2020 consolidated financial statements.

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

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CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (in thousands of euros)

	2020.12	2019.12
Revenue (Note 20)	1,188,348	1,186,881
Own work capitalised (Note 5)	21,103	22,427
Other operating income (Note 20)	39,731	38,012
Changes in inventories of finished goods and work in progress	(6)	14
Procurements (Note 20)	(474,435)	(475,302)
Staff costs (Note 20)	(309,205)	(288,689)
Other operating expenses (Note 20)	(182,606)	(201,620)
Depreciation and amortisation (Notes 4 and 5)	(120,813)	(110,645)
Non-financial and other capital grants taken to income	3,037	3,535
Impairment and gains/(losses) on disposal of non-current assets	1,081	3,653
Other gains	1,176	1,219
OPERATING PROFIT/(LOSS)	167,411	179,485
Finance income (Note 20)	37,940	37,579
Finance costs (Note 20)	(47,405)	(45,800)
Change in fair value of financial instruments	-	(285)
Exchange differences	(2,926)	982
Impairment losses and gains/(losses) on disposal of financial instruments	400	(408)
FINANCIAL PROFIT/(LOSS)	(11,991)	(7,932)
Profit/(loss) of companies accounted for using the equity method (Note 7)	1,707	(2,625)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (Note 18)	157,127	168,928
Income tax (Note 18)	(33,338)	(45,905)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	123,789	123,023
CONSOLIDATED PROFIT /(LOSS) FOR THE YEAR	123,789	123,023
Profit attributable to non-controlling interests (Note 13)	14,125	12,494
PROFIT ATTRIBUTABLE TO THE PARENT	109,664	110,529
Basic earnings per share	0.76	0.76

The accompanying Notes 1 to 27 and Annexes I to V are an integral part of the 2020 consolidated financial statements.

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

31 DECEMBER 2020 AND 2019 (in thousands of euros)

	2020.12	2019.12
Consolidated profit/(loss) for the year	123,789	123,023
Income and expenses recognised directly in equity	(43,356)	4,986
Cash flow hedges	(4,973)	(696)
Translation differences	(42,026)	4,220
Actuarial gains and losses and other adjustments	142	(175)
Companies accounted for using the equity method	346	1,463
Tax effect	1,046	174
Transfers to the income statement	1,835	12,014
Cash flow hedges	434	-
Companies accounted for using the equity method	1,369	12,014
Translation differences	32	-
Total recognised income/(expense)	82,268	140,023
a) Attributable to the Parent	95,698	125,623
b) Attributable to non-controlling interests	(13,430)	14,400

The accompanying Notes 1 to 27 and Annexes I to V are an integral part of the 2020 consolidated financial statements.



FCC AQUALLA, S.A. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (in thousands of euros)

	Share Capital (Note 13)	Share premium and reserves (Note 13)	Profit/(Loss) for the year attributed to the Parent Company (Note 13)	Valuation adjustments (Note 13)	Equity attributable to the Parent (Note 13)	Non-controlling Interests (Note 13)	Total equity
Balance at 01.01.2019	145,000	253,713	127,033	(26,939)	498,807	4,437	803,244
Total recognised income/(expense)	-	(21)	110,529	15,115	125,623	14,400	140,023
Transactions with shareholders or owners	-	2,642	(127,033)	(38)	(124,429)	122,737	(1,692)
Distribution of dividends	-	37,033	(127,033)	-	(90,000)	(4,818)	(94,818)
Other transactions with shareholders or owners (Note 13)	-	(34,391)	-	(38)	(34,429)	127,555	93,126
Other changes in equity	-	(1,309)	-	463	(846)	235	(611)
Balance at 31.12.2019	145,000	255,025	110,529	(11,399)	499,155	141,809	640,964
Total recognised income/(expense)	-	63	109,664	(14,029)	95,698	(13,430)	82,268
Transactions with shareholders or owners	-	111,108	(110,529)	(71)	508	4,947	5,455
Distribution of dividends	-	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 at 31.12.2020	145,000	366,033	109,664	(26,468)	594,229	132,491	736,720

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020 (in thousands of euros)

	2020.12	2019.12
Profit /(loss) before tax from continuing operations	157,127	168,928
Adjustments to profit or loss	116,036	105,629
Depreciation and amortisation (Notes 4 and 5)	120,813	110,645
Other adjustments to profit (net)	(4,777)	(5,016)
Changes in working capital	(12,079)	(29,272)
Other cash flows from operating activities	(37,432)	(38,575)
Dividends received	2,688	1,539
Income tax refunded/(paid)	(34,655)	(32,928)
Other receipts/(payments) from operating activities	(5,465)	(7,186)
CASH FLOWS FROM OPERATING ACTIVITIES	223,652	206,710
Payments due to investments	(146,586)	(135,329)
Group companies, associates and business units	(16,746)	(45,072)
Property, plant and equipment and intangible assets	(112,002)	(69,027)
Other financial assets	(17,838)	(21,230)
Proceeds from disposals	12,512	10,812
Group companies, associates and business units	-	1,039
Property, plant and equipment and intangible assets	4,420	3,862
Other financial assets	8,092	5,911
Other cash flows from investing activities	58,235	91,879
Interest received	36,654	34,301
Other receipts /(payments) from investing activities	21,581	57,578
CASH FLOWS FROM INVESTING ACTIVITIES	(75,839)	(32,638)
Proceeds from and payments for equity instruments	54	(38,457)
Issue/(redemption)	54	-
(Acquisition)/disposal of own shares	-	(38,457)
Proceeds from (payments on) financial liabilities	(36,481)	(18,125)
Issue	8,788	45,628
Redemption and repayment	(45,269)	(63,753)
Dividends paid and payments on other equity instruments	(4,545)	(93,976)
Other flows from financing activities	(42,512)	(40,300)
Payment of interests	(43,186)	(42,116)
Other receipts /(payments) from financing activities	674	1,816
CASH FLOWS FROM FINANCING ACTIVITIES	(83,484)	(190,858)
EFFECT OF EXCHANGE RATE DIFFERENCES AND OTHERS	268	2,353
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	64,597	(14,433)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	421,524	435,957
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 12)	486,121	421,524

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2020

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, its registered office was transferred to Madrid and in July 2002 it adopted its company name "Aqualia Gestión Integral del Agua, S.A.". On 2 April 2014, the agreement to change the company's name was executed in a public deed; accordingly, it became known as FCC Aqualia, S.A.

The FCC Aqualia Group is formed by the Parent and a group of Spanish and foreign investees, whose main activity is related to the end-to-end water cycle and which we set forth below in greater detail:

□ Management of the end-to-end water cycle includes capture, transportation, treatment and distribution of water from wells, catchment basins and desalination plants to urban centres through pumping systems, pipe-work, distribution networks and complex water treatment facilities to make the water potable and deposit it. Once used, the water is collected through the sewerage networks and taken to wastewater treatment plants, where it is treated before being returned to the natural environment.

The end-to-end water cycle requires conservation and upkeep, both of the water networks, the sewerage system and of water purification plants, treatment plants, as well as the maintenance and repair of electrical, electronic and plumbing equipment and facilities, among others. All these works lead to the detection of leaks in the networks and to a better use of water.

The process is completed with the performance of technical, administrative and IT works for customer management such as, for example, the reading of meters, billing and collection management of receipts to subscribers and customer services.

□ The construction, installation, operation, maintenance, management, repair, purchase, sale and promotion, for its own account or for the account of others, of all manner of treatment stations, plants and equipment, the recovery or elimination of waste and the purification of water and of all those facilities that treat such waste.

The joint ventures in which the FCC Aqualia Group participates perform the same activity and are detailed in ANNEX IV.

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Also, the Parent has equity interests in companies with similar objects and activities to its own. The details of the fully consolidated, proportionately consolidated and equity-accounted companies are set forth in ANNEXES I, II and III, respectively.

The Group forms part of FCC's End-to-end Water Management division, whose Parent is Fomento de Construcciones y Contratas, S.A., with registered offices at C/ Balmes, 36, Barcelona.

During the 2018 business year, Fomento de Construcciones y Contratas, S.A., to date, the sole shareholder of FCC Aqualia, S.A., sold 49% of the capital stock to Global Infracore Spain, S.L.U. belonging to the IFM Global Infrastructure Fund investment fund, and the FCC Group maintained its majority voting rights at the Shareholders' Meeting and on the Board of Directors, thereby maintaining its control over FCC Aqualia, S.A. The FCC Group also formed two companies (FCC TOPCO, S.a.r.l and its subsidiary company FCC MIDCO, S.A), contributing to the latter 10% of the shares held by the FCC Group in FCC Aqualia, S.A., which were pledged to guarantee certain obligations assumed by FCC vis-à-vis IFM, under the shareholders' agreement signed by the latter in relation to its investee FCC Aqualia, S.A.

2. REGULATORY FRAMEWORK, BASIS OF PRESENTATION, BASIS OF CONSOLIDATION AND MEASUREMENT BASES

a) Basis of presentation

The accompanying consolidated financial statements at 31 December 2020 were prepared by the Parent's directors, in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union (IFRS-EU) at year-end, in conformity with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations.

The consolidated financial statements of FCC Aqualia for 2019 were approved at the Company's General Shareholders' Meeting on 4 May 2020.

The consolidated financial statements at 31 December 2020 were prepared from the accounting records kept by FCC Aqualia, S.A. and its investees. These records, which are determined in accordance with the applicable local regulations in each case, were adjusted to the IFRSs for each company comprising the Group, in line with the procedures and operating systems established by the Group, which enable the development and justification of consolidation in compliance with IFRS requirements.

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The FCC Aqualia Group's consolidated financial statements at 31 December 2020 were prepared so that they present fairly the Group's consolidated equity and financial position at 31 December 2020, together with the results of its operations, the changes in the consolidated equity and the consolidated cash flows at the Group in the year then ended.

In order to uniformly present the various items composing these financial statements at 31 December 2020, accounting standardisation criteria were applied to the financial statements of the companies included in the scope of consolidation. In general, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

For comparison purposes, the 2020 consolidated financial statements include the figures for 2019.

No error corrections or changes in accounting estimates from prior years were applied in the 2020 consolidated financial statements.

The consolidated financial statements are presented in thousands of euros as this is the main currency of the area in which the Group operates.

b) Changes in accounting policies.

Rules and interpretations issued but not in force

At the date of preparation of these notes to the consolidated financial statements, the most significant standards and interpretations that had been published by the International Accounting Standards Board (IASB) during the year, but which had not yet entered into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had yet to be endorsed by the European Union, are as follows:

Not adopted by the European Union		Mandatory application to the Group
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current and non-current	1 January 2023
Amendments to IFRS 3, IAS 16, IAS 37 and updates 2018-2020	Various standards	1 January 2022

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Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reference interest rate reform - phase 2	1 June 2021
Amendment to IFRS 4	IFRS 9 deferral	1 June 2021

The Group generally does not expect the application of these standards to have a significant impact on its financial statements.

Significant rules and interpretations applied in 2020

The standards that entered into force in 2020 that have already been adopted by the European Union and which have been used by the Group, if applicable, were as follows:

New standards, amendments and interpretations:		Mandatory application to the Group
Approved for use in the European Union		
Amendment to IFRS 3	Business combinations	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Reference interest rate reform - phase 1	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of materiality	1 January 2020
Amendment to IFRS 16 Leases	Rent improvements	1 June 2020

The application of the previous rules has not had a significant impact.

For the first time, on 1 January 2019, the Group applied IFRS 16 "Leases", which indicates that for the lessor, all leases (except for certain exceptions involving low sums of money or duration) require the accounting of an asset corresponding to the right in use, fundamentally recognised by nature as a material asset, and a liability for the future payment obligations that are incurred. The liability must be booked at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any advance payment made. Subsequently, the right in use is systematically amortised and the financial expenses associated with the equivalent liability are recognised pursuant to the amortised cost method.

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The first implementation of the aforementioned standard was calculated taking into account that the Group availed itself of the option of applying it retroactively modified, that is, with the cumulative impact of the first application of the standard as an adjustment to the initial balance at 1 January 2019, charged to reserves without the restatement for the previous year.

The impact, broken down by balance sheet headings, of the first-time application of the standard was as follows:

	Balance at 1 January 2019	Impact of the first-time application of IFRS 16	Restated balance at 1 January 2019
Non-current assets	2,313,086	74,084	2,387,169
Intangible assets	813,757	-	813,757
Property, plant and equipment	338,465	74,084	412,549
Investments in associates and jointly controlled entities	123,220	-	123,220
Non-current financial assets	916,633	-	916,633
Deferred tax assets	31,009	-	31,009
Current assets	738,540	-	738,540
Inventories	59,977	-	59,977
Trade and other receivables	206,853	-	206,853
Other current financial assets	32,061	-	32,061
Other current assets	4,692	-	4,692
Cash and cash equivalents	435,957	-	435,957
Current assets	2,953,624	74,084	3,027,708
Equity	583,244	-	583,244
Equity attributable to the parent	498,807	-	498,807
Non-controlling interests	4,437	-	4,437
Non-current liabilities	1,858,583	63,384	1,921,967
Grants	41,919	-	41,919
Long-term provisions	125,378	-	125,378
Non-current financial liabilities	1,658,924	63,384	1,722,308
Deferred tax liabilities	25,145	-	25,145
Other non-current liabilities	4,137	-	4,137
Current liabilities	594,877	10,700	605,577
Current provisions	13,039	-	13,039
Current financial liabilities	53,285	10,700	63,985
Trade and other payables	525,858	-	525,858
Other current liabilities	2,695	-	2,695
Total equity and liabilities	2,953,624	74,084	3,027,708

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c) Basis of consolidation

Subsidiaries

A subsidiary is that over which the Company is capable of exercising effective control. This capacity manifests itself in general when the following three conditions are met: power over the investee; exposure or rights to variable returns from the investee; and the ability to use power over the investee to affect the amount of these returns.

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

At the time of acquisition of a subsidiary, its assets and liabilities and contingent liabilities are calculated at their fair values at the date of acquisition that gives rise to the takeover, according to IFRS 3 - Business combinations. When the cost of acquisition is higher than the fair value of the identified net assets, the difference 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 at the acquisition date.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Also, the interest of minority shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

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

The subsidiaries indicated in Annex I were fully consolidated.

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Jointly controlled operations

Joint arrangements are those in which investees are managed by a Group company and one or various third parties, in which the parties act jointly to manage significant activities, and in which the decisions regarding such significant activities require the unanimous consent of the parties.

A "joint operation" is a joint arrangement in which it has been concluded that the participant has direct rights and obligations in line with its proportional part in the arrangement's assets and liabilities.

The financial statements of jointly controlled operations are consolidated with those of the Company using proportionate consolidation, combining the balances and subsequent eliminations only in proportion to the Group's interest in these companies' capital stock.

The assets and liabilities from the operations are recognised in the consolidated balance sheet, classified according to their specific nature. Similarly, the income and expenses originating from jointly controlled operations are recognised in the consolidated income statement by type.

The jointly controlled operations indicated in Annexes II and IV were proportionately consolidated.

Equity method

The Group's investments in associates and joint ventures (joint arrangements granting entitlement to net assets from the arrangement) are accounted for in the consolidated financial statements using the equity method, i.e. at a value equivalent to the Group's proportional share in their equity, after the deduction of dividends paid to the Group and other eliminations from equity.

The value of these investments in the consolidated balance sheet implicitly includes, where applicable, the goodwill arising on the acquisition thereof.

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

The joint ventures indicated in Annexes III were accounted for using the equity method.

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Transactions between Group companies

Gains or losses on internal transactions between consolidated companies are eliminated and deferred until they are realised with third parties outside the Group.

Group work on its own non-current assets is measured at production cost, eliminating the intra-group results.

Inter-subsidiary receivables and payables were eliminated from the consolidated financial statements and those between the subsidiaries and the joint ventures and intra-Group income and expenses at all consolidated companies were also eliminated in proportion to the related ownership interests.

Standardisation

The companies included in the scope of consolidation were consolidated on the basis of their individual financial statements, prepared as at 31 December in accordance with the Spanish General Chart of Accounts for those companies resident in Spain, and in accordance with their own local regulations for foreign companies. All significant adjustments required to adapt them to International Financial Reporting Standards and/or to unify them with the Group's accounting methods were considered in the consolidation process.

Changes in the scope of consolidation

Annex V presents the changes in the scope of consolidation in 2020 and 2019. The results of these companies are included in the consolidated income statement as from the effective acquisition date or until the effective disposal date, as appropriate.

The "Changes in scope" in the corresponding notes to the consolidated financial statements show the effect of the inclusions and exclusions of companies from the scope of consolidation.

d) Accounting policies

The accounting policies used to prepare the FCC Aqualia Group's 2020 consolidated financial statements are as follows:



d. 1 Concessions: Service concession agreements (IFRIC 12)

The concession contracts are arrangements between a public sector grantor and the FCC Aqualia Group companies, to provide public services for the distribution of drinking water, the construction and operation of hydraulic infrastructure and others. Revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure. Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

When the characteristics of the standard are complied with, the aforementioned concession agreements are recognised pursuant to IFRIC 12 "Service Concession Arrangements". In general, there are two clearly differentiated stages: in the first, the concession operator performs construction or upgrade services that are recognised according to the stage of completion, with a balancing entry in an intangible asset or a financial asset account; in the second, a series of maintenance and/or operating services related to the infrastructure are provided. In both cases, the revenues are recognised as set forth in IFRS 15 "Revenue from Contracts with Customers".

Intangible assets are recognised when the demand risk of the service is assumed by the concessionaire. On the contrary, financial assets are recognised when the demand risk of the service is assumed by the grantor. These intangible assets also include the amounts paid in relation to the fees for the award of the concessions.

For concessions classified as intangible assets, provisions for dismantling, removal or rehabilitation and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession, and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

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Borrowing costs attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

Intangible assets are amortised on a straight-line basis over the concession term.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. Under the amortised cost method, the corresponding income is allocated to profit or loss in accordance with the effective interest rate arising from the expected flow of proceeds and payments from the concession.

d.2 Business combinations and goodwill

The assets and liabilities of the acquired companies and subgroups are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

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

Non-controlling interests are generally measured based on the proportional stake held in the assets and liabilities of the acquired company.

If control over a business combination is achieved in stages in more than one transaction (successive purchases), the difference between the fair value at the time control over the preceding interest is obtained and the carrying amount of that interest is recognised as operating profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest and the fair value at the date on which control over these interests is acquired when control is obtained in stages and (b) the percentage of ownership acquired with respect to the fair value of identifiable assets and liabilities.



Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any prior years' impairment losses. The accounting policies used to determine impairment are detailed in Note 2.d.5. The assumptions used in the impairment test are set forth in Note 4.

d.3 Other intangible assets

"In this standard, we refer to the remaining intangible asset headings not included in the previous standards regarding service concession arrangements and goodwill.

These intangible assets include computer software, measured at acquisition cost, reduced by any accumulated amortisation and impairment losses. It is amortised over its estimated useful life of four years on a straight-line basis.

d.4 Property, plant and equipment

Property, plant and equipment is initially measured at acquisition cost and subsequently reduced by any accumulated depreciation and any impairment losses, as detailed in Note 2.d.5. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been contributed by acquired companies, they are initially recognised at their fair value on the acquisition date.

Upkeep and maintenance costs relating to property, plant and equipment are taken to the consolidated income statement in the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For non-current assets that necessarily take a period of more than twelve months to become ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets became ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

Work performed by the Group to build its own assets is recognised at the cumulative cost arising from the sum of external and internal costs, determined with respect to the in-house consumption of input materials, direct labour and manufacturing overheads calculated using absorption rates similar to those applied to measure the value of inventories.

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The Group depreciates its property, plant and equipment using the straight-line method, at annual rates based on the years of estimated useful life of the assets, as follows:

YEARS OF ESTIMATED USEFUL LIFE	
Buildings	33 – 50
Technical Installations and machinery	10 – 25
Other installations, tools and furniture	7 – 10
Other property, plant and equipment	4 – 6

The residual value, useful life and depreciation method applied to the Group's PP&E are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment is obtained.

At least at the end of each reporting period, the companies determine whether there is any indication that an item or group of items of property, plant and equipment is impaired so that an impairment loss, or the reversal of such losses, can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances do reversals exceed all prior impairment recognised.

d.5 Impairment of non-financial assets

Intangible assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

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To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or proceeds on lending operations and income tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows were obtained from the projections made by the management of each CGU which, in general, involve five-year periods, except when the characteristics of the business advise longer periods. In this regard, to calculate the recoverable value of the Group's concession assets, the remaining concession term for the concessions is taken into account, and only if the Group has contractual remuneration commitments likely to materialise will additional extensions be considered. Likewise, growth rates are included, backed by different business plans approved, frequently reviewed, considering zero growth rates for those periods beyond the years projected in the aforementioned plans. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes on these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

d.6 Leases

As indicated in Note 2.b, as a result of the application of IFRS 16 "Leases", at 1 January 2019 all lease operations (with certain exceptions for small amounts or short durations) in which the Group acts as the lessee, require the accounting of an asset corresponding to the right in use, fundamentally recognised by nature as a material asset, and a liability for the future payment obligations that are incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to

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extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it 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. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

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

When the Group acts as the lessor, income and expenses arising from operating lease agreements are charged to the income statement during the year they are accrued.

d.7 Investments accounted for using the equity method

The investment is initially recognised at acquisition cost and is subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include the translation differences and the adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

Necessary measurement adjustments are applied provided that there are indications of impairment, that is, that the recoverable value of the investment is lower 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 that did not arise from the ordinary course of business, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.
- **Investments held to maturity:** debt securities with fixed or determinable payments traded in an active market which the Group intends and is able to hold to maturity.

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- Financial assets available for sale: debt securities and equity instruments of other companies that are not classified in any of the previous categories.

Initial recognition

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

Subsequent measurement

- Loans, receivables and investments held to maturity are measured at amortised cost.
- Available-for-sale financial assets are measured at fair value and the net gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become permanently impaired, at which time, the cumulative gains or losses previously recognised in equity are recognised in consolidated profit or loss for the year. The asset is considered to be permanently impaired when its value has decreased over 18 months and by 40% of its initial quoted price without having recovered its value.

At least at each reporting date, the Company tests its financial assets not measured at fair value through profit or loss for impairment. It is considered that impairment is evidenced by the fact that the recoverable amount of the financial asset is less than its carrying amount. When this occurs, the impairment loss is recognised in the consolidated income statement.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, adjusted by any expected credit losses over the course of their lives.

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

Classification

Financial assets maturing within no more than twelve months from the balance sheet date are classified as current assets and those maturing within more than twelve months are classified as non-current.

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Derecognition of financial assets

The Group derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, the assignment of trade receivables in factoring operations in which the Group does not retain any significant credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

In contrast, the Group does not derecognise financial assets and recognises a financial liability for an amount equal to the consideration received in the transfer of financial assets in which it retains substantially all the risks and rewards of ownership, such as the discounting of bills, recourse factoring, sales of financial assets under repurchase agreements at a fixed price or at a selling price plus interest, and the securitisation of financial assets where the selling company retains subordinated financing or other types of guarantees that substantially absorb all of the expected losses.

d.9 Inventories

Inventories are stated at the lower of acquisition or production cost or net realisable value. Trade discounts, rebates, other similar items and interest included in the nominal amount for the payables are deducted when determining the acquisition cost.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and manufacturing overheads incurred.

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

The Group recognises the appropriate impairment losses and records them as an expense in the consolidated income statement when the net realisable value of inventories is lower than their acquisition cost (or production cost).

d.10 Foreign currency

The FCC Aqualia Group's functional currency is the euro.

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Translation differences

In general, the financial statements of foreign operations denominated in currencies other than the euro have been translated to euros at the year-end exchange rates, with the exception of:

- Share Capital and reserves, which were translated at historical exchange rates.
- The income statement items of foreign operations that were translated at the average exchange rates for the year.

Translation differences generated due to the application of the year-end exchange rate method are included net of taxes in Equity in the accompanying consolidated balance sheet.

Exchange differences

Balances receivable and payable in foreign currencies at each company are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Also, the exchange differences arising in relation to the financing of investments in foreign operations (in which the investment and the financing are denominated in the same currency) are recognised directly in equity as translation differences.

d.11 Grants

Grants are recognised according to their nature.

Grants related to assets. Capital grants are those intended for the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

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Operating grants. Those other than those defined above that do not relate directly to an asset or group of assets. They are deemed to be operating income at the amount received when granted.

d.12 Provisions and contingencies

In preparing the consolidated financial statements, the Group's directors made a distinction between:

- a) **Provisions:** creditor balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources will be required to settle the obligation, which is uncertain as to its amount and/or timing.
- b) **Contingent liabilities:** possible obligations arising from past events, the materialisation of which will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated financial statements include all the provisions with respect to 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 rather they are disclosed in the notes to the financial statements, unless the possibility of an outflow is considered remote.

Provisions are stated at the present value of the best possible estimate of the amount necessary to cancel or transfer the obligation, taking into account the information available regarding the event and its consequences, and recognising those adjustments that arise from the restatement of those provisions as a financial expense as they accrue.

The compensation receivable from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will be received, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Group is not liable. In this situation, the compensation will be taken into account for the purpose of estimating the amount of provision that should be recognised, if any.

Provisions for dismantling, removal or rehabilitation 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 operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

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Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

d.13 Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost.

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

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

d.14 Financial derivatives and hedge accounting

A financial derivative is a financial instrument or another type of contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable that may not be financial.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- **Cash flow hedges:** In hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are taken to income when the hedged item materialises.
- **Fair value hedges:** in this case, changes in the value of the hedging instrument are recognised in income by offsetting changes in the fair value of the hedged item.
- **Hedges of a net investment in a foreign operation:** this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.

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IFRS 9 "Financial Instruments" states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

The qualitative requirements that must be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future deviations relating to the hedge.

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

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.



The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

- The treatment of the designated portion will be similar to that indicated for IRSs.
- The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.
- The methodology used in the case of a cash flow hedge derivative associated with inflation

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is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swaps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 21).

Note 21 to these consolidated financial statements provides details of the financial derivatives that the FCC Aqualia Group has arranged and other matters related thereto.

d.15 Income taxes

Until 28 September 2018, the FCC Aqualia Group filed consolidated tax returns with the FCC Group, in accordance with file 18/89, including in this system all the Group companies that comply with the requirements of the tax legislation.

From 1 January 2019 onwards, FCC Aqualia and its Group companies that meet the conditions set out in Spanish tax legislation form group 233/19 for the joint taxation of corporate income tax. At 31 December 2020 and 2019, the accrued corporate income tax expense corresponding to consolidated tax returns has been determined by taking into account the following parameters (aside from the parameters considered in Individual tax returns set forth above):

- The temporary and permanent differences arising from the elimination of gains and losses due to transactions between tax Group companies, as a result of the calculation of the consolidated tax base.
- Tax relief and tax credits that relate to each company of the tax group under the regime of consolidated tax returns; for these purposes, tax relief and tax credits are recognised by the company that carried out the activity or obtained the income necessary to obtain the right to receive the tax relief and tax credit.
- The tax losses incurred at certain Tax Group companies that have been offset by the remaining Tax Group companies lead to a reciprocal credit and debit between the companies to which they correspond and the companies that offset them. If a tax loss cannot be set off by the other companies in the Tax Group, these tax assets for losses eligible for set off are recognised as deferred tax assets, following the methods established for their recognition, and the Tax Group is considered to be the taxpayer.
- The FCC Aqualia Group's Parent recognised the total consolidated income tax payable (refundable) with a charge (credit) to Receivables from (Payables to) Tax Group companies.

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

Deferred tax assets are recognised to the extent that it is considered probable that the Group will have taxable profits in the future against which the deferred tax assets can be utilised.

At each year end recognised deferred tax assets are reassessed and all appropriate adjustments are made to the extent that there are any doubts regarding future recovery. Likewise, unrecognised deferred tax assets not accounted for in the consolidated balance sheet at each reporting close are recognised to the extent it is likely they will be recovered through future taxable profit.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet under non-current assets or liabilities, irrespective of the expected date of realisation or settlement, without discounting them to present value.

The Group, pursuant to the provisions of IAS 12 "Income Tax", has offset the deferred tax assets and liabilities (Note 18) corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2020, deferred tax assets and liabilities were offset in the amount of 15,065 thousand euros (16,297 thousand euros at 31 December 2019).

d.16 Operating income and expenses

In water supply agreements, the Group recognises as income the amount corresponding to the cubic meters supplied to subscribers valued at the sales price.

In the case of contracts located in Spain, this sales price is established for each agreement, based on the rates approved by each municipality, published in the Official Gazettes of the respective province. For contracts located outside of 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 metres supplied, the Group makes frequent readings of its subscribers' consumption. At each reporting close, the Group assesses the unbilled sales of water supplies for



the recognition of *Completed output pending certification* under "Trade receivables for sales and services" in current assets in the accompanying consolidated balance sheet at 31 December 2020. For quantification purposes, it takes into consideration the cubic metres consumed by each subscriber from the date of the last invoice until the date of the last meter reading performed, where appropriate. Likewise, the remaining consumption based on the available information of comparable historical periods between the dates of the last meter reading and the reporting close is estimated.

In Construction activities, the Group mainly recognises results in accordance with the degree of completion policy, which is determined by measuring the work that has been executed during the period and its cost, which is recognised in the accounts on an accrual basis, recognising revenues at the selling price of the executed work, covered by a contract signed with the customer.

In relation to the service concession arrangements, the FCC Aqualla Group recognises as operating income the interest deriving from collection rights under the financial model, since the value of that financial asset includes the construction, upkeep and maintenance services that are identical, from an operating standpoint, to those set out in the intangible model and, consequently, it is considered that, accordingly, they provide a better fair presentation, since both models are related to the Group's operating activities (Note 2.d.1).

The remaining revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

d.17 Use of estimates

In preparing these consolidated financial statements, at 31 December 2020, Group has occasionally used estimates to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (Notes 4, 5, 6, 7, 9, 10 and 11)
- The useful life of PP&E and intangible assets (see 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 taxable profit to be reported to the tax authorities in the future, which has served as the basis for recognising the various income tax-related balances in these consolidated financial statements (see Note 18).

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- The percentage of completion of construction activities (Note 2.d.16).
- Estimate of the consumption of cubic meters supplied to subscribers between the dates of the last meter reading and the reporting close (see Note 2.d.16)

Although these estimates were made on the basis of the best available information on the facts analysed at the date of authorisation for issue of these consolidated financial statements, it is possible that future events may require these to be changed (upwards or downwards) in coming years, which would be done prospectively.

d.18 Related party transactions

The Group performs all of its transactions with related parties on an arm's length basis. In addition, transfer prices are duly supported and, therefore, the Board of Directors considers that there are no significant risks in this regard that could lead to significant liabilities in the future.

d.19 Pension obligations and similar liabilities

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

Also, certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (Note 15).

d.20 Fair value hierarchies

Assets and liabilities measured at fair value are classified according to the hierarchy established in IFRS 7, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than prices quoted included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data.



At 31 December 2020 and 31 December 2019, the Group only held Level 2 assets and liabilities relating to financial instruments measured as indicated in section d.14 "Financial derivatives and accounting hedges".

d.21 Activities with an environmental impact

In general, environmental activities are those operations whose main objective is to prevent, reduce or repair damage caused to the environment. In this regard, investments arising from environmental activities are valued at acquisition cost and capitalised as an addition to fixed assets in the year in which they are incurred.

Expenses arising from business activities aiming to protect and improve the environment are expensed in the year in which they are incurred.

d.22 Consolidated statements of cash flows

The consolidated statement of cash flows, prepared using the indirect method, uses the following terms defined below:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities
- Investing activities: the acquisition, disposal or holding by other means 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 borrowings and that are not operating activities.

d.23 Termination benefits

Under current legislation, the Group companies are required to pay termination benefits to employees terminated under certain conditions.

The Parent's directors consider that as a result of possible dismissals of permanent employees that might arise in the future under normal circumstances and of the amounts payable with respect thereto, the liability incurred for indemnity payments would not be significant;

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accordingly, no provision was recognised in this regard in the financial statements for 31 December 2020.

d.24 Earnings per share

For the purposes of IAS 33, basic earnings per share are calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the number of Parent shares held as treasury shares by Group companies. Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders, adjusted by the effect attributable to dilutive potential ordinary shares and by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would be issued assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the year itself.

Since the scope of application of IAS 33 is the consolidated financial statements whose parent meets one of the following requirements:

- Its ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or over-the-counter market, including local and regional markets), or
- It files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any form of instrument in a public market.

At 31 December 2020 and 31 December 2019, the Parent's directors considered that basic earnings per share were the same as diluted earnings per share since none of the aforementioned circumstances arose.

e) Changes in the scope of consolidation

e.1) Business combinations

In January 2020, the disbursement for the acquisition of 51% of the capital stock of the companies Haji Abdullah Ali Reza Integrated Services Ltd (HAAIS & CO.) and Qatarat Saqia Desalination Company Ltd, companies based in Jeddah (Saudi Arabia) that provide operation and maintenance services for a desalination plant whose main client is the General Authority of Civil Aviation of the Arab country. As a result of this business combination, there has been a first consolidation difference of 2,841 thousand

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euros and 11,579 thousand euros, respectively, which has been fully allocated to the concession assets of both companies.

In June 2020, FCC Aqualia, SA and one of its subsidiaries in Mexico acquired 100% of Ecosistema de Morelos, S.A., which is 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 capital stock of Aquos El Realito, S.A. de CV, a company in which the Group already had a 49% stake. The acquisition of this 2% enabled a position of control to be reached, leading to a positive net impact of 635 thousand euros under "Profits/(loss) of companies accounted for using the equity method" following the allocation of the negative translation differences accumulated in equity to profit and loss and the positive impact resulting from the fair value adjustment of shares prior to the transaction.

The composition of the balance sheets drawn up by the business combinations in 2020 is detailed below:

2020 Financial year	Haji Abdullah Ali Reza Integrated Services Ltd (HAAIS & CO.)	Qatarat Saqla 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	91,084
Intangible assets	2,851	53,906	-	29,023
Property, plant and equipment	359	191	-	9
Non-current financial assets	-	-	6,483	61,981
Deferred tax assets	-	-	-	71
Current assets	5,484	16,565	1,527	19,994
Inventories	308	17	18	-
Trade and other receivables	3,431	10,189	330	13,620
Other current financial assets	-	-	1,005	3,917
Other current assets	85	-	1	-
Cash and other cash equivalents	1,660	6,359	173	2,457
Total assets	8,694	70,662	8,010	111,078
Equity	6,272	25,321	248	20,261
Non-current liabilities	1,179	38,110	1,460	70,477
Non-current provisions	609	64	996	-
Non-current financial liabilities	-	35,730	-	56,685
Deferred tax liabilities	570	2,316	464	13,792
Current liabilities	1,243	7,231	6,302	20,340
Current provisions	71	-	-	-
Current financial liabilities	-	-	6,408	11,166
Trade payables and other accounts payable	1,172	7,231	(106)	9,174
Total equity and liabilities	8,694	70,662	8,010	111,078

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In January 2019, two partner agreements were signed in relation to the consolidated that, until then, had been consolidated under the equity method - Shariket Tahlya Mostaganem, S.p.a. and Shariket Miyeh Djinet, S.p.a. - under which the Group now holds control over the former and no longer has a significant influence on the latter. As a result, Shariket Tahlya Mostaganem, S.p.a. was fully consolidated and the holding in Shariket Miyeh Djinet, S.p.a. was considered a financial asset at fair value. These transactions resulted in a net loss of 6,122 thousand euros being recognised under "Profits/(loss) of companies accounted for using the equity method" following the allocation of the negative translation differences accumulated in equity to profit and loss and the positive impact resulting from the fair value adjustment of shares prior to the transaction. Furthermore, "Other proceeds/(payments) from investing activities" in the Statement of Cash Flows included 43,337 thousand euros corresponding to the cash that Shariket Tahlya Mostaganem, S.p.a. presented in its balance sheet at the time of the takeover. This operation led to the recognition of 136,999 thousand euros under the heading "Non-controlling interests" (Note 13).

In June 2019, FCC Aqualia, S.A. acquired 100% of the French subgroup Services Publics et Industries Environnement, dedicated to the management of water supply and sanitation for the sum of 31,665 thousand euros, with the impact registered under "Payments for investments" on the accompanying Statement of Cash Flows. As part of this business combination, a first consolidation difference of 23,767 thousand euros was disclosed, which has been fully allocated to the subgroup's concession-related assets.

The composition of the balance sheets drawn up by the business combinations in 2019 is detailed below:

2019 Financial year	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Non-current assets	175,152	36,132
Intangible assets	-	32,051
Property, plant and equipment	92	4,081
Non-current financial assets	175,060	-
Current assets	62,622	28,008
Inventories	229	509
Trade and other receivables	18,955	13,683
Other current financial assets	-	4,029
Other current assets	101	329
Cash and other cash equivalents	43,337	9,458
Total assets	237,774	64,140

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Equity	167,362	31,655
Non-current liabilities	53,519	9,932
Grants	-	317
Non-current provisions	82	850
Non-current financial liabilities	52,773	578
Deferred tax liabilities	664	8,187
Current liabilities	16,893	22,553
Current provisions	10,255	-
Current financial liabilities	40	149
Trade payables and other accounts payable	6,598	22,404
Total equity and liabilities	237,774	64,140

As a result of the aforementioned business combinations, the fair value of the acquired assets has been determined, as all of these companies operate concessions, the fair value of the concession-based assets has been determined applying the discount at a market rate for the cash flows estimated during the time horizon of the concessions currently in force. These flows have been estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2020 Financial Year	Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A.I.S & CO.)	Qatarat Saqla Desalination Company Ltd.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Intangible assets	2,841	11,579	-	2,926
Non-current financial assets	-	-	-	6,596
Total assignments to assets	2,841	11,579	-	9,522
Non-current provisions	-	-	996	-
Non-current liabilities (deferred tax liabilities)	570	2,316	-	2,857
Total assignments to liabilities	570	2,316	996	2,857
Total net assignments	2,271	9,263	996	6,665

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2019 Financial year	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environment
Intangible assets	-	31,953
Non-current financial assets	29,232	-
Total assignments to assets	29,232	31,953
Non-current liabilities (deferred tax liabilities)	-	8,187
Total assignments to liabilities	-	8,187
Total net assignments	29,232	23,766

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2020 Financial year	Haji Abdullah Ali Reza Integrated Services Ltd (HAAIS & CO.)	Qatarat Saqla Desalination Company Ltd.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Acquisition value	3,199	12,914	247	354
Fair value non-controlling interests acquired	-	-	-	354
Fair value previous interest	-	-	-	-
Fair value net assets	(3,199)	(12,914)	(1,243)	(354)
Fair value net liabilities	-	-	996	-
Goodwill	-	-	-	-

2019 Financial year	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Acquisition value	-	31,655
Fair value non-controlling interests acquired	124,687	-
Fair value previous interest	42,678	-
Fair value net assets	(167,362)	(31,655)
Goodwill	-	-

The previously listed business combinations have contributed ordinary income and profit/(loss) to the accompanying consolidated income statement:

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2020 Financial year	Haji Abdullah Ali Reza Integrated Services Ltd (HAAIS & CO.)	Qatarat Saqla Desalination Company Ltd.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Revenue	3,899	15,817	1,097	8,577
Other income	-	-	378	-
Operating Profit/(Loss) from operations	(218)	4,928	1,102	3,881
Profit/(Loss) before tax from continuing operations	(289)	3,018	836	1,192
Profit attributable to the Parent Company	(165)	1,379	803	712
Non-controlling interests	(158)	1,325	-	877

2019 Financial year	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	31,357	11,798
Other income	-	11
Operating Profit/(Loss) from operations	15,441	1,768
Profit / (Loss) before tax from continuing operations	14,007	1,771
Profit attributable to the Parent Company	3,752	925
Non-controlling interests	10,435	-

If the above companies had been consolidated since 1 January 2020 and 1 January 2019 respectively, the ordinary income and results that they would have contributed would be the following:

2020 Financial year	Haji Abdullah Ali Reza Integrated Services Ltd (HAAIS & CO.)	Qatarat Saqla Desalination Company Ltd.	Ecosistema de Morelos S.A. de C.V.	Aquos El Realito, S.A. de C.V.
Revenue	3,899	15,817	1,496	14,571
Other income	-	-	441	-
Operating Profit/(Loss) from operations	(218)	4,928	1,097	5,585
Profit/(Loss) before tax from continuing operations	(289)	3,018	828	1,215
Profit attributable to the Parent Company	(165)	1,379	767	819
Non-controlling interests	(158)	1,325	-	595

2019 Financial year	Shariket Tahlya Mostaganem, S.p.a	Services Publics et Industries Environnement
Revenue	31,357	19,027
Other income	-	310
Operating Profit/(Loss) from operations	15,441	2,260
Profit/(Loss) before tax from continuing operations	14,007	2,267
Profit attributable to the Parent Company	3,752	1,123
Non-controlling interests	10,435	-

In any case, these initial estimates are provisional and the Group has a period of one year in which to adjust them should more relevant and comprehensive information be obtained at a later date.

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e.2) Other changes in scope

During April 2019, FCC Aqualia, S.A. acquired a 49% interest in the subsidiary Aquajerez, S.L., in which it already held a 51% interest, for the sum of 55,557 thousand euros, 28,858 thousand euros as a payment for shares and 26,699 thousand euros as a payment for participatory loans held by the seller. As this transaction involved non-controlling interests, the difference between the acquisition price and the value of the net assets acquired was recognised directly against equity, entailing a decrease of 33,246 thousand euros in reserves in the Group's consolidated financial statements (Note 13), having recognised the cash outflow under the heading "Proceeds from/(payments on) equity instruments" for the part corresponding to the shares and under the heading "Proceeds from/(payments on) financial liabilities" for the part corresponding to the participation loans acquired from the accompanying Statement of Cash Flows.

3. DISTRIBUTION OF PROFIT OF THE PARENT

The proposed distribution of the Parent's 2020 profit that will be submitted for approval by shareholders at the Annual General Meeting is as follows:

PROPOSED DISTRIBUTION OF PROFIT	
<i>(Thousands of euros)</i>	
Profit for the year	112,365
Distribution:	
To dividends	60,000
To voluntary reserves	52,365

4. INTANGIBLE ASSETS

The breakdown of intangible assets at 31 December 2020 and 2019 is as follows:

(thousands of euros)	Cost	Accumulated amortisation	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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



(thousands of euros)	Cost	Accumulated amortisation	Impairment	Net value
31.12.2019				
Concessions (Note 6)	1,547,954	(821,402)	(13,465)	713,087
Goodwill	85,330	-	(25)	85,305
Other intangible assets	33,221	(23,137)	-	10,084
TOTAL	1,666,505	(844,539)	(13,490)	808,476

None of the intangible assets recognised were generated internally and, except goodwill, they all have a finite useful life; hence, they are amortised on a straight-line basis over the period during which it is estimated they will generate income, as follows:

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

Intangible assets located outside of Spain amounted to 226,204 thousand euros at 31 December 2020 (113,929 thousand euros at 31 December 2019).

There are no additional investment commitments to those already recognised in the specifications under “Non-current provisions” in the accompanying balance sheet (see Note 15).

Changes in intangible assets

The changes in this heading of the consolidated balance sheet in 2019 and 2020 were as follows:

(thousands of euros)	Concessions	Goodwill	Other intangible assets	Amortisation	Impairment	TOTAL
Balance at 31.12.18	1,501,015	85,330	33,466	(790,407)	(15,647)	813,757
Additions	23,556	-	2,820	-	-	26,376
Provisions	-	-	-	(68,124)	-	(68,124)
Reversals	-	-	-	-	1,461	1,461
Derecognitions	(4,420)	-	(621)	3,783	-	(1,258)
Transfers	(2)	-	29	-	-	27
Translation differences	-	-	135	(111)	-	24
Changes in the scope of consolidation	27,805	-	(2,608)	10,320	696	36,213

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Balance 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
Derecognitions	(5,862)	-	(5,977)	11,460	-	(379)
Translation differences	(11,578)	-	(354)	3,401	-	(8,531)
Changes in the scope of consolidation	117,896	-	57	(32,173)	-	85,780
Balance at 31.12.20	1,710,822	85,330	31,495	(940,626)	(16,112)	870,909

Concessions

The administrative concessions are defined as those whereby the granting entity awards to a concessionaire (the FCC Aqualia Group), within a period, the construction and operation, or only the operation, of works which, being able to be operated, are required to provide public services of an economic nature.

The public works forming the scope of the concession will be built and operated at the concessionaire's risk and peril, which will assume the economic risks arising from its execution and operation.

The Group recognises under "Concessions" the amounts contributed under the technical specifications, committed in the signing of the concession arrangements, together with other costs incurred to obtain water supply and sanitation service concessions.

In 2020, the Group recorded 62,412 thousand euros as additions, corresponding mainly to the activities reported in Latin America, with the following contracts standing out:

- 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

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- included in the current rates and pending execution during the term of the contracts that end between 2031 and 2038.
- Contract in Colombia in Villa del Rosario with an investment addition of 7,171 thousand euros, of which 5,060 thousand euros correspond to investment commitments to be executed during the term of the contract.
- Outside of 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 the contracts executed in Spain.

In 2019, the Group recorded 23,556 thousand euros as additions, corresponding mainly to the activities undertaken in Spain, highlighting the following contracts:

- Castrillón (Asturias) for 4,597 thousand euros corresponding to the investment commitments to be made by the concessionaire during the concession period established by the grantor.
- Santa Eulalia (Ibiza) for 2,719 thousand euros for the activation of the investment commitment for the water service infrastructure modernisation plan agreed with this municipality.
- Lloret de Mar (Gerona) for 2,222 thousand euros as an administrative concession to be recovered in the tariffs for the comprehensive water cycle in the 12 remaining years of the contract.
- Ávila (Ávila) amounting to 2,057 thousand euros for an investment commitment for improvements to the treatment plant in this city.
- Huéscar (Granada) for an amount of 1,145 thousand euros for the contract obtained with this municipality after the transfer made by the company Aguas y Gestión Servicios Ambientales, S.A.
- Municipalities of Costa Tropical de Granada, amounting to 2,671 thousand euros, for refurbishment and modernisation works in the supply and sanitation network in various of them, including mainly Motril and Almuñécar.

At 31 December 2020 and 2019, the main administrative concessions were as follows:

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2020 - Contract	Concessions		Advances for Concession arrangement	Duration
	Cost	Acc. Amt.	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
Chlpona (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 Nucía (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 de Guixols (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 (Sevilla)	9,585	(7,442)	-	25 years
Jerez de la Frontera (Cádiz)	101,986	(31,504)	-	25 years
La 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
Municipios 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

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2020 - Contract	Concessions			Advances for Concession arrangement	Duration
	Cost	Acc. Amt.	Impairment		
Caltanissetta (Italy)	54,078	(20,855)	-	10,372	30 years
Olse Valley (France)	31,953	(3,966)	-	-	16 years
Sevilla	6,814	(3,815)	-	-	12 years
Realito (Mexico)	33,717	(9,733)	-	-	13 years
Qatarat (Arabia)	70,209	(26,108)	-	-	10 years
Aqualia Latinoamérica (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	
General total	1,699,988	(920,378)	(16,087)	10,834	

2019 - Contract	Concessions			Advances for Concession arrangement	Duration
	Cost	Acc. Amort.	Impairment		
Alcalá de Henares (Madrid)	18,021	(10,394)	-	-	25 years
Algeciras (Cádiz)	16,294	(6,473)	-	-	50 years
Almansa (Albacete)	9,234	(2,254)	-	-	25 years
Almería (Almería)	28,617	(15,460)	-	-	40 years
Arcos de la Frontera (Cádiz)	11,187	(3,228)	-	-	25 years
Badajoz (Badajoz)	52,795	(26,492)	-	-	50 years
Barbate (Cádiz)	7,218	(2,185)	-	-	25 years
Cabezo Torres (Murcia)	6,314	(5,750)	-	-	40 years
Calahorra (La Rioja)	6,498	(4,546)	-	-	25 years
Cartaya (Huelva)	8,724	(2,093)	-	-	25 years
Chiclona (Cádiz)	7,054	(3,827)	-	-	40 years
Denia (Alicante)	11,568	(7,037)	-	-	35 years
Gáldar (Gran Canaria)	13,098	(3,953)	(1,812)	-	25 years
Jaén (Jaén)	9,594	(7,124)	-	-	30 years
La Línea de la Concepción (Cádiz)	11,246	(8,184)	-	-	40 years
La Nucia (Alicante)	23,297	(11,724)	-	-	30 years
La Solana (Ciudad Real)	5,513	(2,446)	-	-	35 years
L'Ametlla de Mar (Tarragona)	9,008	(5,405)	-	-	25 years
Llanera (Asturias)	9,544	(5,192)	(3,333)	-	25 years
Lleida (Lleida)	49,277	(12,401)	-	-	25 years
Lloret de Mar (Girona)	24,774	(12,846)	(2,652)	-	25 years
Los Alcázares (Murcia)	8,258	(7,227)	-	-	20 years
Mdad. El Girasol (Toledo)	7,855	(5,122)	-	-	25 years
Mdad. Río Algodor (Toledo)	7,677	(2,101)	-	-	50 years
Mérida (Badajoz)	21,402	(13,378)	-	-	30 years
Moguer (Huelva)	7,413	(2,801)	-	-	30 years
Oviedo (Asturias)	37,077	(16,209)	(117)	-	50 years
Salamanca (Salamanca)	8,053	(4,069)	-	-	25 years
San Lorenzo Escorial (Madrid)	6,512	(2,335)	-	-	30 years
Sanlúcar de Barrameda (Cádiz)	17,268	(6,363)	-	-	40 years
Sant Feliu de Gubols (Girona)	6,967	(4,291)	-	-	50 years
Sant Josep (Balearic Islands)	10,554	(5,361)	-	-	28 years
Santander (Cantabria)	86,349	(47,370)	-	-	25 years
Sóller (Balearic Islands)	6,681	(3,086)	-	-	30 years
Talavera de la Reina (Toledo)	28,354	(18,478)	-	-	25 years

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2019 - Contract	Cost	Concessions Acc. Amort.	Impairment	Advances for Concession arrangement	Duration
Valverde del Camino (Huelva)	6,206	(1,799)	-	-	25 years
Vélez-Málaga (Málaga)	7,800	(4,280)	-	-	20 years
Vigo (Pontevedra)	183,100	(175,534)	-	-	30 years
Adeje (Tenerife)	119,925	(79,767)	-	-	15-25 years
Ecija (Sevilla)	9,585	(7,058)	-	-	25 years
Jerez de la Frontera (Cádiz)	101,986	(27,418)	-	-	25 years
La Línea de la Concepción (Cádiz)	10,015	(4,194)	-	211	12 years
Puerto de Santa María (Cádiz)	2,000	(447)	-	-	25 years
Alcázar de San Juan (Ciudad Real)	12,698	(3,767)	-	-	25 years
WWTP municipalities (Teruel)	16,618	(8,898)	-	-	21 years
Municipios C.Tropical Granada	31,660	(11,650)	-	-	25 years
Abrantes (Portugal)	10,406	(3,822)	-	-	25 years
Campo Maior (Portugal)	4,032	(1,595)	-	-	30 years
Elvas (Portugal)	7,734	(2,239)	-	-	30 years
Cartaxo (Portugal)	25,517	(6,135)	-	-	35 years
Fundao (Portugal)	7,132	(1,843)	-	-	30 years
Caltanissetta (Italy)	51,714	(18,320)	-	8,610	30 years
Oise Valley (France)	31,953	(1,322)	-	-	16 years
Sevilla	6,814	(3,815)	-	-	12 years
Rest	292,772	(160,294)	(5,551)	172	5-50 years
TOTAL	1,538,962	(821,402)	(13,465)	8,992	

The concessional activities of municipal water services are characterised by having a very high number of contracts, and the most significant are listed in the preceding table. The main objective of the contracts is the management of the entire water cycle, including the collection and transport of the resource to urban centres, its treatment at complex facilities to ensure it is fit for human consumption, through to the distribution and subsequent reuptake of wastewater for its purification and discharge into the natural environment.

In these concessions, the end users of the service are billed directly, depending on their consumption.

In terms of hydraulic infrastructure concessions, such as sewage treatment plants and drinking water treatment plants, payments are generally made by the granting entity, depending on consumption. Furthermore, the Group recognises the concessions, mainly desalination plants, where the granting entity guarantees a component that provides for the recovery of the investment made with no demand risk in the tariff (see Note 9.a.3) as financial assets.

Contracts usually include clauses for the periodic review of rates 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. Concession companies build or receive the right to use distribution and sewerage networks in order to carry out their businesses, in addition to the complex facilities necessary to treat and purify drinking water. The concession terms

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for these types of infrastructures cover different periods up to a maximum of 50 years and then the facilities revert to the granting entity at the end of the concession without any further compensation being received.

Since the amount of the proceeds received from practically all of the municipal concession contracts that are fully consolidated depends on consumption by users, therefore meaning that the amounts are variable, demand risk is borne by the concession company and the contracts are recognised as intangible assets. In these cases, including certain hydraulic infrastructure concessions, such as desalinisation plants and wastewater treatment plants, proceeds are received based on the cubic metres of effectively treated, with the concession holder being guaranteed a minimum amount independent of the volume. Therefore, since this involves a fixed payment and the grantor bears the demand risk, those guaranteed amounts are classified as financial assets.

Other intangible assets

"Other intangible assets" includes mainly computer software acquired from third parties, which is amortised on a straight-line basis over four years, and other intangible assets used in concession arrangements.

Restrictions on title to assets

In the scope of its activity, the Group acquires and builds items for its non-current assets, which will revert to the granting city councils at the end of the contracts.

The Group companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concessionaire in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their reversion.

Goodwill

The breakdown of goodwill (net of impairment) in the accompanying consolidated balance sheet at 31 December 2020 and 2019 was as follows:

(Thousands of euros)	31.12.2020	31.12.2019
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

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Merger goodwill relates to that arising in 2002 and 2011 for the mergers by absorption of the Parent with various subsidiaries and which generated goodwill for the difference between the acquisition cost of such subsidiaries and the fair value of the identifiable net assets.

On 21 March 2013, Aqualia Industrial Solutions, S.A. Unipersonal (ex Graver Española, S.A.U.) was merged, as absorbing company, with Nilo Medioambiente, S.L. and Chemipur Químicos, S.L. (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 investees of FCC Aqualia. The absorption took place through the inclusion of all elements and the transfer en bloc of the assets and liabilities of the absorbed company to the absorbing company at consolidated values.

The main aspects of the estimates made and the sensitivity analysis in the impairment tests of goodwill were as follows:

- Merger goodwill. In the assumptions used to estimate cash flows, the Parent was deemed to be a cash generating unit as a whole. The main assumptions used are as follows:
 - Annual income growth: 6.4% the first year, 7.3% the second and an average of 2.5% for the following years.
 - Growth of perpetual annuity: Zero.
 - Discount rate before taxes: 4.51%.
 - Current cash flow projections do not display high sensitivity, bearing increases in the discount rate of over 30 percentage points, and a drop in cash flows by 90% without incurring impairment.

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5. PROPERTY, PLANT AND EQUIPMENT

The net detail of property, plant and equipment at 31 December 2020 and 2019 is as follows:

(thousands of euros)	Cost	Accumulated depreciation	Impairment	Net value
31.12.2020				
Land and buildings	124,394	(39,378)	-	85,016
Land and natural resources	8,068	(142)	-	7,926
Buildings for own use	116,326	(39,236)	-	77,090
Plant and other items of property, plant and equipment	908,867	(537,372)	-	371,495
Plant	598,729	(349,254)	-	249,475
Machinery and transport equipment	160,944	(110,286)	-	50,658
Property, plant and equipment in progress	33,249	-	-	33,249
Other PP&E	115,945	(77,832)	-	38,113
TOTAL	1,033,261	(576,750)	-	456,511

(thousands of euros)	Cost	Accumulated depreciation	Impairment	Net value
31.12.2019				
Land and buildings	121,890	(34,441)	-	87,449
Land and natural resources	8,208	(92)	-	8,116
Buildings for own use	113,682	(34,349)	-	79,333
Plant and other items of property, plant and equipment	863,954	(523,227)	(16)	340,711
Plant	610,527	(353,717)	-	256,810
Machinery and transport equipment	144,624	(101,520)	-	43,104
Property, plant and equipment in progress	7,499	-	-	7,499
Other PP&E	101,304	(67,990)	(16)	33,298
TOTAL	985,844	(557,668)	(16)	428,160

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The movements in the various PP&E headings in 2019 and 2020 were as follows:

(in thousands of euro)	Land and natural resources	Buildings for own use	LAND AND BUILDINGS	Plant	Machinery and transport equipment	Property, plant and equipment under construction	Other PPE	PLANT AND OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT	DEPRECIATION	IMPAIRMENT	TOTAL
Balance at 31.12.18	6,789	49,575	56,264	576,782	116,892	4,157	83,893	788,984	(498,701)	(22)	339,465
Additions	-	448	448	4,337	5,333	25,508	10,959	46,137	-	-	46,585
Additions (PIS 16)	640	53,853	54,493	92	19,371	-	4,287	25,750	-	-	78,243
Provisions	-	-	-	-	-	-	-	-	(42,745)	-	(42,745)
Reversals	-	-	-	-	-	-	-	-	-	6	6
Derecognitions	(24)	(1,096)	(1,120)	(2,159)	(2,945)	(52)	(4,707)	(9,503)	10,380	-	(649)
Transfers	352	4,502	4,854	12,233	4,716	(22,514)	683	(4,882)	-	-	(28)
Translation differences	76	471	547	6,625	1,164	43	122	7,954	(4,905)	-	3,596
Changes in the scope of consolidation	455	5,930	6,385	12,616	933	377	6,067	19,993	(21,697)	-	4,681
Balance at 31.12.19	8,208	113,683	121,891	618,596	144,024	7,499	101,304	863,953	(557,668)	(16)	428,168
Additions	-	6,806	6,806	5,677	13,915	46,915	10,588	77,095	-	-	83,521
Provisions	-	-	-	-	-	-	-	-	(42,038)	-	(42,038)
Reversals	-	-	-	-	-	-	-	-	-	16	16
Derecognitions	(9)	(3,672)	(3,681)	(654)	(3,736)	(16)	(6,517)	(18,723)	10,400	-	(4,004)
Transfers	522	1,685	2,207	11,193	7,809	(20,975)	253	(1,728)	-	-	487
Translation differences	(207)	(1,673)	(1,880)	(17,286)	(3,223)	(162)	(418)	(21,089)	13,002	-	(9,569)
Changes in the scope of consolidation	(446)	(521)	(967)	(10,927)	1,555	(12)	10,736	1,352	(447)	-	(62)
Balance at 31.12.20	8,068	116,326	124,394	598,729	168,944	33,249	115,946	988,668	(576,751)	-	456,511

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Additions in 2020 amounted to 83,921 thousand euros (46,585 thousand euros in 2019), the most important of which were that registered in Spain due to the entry into the scope of a desalination plant under construction for an amount of 23,522 thousand euros, and those registered in the contracts that the Group executes in the Czech Republic, whose investments at 31 December 2020 amounted to 25,267 thousand euros (23,527 thousand euros at 31 December 2019). Also, under IFRS 16, the Group capitalised operating lease contracts signed during the year for an amount of 9,519 thousand euros at 31 December 2020 (4,159 thousand euros at 31 December 2019).

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

At 31 December 2020, PP&E located outside of Spain had a carrying amount of 330,116 thousand euros and was mainly found in the Czech Republic, Italy and France (328,437 thousand euros at 31 December 2019).

Fully depreciated property, plant and equipment used in production due to being in a good state of use totals 212,267 thousand euros at 31 December 2020 (208,358 thousand euros at 31 December 2019).

No interest was capitalised in 2020 and 2019, with accumulated interest capitalised from the source amounting to 3,836 thousand euros in both years.

Work performed on the Group's intangible assets

Through its specialised companies, the FCC Aqualia performs works and builds infrastructures assigned to water contracts, which are mostly provided in the Czech Republic and do not revert to the city councils that granted the contract. The amount capitalised in this regard amounted to 21,103 thousand euros at 31 December 2020 (22,427 thousand euros at 31 December 2019).

6. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies to provide public services for the distribution of drinking

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water, the construction and operation of hydraulic infrastructure and others, which are recognised under “Intangible assets”, “Non-current financial assets”, “Other current financial assets” and “Investments accounted for using the equity method” in the accompanying consolidated balance sheet at 31 December 2020 and 2019.

CONCESSIONS AT 31.12.2020	Intangible assets	Non-current collection rights, concession arrangements	Non-current collection rights on concession arrangements	Loans to associated joint ventures concessionaires	Investments accounted for using the equity method in joint venture concessionaires	Total
(thousands of euros)	(Note 4)	((Note 9.a.3)	(Note 9.b)			Investment
Cost	1,710,822	201,948	21,355	41,795	26,473	2,002,393
Accumulated	(920,376)	-	-	-	-	(920,376)
Impairment	(16,087)	-	-	-	-	(16,087)
TOTAL	774,359	201,948	21,355	41,795	26,473	1,065,930

CONCESSIONS AT 31.12.2019	Intangible assets	Non-current collection rights, concession arrangements	Non-current collection rights on concession arrangements	Loans to associated joint ventures concessionaires	Investments accounted for using the equity method in joint venture concessionaires	Total
(thousands of euros)	(Note 4)	((Note 9.a.3)				Investment
Cost	1,547,954	189,302	-	52,122	35,499	1,824,877
Accumulated	(821,402)	-	-	-	-	(821,402)
Impairment	(13,465)	-	-	-	-	(13,465)
TOTAL	713,087	189,302	-	52,122	35,499	990,010

Likewise, the concessionaires controlled by the Group are obliged, in accordance with the concession agreements, to acquire or build assets used in the concessions, in the amount of 85,371 thousand euros at 31 December 2020 (62,263 thousand euros at 31 December 2019) (Note 15).

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading includes the value of the investments in companies accounted for using the equity method, which includes both the investment and the non-current loans granted to such companies and the jointly controlled entities or associates accounted for using the equity method.

Movements in investments accounted for using the equity method in each year, by item, were as follows:

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(thousands of euros)	Investments	Pending contributions	NC loans	CLOSING BALANCE
Balance at 31.12.18	72,240	(41)	51,021	123,220
Acquisitions	7,116	-	-	7,116
Share of profit	9,472	-	-	9,472
Distribution of dividends	(1,072)	-	-	(1,072)
Transfer of statutory rights	(5,679)	-	-	(5,679)
Pending contributions	-	(1)	-	(1)
Translation differences	1,226	-	-	1,226
Loans granted/(repaid)	-	-	1,100	1,100
Change consolidation method	(48,474)	-	-	(48,474)
Other	715	(3)	-	712
Balance at 31.12.19	35,544	(45)	52,121	87,620
Acquisitions	7	-	-	7
Share of profit	1,707	-	-	1,707
Distribution of dividends	(2,089)	-	-	(2,089)
Translation differences	425	-	-	425
Loans granted/(repaid)	-	-	(10,326)	(10,326)
Change consolidation method	(7,298)	-	-	(7,298)
Other	(1,777)	-	-	(1,777)
Balance at 31.12.20	26,519	(45)	41,795	68,269

The joint ventures accounted for using the equity method are detailed in Annex III.

The detail of assets, liabilities, revenue and profit and loss at 31 December 2020 and 2019 of each associate and jointly controlled entity, in proportion to the Group's ownership interest in each company, is set out below:

	(thousands of euros)	
	2020	2019
Balance Sheet		
Non-current assets	75,542	121,926
Current assets	48,340	55,582
Non-current liabilities	58,604	102,366
Current liabilities	49,905	52,814
Results		
Revenue	49,634	56,418
Net profit from operations	5,008	10,000

The decrease in the heading in 2020 is mainly due to the fact that in June 2020, the Group acquired an additional 2% of the capital of Aquos El Realito, SA de CV, a company in which it had a 49% stake until then and which was integrated into the consolidated financial statements

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through the equity method. After this acquisition, the Group controlled the company, which is why it has been consolidated through the global integration method, with the participation in said company being reduced in this heading in the amount of 10,733 thousand euros and the loans granted for an amount of 6,984 thousand euros.

In 2019, the Group acquired interests in joint ventures, the most significant of which was for the sum of 6,500 thousand euros for 26% of the capital stock of Codeur, S.A., which holds concessions for a range of municipal services in Vera (Almería) including the town's end-to-end water cycle.

Also in 2019, there was a decrease in this heading, mainly due to the agreement reached with one of the other shareholders in the two Algerian companies in which the Group has a shareholding, leading to a change in the consolidation method of both companies. Thus, the Group has acquired control over Shariket Tahlya Miyah Mostaganem, now consolidated under the global consolidation method, and loses its significant influence over Shariket Miyeh Ras Djinet company, which is now a portfolio holding for which it is entitled to receive dividends when they occur. This investment was placed in 2019 at fair value for the amount of 11,142 (Notes 9.a and 13.c)

In relation to the investments accounted for using the equity method, the FCC Aqualia Group granted guarantees for 130 thousand euros at 31 December 2020 (390 thousand euros at 31 December 2019), to financial entities, to ensure continued investment in the capital stock of the affected subsidiaries during the term of the loan agreement.

8. JOINTLY CONTROLLED OPERATIONS

The Group companies carry on part of their activities through investments in businesses over which the FCC Aqualia Group jointly exercises control with other non-Group shareholders, mainly through Joint Ventures (JVs) and Economic Interest Groupings (EIGs). These businesses were proportionately consolidated, as indicated in Note 2 to these consolidated financial statements, provided that the investment grants direct rights over assets and direct obligations over liabilities.

The main figures of the various jointly controlled entities, in relation to assets and liabilities and to the income statement at 31 December 2020 and 2019, were as follows.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



Joint ventures and economic interest groupings (Thousands of euros)	2020	2019
Revenue	228,623	226,412
Gross operating profit	44,386	49,900
Net operating profit	32,369	38,312
Non-current assets	74,940	88,516
Current assets	116,212	139,979
Non-current liabilities	23,502	26,569
Current liabilities	129,205	158,447

Annex II lists the proportionately consolidated companies and Annex IV lists the entities controlled jointly by non-Group third parties through joint ventures.

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

The details under “Non-current financial assets” and “Other current financial assets” in the accompanying consolidated balance sheet is as follows:

9.a) Non-current financial assets

The breakdown of the non-current financial assets is as follows:

(Amounts in thousands of euros)	Balance at 31.12.20	Balance at 31.12.19
Non-current loans to Group companies (Note 9.a.1)	806,480	806,524
Non-current loans, third parties (Note 9.a.2)	96,207	101,346
Non-current collection rights, concession arrangements (Notes 6 and 9.a.3)	201,948	189,302
Held-to-maturity investments	159	168
Assets at fair value	10,400	11,142
Total	1,115,194	1,108,482

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

The detail of non-current financial loans to Group companies was as follows:

	Balance at 31.12.20	Balance at 31.12.19
Fomento de Construcciones y Contratas, S.A.	806,479	806,479
Rest	1	45
Total	806,480	806,524

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On 28 September 2018, FCC Aqualia, SA signed a contract with Fomento de Construcciones y Contratas, SA that entailed the non-extinguishing, modifying novation of the three existing loans to date between both companies, from 8 June 2017, date of issuance of the bonds by FCC Aqualia, S.A. (Note 14.b). For this loan, which had an overall balance of 806,479 thousand euros for all the above items, a single maturity date was set for 28 September 2048, together with an interest rate of 3.55%, which would accrue in 12-month periods from 30 November each year.

9.a.2 Non-current loans, third parties

The repayment schedule envisaged for non-current loans granted by the Group companies to third parties was as follows:

At 31 December 2020:

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

At 31 December 2019:

(thousands of euros)	2021	2022	2023	2024	2025 and beyond	Total
Non-trade payables	9,299	8,997	8,018	7,695	45,690	79,699
Deposits and guarantees	690	30	-	-	20,927	21,647
Total	9,989	9,027	8,018	7,695	66,617	101,346

The non-current loans with third parties are classified by type:

Amounts in thousands of euros	Balance at 31.12.20	Balance at 31.12.19
Non-current loans to public entities	72,831	79,678
Non-current deposits and guarantees given	23,322	21,648
Non-current loans to employees	54	20
TOTAL NON-TRADE LOANS BALANCE	96,207	101,346

Non-current loans to public entities include mainly the amounts granted to city councils to finance the performance of works and installations in the water network. These loans accrue a variable rate of interest indexed to the Euribor and are generally recovered through the tariff

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corresponding to the associated concession agreements, or by establishing charges approved by the administration.

LOANS TO THIRD PARTIES				
<i>(Amounts in thousands of euros)</i>				
	31.12.20	31.12.19	FINAL MATURITY	
			< 5 YEARS	> 5 YEARS
Municipality of Alboraya	3,191	3,416		>2025
Municipality of Alcalá de Henares	2,546	2,863		>2025
Municipality of Aller	50	99	2022	
Municipality of Ávila	470	470		>2025
Municipality of Bollullos Par del Condado	1,417	1,420		>2025
Municipality of Calasparra	125	167	2022	
Municipality of Callosa del Segura	1,538	1,508		>2025
Municipality of Caravaca de la Cruz	115	148		>2025
Municipality of Chipiona	1,671	2,014		>2025
Municipality of Cristina	39	53		>2025
Municipality of El Vendrell	90	117		>2025
Municipality of Güímar	118	147		>2025
Municipality of Hellín	7	10	2022	
Municipality of Hondón de los Frailes	31	53	2022	
Municipality of Jaén	24,247	25,870		>2025
Municipality of La Guardia	375	395		>2025
Municipality of La Línea	733	903		>2025
Municipality of Lepe	9,502	10,364		>2025
Municipality of Llera	82	129	2022	
Municipality of La Albuera	95	95		>2025
Municipality of Magán	122	151		>2025
Municipality of Platja d'Aro	537	148		>2025
Municipality of Matalascañas	454	908		>2025
Municipality of Medina del Campo	61	68		>2025
Municipality of Mula	-	149	2022	
Municipality of Olivenza	324	474		>2025
Municipality of Ribera del Fresno	278	278		>2025
Municipality of Ronda	2,296	2,296		>2025
Municipality of San Pedro del Pinatar	167	292		>2025
Municipality of San Lorenzo del Escorial	2,146	2,533		>2025
Municipality of Sant Fost	97	129		>2025
Municipality of Solana de Los Barros	96	116		>2025
Municipality of Turcia	9	8		>2025
Municipality of Ubrique	-	173		>2025
Municipality of Vélez-Málaga	6,994	7,822		>2025
Municipality of Villarrubia de Santiago	149	152		>2025
Base General Menacho	112	126		>2025
Campo de Gibraltar region	4,962	5,073		>2025
Santa Eulalia Siglo XXI, S.A.	284	700	2022	
Manc. Costa Tropical Granada	7,301	7,804		2031
Rest	-	37		
Total loans to third parties	72,831	79,678		

Deposits and guarantees given basically relate to the payments made due to legal or contractual obligations when carrying out businesses of the Group companies, mainly those performed for

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public entities as a result of guarantees received from customers for water supply services (see Note 14.c).

9.a.3 Non-current collection rights, concession arrangements

Under this heading, the Group recognises the fair value of construction services performed under concession agreements that, based on IFRIC 12, do not entail a demand risk as its characteristics guarantee the booked amount. During the operation of the infrastructure, the asset is measured at amortised cost, allocating the corresponding financial income based on the effective interest rate resulting from the concession's forecasted charges and payments to profit/(loss).

The main financial assets under this heading are as follows:

	Balance at 31.12.20	Balance at 31.12.19	Granting entity
Desaladora de Mostaganem (Argelia)	126,321	176,392	Argelia - Algerian Energie Co. S.p.a.
Guaymas Desalination Plant (Mexico)	19,083	12,910	Mexico - State Water Commission
Acueducto El Realito (México)	51,005	-	Mexico - State Water Commission
Cuernavaca WWTP station (Mexico)	5,539	-	Mexico - State Water Commission
Total	201,948	189,302	

As a result of the operation described in Notes 2.e.1 and 7, the Group maintains as a non-current concession asset at 31 December 2020, an amount of 126,321 thousand euros (176,392 thousand euros at 31 December 2019) corresponding to the Mostaganem desalination plant. This amount was recognised at the current value of future collection flows, discounted at a discount rate of 8.7% and taking 30 September 2036 as the concession expiration date.

Also under the same heading, the non-current collection right arising from the operation described in Notes 2.e.1 and 7 related to the acquisition of 2% of the company Aquos El Realito, SA de CV, the concessionaire of a drinking water pipeline in Mexico. This amount was recognised at the current value of future collection flows, discounted at a rate of 7.6 % and taking a date in 2036 as the concession end date.

9.b) Other current financial assets

The detail of "Other Current Financial Assets" at 31 December 2020 and 2019 is as follows:

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Amounts in thousands of euros	Balance at 31.12.20	Balance at 31.12.19
Other loans	75,927	37,284
Current loans to companies accounted for using the equity method.	5,438	4,818
Current loans to FCC Group companies	4,432	2,666
Current loans to non-Group third parties	13,752	17,503
Current taxes at credit institutions	30,003	11,376
Current collection rights, concession arrangements	21,355	-
Dividends receivable from joint ventures and associates	52	18
Dividends receivable from companies accounted for using the equity method	895	903
Guarantees and deposits given	14,324	32,370
TOTAL	90,251	69,654

The Group has made current deposits with credit institutions of its cash surpluses, obtained mainly in the contracts of Algeria for an amount of 18,600 thousand euros, Egypt for an amount of 6,815 thousand euros and France for an amount of 4,065 thousand euros.

There are no restrictions as to the use of these assets, except for the amounts under "Guarantees and deposits given", which relate to amounts paid to secure certain contracts, which will be surrendered upon maturity thereof.

10. INVENTORIES

The detail of "Inventories" at 31 December 2020 and 2019 was as follows:

(Amounts in thousands of euros)	Balance at 31.12.20	Balance at 31.12.19
Raw materials and other supplies	22,546	28,189
Auxiliary works for the execution of works	9	16
Advances to suppliers	14,975	24,846
Impairment	(90)	(90)
Initial expenses, pre-project/project	9	9
TOTAL	37,449	52,970

Raw materials and other supplies include replacement parts, fuel and other materials required to perform activities.

Supplier advances include deliveries to suppliers, normally in cash, on account of future supplies.

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11. TRADE AND OTHER RECEIVABLES

a) Trade receivables for sales and services

The breakdown of "Trade receivables for sales and services" was as follows at 31 December 2020 and 2019:

(thousands of euros)	Balance at 31.12.20	Balance at 31.12.19
Progress billings receivable and trade receivables for sales	195,518	170,315
Assignment without recourse of trade receivables, third parties	(107,133)	(101,999)
Completed output pending certification	109,832	108,836
Warranty retainers	7,210	6,013
Output billed pending collection from FCC Group companies	33,188	28,860
Bad debt provisions receivable	(48,405)	(41,822)
TOTAL TRADE RECEIVABLES FOR SALES AND SERVICES	190,210	170,203

"Progress billings receivable and trade receivables for sales" includes the amount of the certifications to customers for work performed and services provided receivable at the consolidated balance sheet date. This heading does not include significant balances with a considerable age, concentrating over 50% of the amount from the foregoing table in an age of less than six months.

The difference between the amount of the output recognised for each of the water supply works and services, measured in accordance with the criteria set forth in Note 2.d.16) "Operating income and costs" and the certified amount for each one of them is recognised as "Completed output pending certification". At 31 December 2020, "Completed output pending certification" includes 22,596 thousand euros relating to works and 87,236 thousand euros relating mainly to water supply to subscribers which had not been billed at the aforementioned date (15,554 thousand euros in works and 93,282 thousand euros at 31 December 2019).

The heading "Assignment without recourse of customer receivables, third parties" corresponds to the collection rights assigned without recourse by the Group at 31 December 2020 and 31 December 2019 to a syndicate of Banks in which Banco Santander acts as agent bank, based on a contract signed on 15 July 2011 and modified on 16 June 2014 and in subsequent years, expiring on 15 July 2021. According to said contract, the Parent acts on its own behalf and also as agent of two subsidiaries Entemanser, SA and Aigues de Vallirana, SAU, the limit having been extended on two occasions:

- On 5 May 2015, from 90,000 thousand euros to 102,000 thousands of euros.

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- On 14 June 2020 from 102,000 thousand euros to 115,000 thousands of euros.

The changes in provisions for bad debt receivables in the period between 31 December 2019 and 31 December 2020 and between 31 December 2018 and 31 December 2019 were as follows:

(thousands of euros)	2020	2019
initial balance	41,822	38,738
Net allowances	6,560	1,525
Changes in the scope of consolidation	44	1,551
Translation differences	(21)	8
Closing balance	48,405	41,822

The net period provisions for the year were recognised with a charge to "Other operating expenses" in the accompanying consolidated income statement at 31 December 2020.

b) Other loans

The breakdown of the "Other receivables" heading at 31 December 2020 and 31 December 2019 was as follows:

(thousands of euros)	Balance at 31.12.20	Balance at 31.12.19
Tax receivables for grants awarded (Note 18)	38,849	35,051
Sundry receivables	24,054	28,671
VAT refundable (Note 18)	24,745	23,792
Accrued social security taxes refundable (Note 18)	1,211	1,015
Indirect taxes borne (Note 18)	3,967	3,392
TOTAL OTHER RECEIVABLES	92,826	91,921

"Tax receivables for grants awarded" was due to the balances receivable for grants awarded for R&D projects due to operating deficits receivable for water services.

The balance of the heading "Sundry receivables" records balances receivable related to the ordinary activities of the Group, including an invoice issued at the end of the construction of the Santa Eulalia desalination plant for an amount of 5,484 thousand euros, which was collected in the year and constitutes the main change in the balance in 2020.

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12. CASH AND CASH EQUIVALENTS

Up to the date of issue of the bonds referred to in Note 14, the Company participates in the cash pooling system of the FCC Group to which it belongs. From the aforementioned date onwards, treasury has been managed autonomously; accordingly, the Company has increased its levels of cash considerably arising from its ability to generate cash flows.

(thousands of euros)	Balance at 31.12.20	Balance at 31.12.19
Treasury	486,121	421,524
TOTAL	486,121	421,524

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

CASH AND CASH EQUIVALENTS		
Breakdown by currency (thousands of euros)	Balance at 31.12.20	Balance at 31.12.19
Balboa	5	278
Czech crowns	19,392	23,298
US dollars	1,185	1,138
Euros	418,653	330,660
Algerian dinars	26,731	50,183
UAE dirham	690	1,445
Romanian leu	22	987
Egyptian pound	224	3,797
Chilean peso	82	319
Mexican peso	10,883	4,372
Bosnian mark	1	1
Saudi riyal	5,730	850
Uruguayan peso	-	213
Colombian peso	2,377	3,690
Sol Perú	71	-
Sucre	75	293
TOTAL	486,121	421,524

In 2020 and 2019, the Group's cash balances earned interest at markets rates. At 31 December 2020 and 2019, in relation to the bonds issued by the Parent, which are detailed in Note 14, guarantees were provided in relation to certain accounts which, at their respective dates, have a balance of 327,246 thousand euros and 251,810 thousand euros. These amounts include the balances for debt service accounts amounting to 26,979 thousand euros at 31 December 2020 and 31 December 2019.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



13. EQUITY

The consolidated statements of changes in equity at 31 December 2020 and 2019 show the changes in equity attributable to the shareholders of the Parent in the respective years.

Equity attributable to shareholders of the Parent

a) Capital stock

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

As indicated in Note 1, in 2018, Fomento de Construcciones y Contratas, S.A. sold 49% of its capital stock to Global Infracore Spain, S.L.U., belonging to the IFM investment fund and transferred 10% of its equity interest to a company wholly owned by the FCC Group, known as FCC MIDCO, S.A., and its shareholder structure was thereby distributed as follows:

Shareholder	No. of shares	% direct shareholding
Fomento de Construcciones y Contratas, S.A.	59,450,000	41.00
Global Infracore 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 100% owned by Fomento de Construcciones y Contratas, S.A., making Fomento de Construcciones y Contratas, S.A. the direct and indirect holder of 51% of FCC Aqualia, S.A.

On 28 June 2019, at the General Shareholders' Meeting, the Parent approved a dividend charged to reserves amounting to 90,000 thousand euros, which was paid in full in July of that year.

b) Share premium and reserves

The breakdown of this heading at 31 December 2020 and 2019 was as follows:

Amount in thousands of euros	Balance at 31.12.20	Balance at 31.12.19
Reserves of the Parent	325,871	242,634
Consolidation reserves	40,162	12,391
	366,033	255,025

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b.1) Reserves of the Parent

Series of reserves set up by the Group's Parent, FCC Aqualia, S.A., in relation to retained earnings and to comply with certain applicable legislation.

The detail at 31 December 2020 and 2019 is as follows:

Amount in thousands of euros	Balance at 31.12.20	Balance at 31.12.19
Share premium	79,481	79,481
Legal reserve	29,000	29,000
Voluntary reserves	184,679	101,442
Special reserves	76	76
Goodwill reserves	32,635	32,635
	325,871	242,634

Share premium and voluntary reserves

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

There are no limitations or restrictions as to the use of these reserves, which are recognised on a voluntary basis using the Parent's profit, following the distribution of dividends and the appropriations to the legal reserve.

Legal reserve

Under the Spanish Limited Liability Companies Law, the Parent must earmark an amount equal to 10% of their profit for the year to the legal reserve until such reserve represents at least 20% of capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of capital stock and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

At 31 December 2020 and 31 December 2019, this reserve had been set up in full.

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Goodwill reserve

Under article 273.4 of the Consolidated Spanish Limited Liability Companies Law in force until 31 December 2015, the Parent had been provisioning a restricted reserve for the amount of the goodwill appearing on the asset side of the consolidated balance sheet over a 20-year period, whose balance at 31 December 2020 and 2019 was 32,635 thousand euros.

In accordance with the amendments made to the Spanish Limited Liability Companies Law by Audit Law 22/2015, of 20 July, for reporting periods beginning on or after 1 January 2016, the Company will interrupt contributions to this goodwill reserve, and any amount that exceeds the goodwill reported on the asset side of the balance sheet will be made available as from this year.

b.2) Consolidation reserves

“Consolidation Reserves” in the accompanying consolidated balance sheet includes the reserves at fully consolidated companies and at companies accounted for using the equity method generated from the date on which the companies were acquired.

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2020 and 2019 is as follows:

Amount in thousands of euros	Balance at 31.12.20	Balance at 31.12.19
FCC Aqualia, S.A.	94,277	52,668
Abrantaqua, S.A.	1,044	827
Aguas De Denia, S.A.	9	-
Aguas De Guadix, S.A.	(11)	-
Aguas de las Galeras, S.L.	206	47
Acque di Caltanissetta, S.p.a.	4,980	5,115
AISA Montenegro	(2,327)	(1,739)
Alsa Pristina LLC	465	575
Alsa D.O.O. Beograd-Vracar	(2,738)	(2,432)
Aguas de Elvas, S.A.	767	422
Agua do Fundao, S.A.	433	404
Algôes de Vallirana, S.A.	(1,851)	1,581
Aquajerez, S.L.	(43,259)	(42,329)
Aqualia Mace LLC	(1,037)	(649)
Aquos el Realito, S.A. de CV	3,131	2,644
AIE Itam Delta De La Tordera	-	178
AIE Costa Tropical de Granada	(281)	(689)
Aqualia Czech, S.L.U.	(31,736)	(31,078)
Aqualia Desalación Guaymas S.A. de C.V.	1,492	150
Aqualia France	5165	-
Aqualia Intech, S.A.	29,883	21,871
Aqualia Méxco, S.A de C.V.	6,379	5,390

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Amount in thousands of euros	Balance at 31.12.20	Balance at 31.12.19
Aqualia Infraestructuras Ingeniering	(25,929)	(24,660)
Aqualia New Europe, B.V.	11	170
Aguas Do Cartaxo, S.A.	255	212
CEG, S.A.S.	(1,585)	-
Codeur, S.A.	191	-
Conservación y Sistemas, S.A.	262	262
Constructora de Infraestructuras de Aguas de Querétaro S.A. de CV	(5,609)	(5,649)
Constructora de Infraestructuras de Aguas de Potosí SA de CV	(8,680)	(8,687)
Depurplan 11, S.A.	434	376
Empresa Gestora de Aguas Linenses	1,033	488
Entemanser, S.A.	(21,814)	(25,798)
FCC Aqualia América, S.A., Unipersonal	(175)	(350)
FCC Aqualia USA CORP	73	(2,064)
Girona, S.A.	1,598	1,606
Hidrotec Tecnología del Agua, S.L.U.	10,218	11,089
Infraestructura y distribución general del agua, S.L.U.	(2,397)	(2,453)
Servicios Hídricos de Agricultura y Ciudad (formerly Inversora Riutort, S.L.)	287	287
Operadora El Realito S.A. de C.V.	317	207
Orasqualla Construction, S.A.E.	495	468
Orasqualla DEVELWaste T.P.S.A.E.	10,797	10,100
Orasqualla O&M	1,425	2,167
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	1,174	1,159
Proveïments d'aigua, S.A.	481	445
Shariket Tahliya Miyah Mostaganem	31,378	35,724
SmVak	(14,618)	(16,885)
Sociedad Española de Aguas Filtradas, S.A.	(415)	3,259
Societe Des Eaux De Fin D'Oise, S.A.S.	(5,395)	-
Suministro de Aguas de Querétaro, S.A. de C.V.	267	253
Tratamiento Industrial de Aguas, S.A.	294	17,255
Vodotech Spol SRO.	707	455
Other companies	91	(1)
Total consolidation reserves	40,162	12,391

FCC Aqualia, S.A. included an amount of 94,277 thousand euros at 31 December 2020 (52,668 thousand euros at 31 December 2019), as consolidation reserves for those arising from the distribution in each year of the dividends of the subsidiaries and which, in the following year, become reserves of the Parent.

The increase in the balance in 2020 compared to 2019 is mainly due to the distribution of reserves from the subsidiaries to the Parent.

c) Valuation adjustments

This heading includes cash flow hedge derivatives (Note 21), together with translation differences arising from the translation to euros of the financial statements of subsidiaries denominated in another currency.

The details at 31 December 2020 and 2019 (in thousands of euros) were as follows:

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



	Balance at 31.12.20	Balance at 31.12.19
Valuation adjustments	(2,788)	(550)
Translation differences	(23,680)	(10,849)
	(26,468)	(11,399)

The amounts under "Valuation adjustments" for each of the most significant companies at 31 December 2020 and 2019 were as follows (in thousands of euros):

	Balance at 31.12.20	Balance at 31.12.19
Aquajerez, S.L.	(1,235)	(395)
Aquos el Realito, S.A. de C.V.	(1,539)	(155)
Qatarat Saquia Desalination	(14)	-
	(2,788)	(550)

The amounts under "Translation differences" for each of the subsidiaries with a functional currency other than the euro at 31 December 2020 and 2019 were as follows:

(thousands of euros)	Balance at 31.12.20	Balance at 31.12.19
Algeria	(7,176)	645
Shariket Tahya Miyah Mostaganem S.p.a.	(7,176)	645
Mexico	(2,910)	(3,472)
Aqualia México, S.A. de C.V.	(4,506)	(3,146)
Suministro Aguas de Querétaro, S.A. de C.V.	(140)	(85)
Constructora de Infraestructuras de Agua de Querétaro, S.A. de C.V.	637	(82)
Aquos El Realito, S.A. de C.V.	57	(1,187)
Operadora El Realito, S.A. de C.V.	(43)	(2)
HA Proyectos especiales Hldráulicos S.R.L. de C.V.	(192)	(44)
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	1,892	877
Aqualia desalacion Guaymas S.A. de C.V.	(456)	197
Ecosistema De Morelos S.A. de C.V.	(159)	-
Egypt	(13,746)	(12,793)
Orasqualia Devel. Waste. T.P.	(12,509)	(11,610)
Orasqualia Construction S.A.E.	(586)	(593)
Orasqualia O&M	(651)	(590)
Czech Republic	1,853	4,411
Aqualia Czech, S.L.U.	1,796	1,796
Srnvak	77	3,005
Aqualia Infraestructuras Inzenyring, s.r.o.	(10)	(404)
Vodotech Spol, s.r.o.	(10)	14
United States	(70)	(80)
FCC Aqualia USA Corp.	(70)	(80)
Colombia	(269)	(5)
Aqualia Latinoamérica, S.A.	(303)	-
Aqualia Villa Del Rosario S.A.	44	-

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



Sera. Q.A. Duitama E.S.P. S.A.	(10)	(5)
Serbia	(69)	(69)
Alsa D:O:O: Beograd-Vracar	(69)	(69)
Abu Dhabi	345	467
Aqualia MacELLC	345	467
Saudi Arabia	(1,579)	-
H.A.A. & Co. Integrated Serv	(287)	-
Qatarat Saquia Desalination	(1,292)	-
Oman	(59)	47
Oman Sustainable Water Services SAOC	(59)	47
Total translation differences	(23,680)	(10,849)

The main variation for the 2020 business year occurs in the Algerian company Shariket Tahlya Miyah Mostaganem S.p.a, due to the devaluation of the Algerian dinar in the year.

The main net investment balances abroad, by geographical market, expressed in thousands of euros, were as follows:

Amounts in thousands of euros	Balance at 31.12.20	Balance at 31.12.19
Mexco	34,205	15,904
Czech Republic	79,983	80,020
United States	1,018	3,106
Serbia	2,709	2,647
Algeria	14,229	9,640
Saudi Arabia	21,264	-
Colombia	15,700	-
Other	479	928
TOTAL	169,587	112,245

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

The detail, by company, of the consolidated profit attributable to the Parent, is distributed as follows:

Amounts in thousands of euros	31.12.20	31.12.19
Abrantaqua, S.A.	274	217
Acque di Caltanissetta, S.p.A	289	(136)
Agua y Gestión Ciclo Integral, S.L.U.	-	1,151
Aguas de Alcázar Empresa Mixta, S.A.	186	269
Aguas de Archidona, S.L.	(10)	6
Aguas de Denia, S.A.	32	9
Aguas De Guadix, S.A.	63	34
Aguas de las Galeras, S.L.	284	290
Aguas de Narbón, S.A.	(63)	422

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



Amounts in thousands of euros	31.12.20	31.12.19
Aguas de Priego, S.L.	(33)	(16)
Aguas del Puerto Empresa Municipal, S.A.	(385)	(201)
AIE Costa Tropical de Granada	290	647
AIE ITAM Delta de la Tordera	-	(178)
Aigües de Blanes, S.A.	(2)	28
Aigües de Vallirana, S.A.U.	217	194
Aigües Del Vendrell, S.A.	19	13
Aqua Camplíia, S.A.	209	334
Aquaervas - Aguas de Elvas, S.A.	188	345
Aquafundalia - Agua do Fundão, S.A.	102	29
Aquajerez, S.L.	2,640	1,986
Aqualia Czech, S.L.	89	(526)
Aqualia Desalación Guaymas, S.A. de C.V.	2,048	1,342
Aqualia France, S.A.S.	(2,698)	(1,407)
Aqualia Infraestructuras Beograd-Vracar	(62)	(306)
Aqualia Infraestructuras Inzenyring, s.r.o.	1,123	1,223
Aqualia Infraestructuras Montenegro	(208)	(588)
Aqualia Infraestructuras Mostar	(1)	-
Aqualia Infraestructuras Pristina, LLC	102	(110)
Aqualia Intech, S.A.	4,269	6,756
Aqualia Latinoamérica, SA	(843)	-
Aqualia MACE LLC	1,464	1,498
Aqualia México, S.A. de C.V.	(1,089)	989
Aqualia New Europe B.V.	(94)	(159)
Aqualia Portugal	(28)	-
Aqualia Villa del Rosario S.A.	(186)	-
Aquamalor - Aguas de Campo Maior, S.A.	55	90
Aquos El Realito, S.A. de C.V.	712	487
Cartagua - Aguas do Cartaxo, S.A.	90	42
CEG, S.A.S.	1,229	550
Codeur, S.A.	(131)	4
Compañía de Servicios Medioamb. do Atlántico, S.A.	1	7
Concesionaria de Desalación de Ibiza, S.A.	112	172
Conservación y Sistemas, S.A.	197	292
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	(21)	7
Constructora de Infraestructuras de Aguas de Querétaro, S.A. de C.V.	(16)	41
Depurplan 11, S.A.	690	1,045
Ecosistema de Morelos SA de C.V.	803	-
EMANAGUA - Empresa Municipal de Aguas de Nijar, S.A.	99	136
Empresa Gestora de Aguas Linenses, S.L.	261	524
Empresa Mixta Abastament en Alta Costa Brava, S.A.	30	46
Empresa Mixta d'Aigües de la Costa Brava, S.A.	96	75
Empresa Mixta de Aguas de Jódar, S.A.	6	6
Empresa Mixta de Aguas de Langreo, S.L.	27	3
Empresa Mixta de Aguas de Ubrique, S.A.	4	15
Empresa Mixta de Aguas y Servicios, S.A.	58	10
Empresa Municipal Aguas de Algeciras, S.A.	2	(63)
Empresa Municipal Aguas de Benalmádena, S.A.	273	435
Empresa Municipal Aguas de Toxiria, S.A.	27	4
Empresa Municipal de Aguas de Linares, S.A.	51	132
Entemanser, S.A.	856	2,444
FCC Aqualia América, S.A.U.	176	175
FCC Aqualia USA CORP.	(1,010)	(931)
Flores, Rebollo Y Morales, S.L.	-	2
FCC Aqualia, S.A.	61,448	59,304

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



Amounts in thousands of euros	31.12.20	31.12.19
Gestión de Servicios Hidráulicos de Ciudad Real AIE	48	45
Girona, S.A.	(1)	(38)
H.A.A. & Co. Integrated Serv	(165)	-
HA Proyectos Especiales Hidráulicos S.R.L. de CV	6	14
Hidrotec Tecnología del Agua, S.L.U.	1,837	3,563
Infraestructuras y Distribución General de Agua, S.L.	(430)	204
Nueva Sociedad de Aguas de Ibiza, S.A.	18	16
Omán Sustainable Water Services SAOC	256	259
Operadora El Realito S.A. de C.V.	4	110
Orasqualia Construction, S.A.E.	4	11
Orasqualia Devel. Waste Treatment Plant S.A.E.	1,143	698
Orasqualia Operation and Maintenance, S.A.E.	311	629
Provements d'Aigua, S.A.	62	67
Qatarat Saquia Desalination	1,379	-
Servicios Hídricos Agricultura y Ciudad, S.L.U.	(439)	-
Severomoravské Vodovody a Kanalizace Ostrava a.s.	13,432	12,869
Shariket Tahlya Miyah Mostaganem	3,449	2,216
Sociedad Española de Aguas Filtradas, S.A.	1,132	1,203
Sociedad Ibérica del Agua, S.A.U.	75	73
Société Des Eaux De Fin D'Oise, S.A.S.	4,419	1,073
Suministro de Aguas de Querétaro, S.A. de C.V.	52	51
Tratamiento Industrial de Aguas, S.A.	8,494	8,005
Vodotec Spol, s.r.o.	251	252
Water Sur, S.L.	16	-
TOTAL	109,664	110,529

e) Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those subsidiaries in which the Group's minority shareholders have ownership interests.

The breakdown at 31 December 2020 and 2019, by item, of the main companies with non-controlling interests, was as follows:

(thousands of euros)	Equity	Translation differences	Pending contributions	Interest rate hedges	Results	Total
Balance 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 Caltanissetta, 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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



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

(thousands of euros)	Equity	Translation differences	Interest rate hedges	Results	Total
Balance at 31.12.2019					
Abrantaqua, S.A.	678	-	-	145	823
Aguas de Alcazar Empresa Mixta S.A.	963	-	-	245	1,208
Aqua Camplla, S.A.	(163)	-	-	37	(126)
Acque di Caltanissetta, S.P.A.	136	-	-	(2)	134
Entemanser, S.A.	-	-	-	76	76
Shariket Tahlya Miyah Mostaganem	124,679	1,884	-	10,436	136,999
Aguas do Cartaxo, S.A.	881	-	-	28	909
Aqualia Mace LLC	(609)	449	-	1,440	1,280
Rest	418	-	-	88	506
TOTAL	126,983	2,333	-	12,493	141,809

During the 2020 business year, the main variations recorded in this heading are due, firstly, to the devaluation experienced by the Algerian dinar and which affects the company Shariket Tahlya Miyah Mostaganem, which registered a decrease of 20,966 thousand euros in this regard, and the increase due to the business combination of the companies Haji Abdullah Ali Reza Integrated Services Ltd (HAAIS & CO.) and Qatarat Saquia Desalination Company Ltd.

14. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

a) Non-current and current bank borrowings

The details at 31 December 2020 and 2019 were as follows (in thousands of euros):

Balance at 31.12.20	NON-CURRENT	CURRENT	TOTAL
Loans and credit lines	55,722	5,260	60,982
Accrued interest pending settlement	-	556	556
Debts with limited recourse for project financing	72,710	12,586	85,296
Interest on debts with limited recourse for project financing.	4,642	385	5,027
	133,074	18,787	151,861

Balance at 31.12.19	NON-CURRENT	CURRENT	TOTAL
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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



Loans and credit lines	60,508	5,411	65,919
Accrued Interest pending settlement		585	585
Debts with limited recourse for project financing	48,659	-	48,659
	109,167	5,996	115,163

These payables are recognised at amortised cost, and their fair value does not vary significantly.

At 31 December 2020, the limit of the credit policies and loans granted to the FCC Aqualia Group amounted to 146,278 thousand euros (114,859 thousand euros at 31 December 2019), which had been fully drawn down at 31 December 2020 (281 thousand euros available at 31 December 2019).

In 2020 and 2019, bank borrowings bear average interest basically at the rates prevailing in the various interbank markets, tied to Euribor.

All non-current and current bank borrowings in the form of loans and credit facilities drawn down at 31 December 2020 and 2019 were denominated in euros. Debts with limited recourse for project financing are denominated in Algerian Dinar, Saudi Riyad and Mexican pesos.

Bank borrowings are broken down, by company, at 31 December 2020 and 2019, with the conditions indicated:

Company	Limit	2020	2019	Start date	Maturity date	Interest rate
Loans and credit lines						
AIE Costa Tropical de Granada	2,187	2,187	2,840	03.01.2014	03.01.2026	EURIBOR 12M + 1.90%
Aquafundalia – Agua do Fundão, S.A.	-	-	31	17.01.2014	17.01.2020	EURIBOR 3M + 4.80%
Aquajerez, S.L. (Note 14.c)	57,145	57,145	61,360	21.07.2016	15.07.2031	EURIBOR 12M + 2%
Aquamalor – Aguas de Campo Maior, S.A.	1,400	1,400	1,450	28.08.2014	28.05.2022	EURIBOR 6M + 4.000%
Empresa Mixta d'Aigües de la Costa Brava	-	-	69	20.05.2014	30.11.2020	EURIBOR 12M + 0.85%
Empresa Mixta de Aguas y Servicios, S.A.	450	250	169	17.03.2020	17.03.2021	EURIBOR 12M + 1.5%
Non-controlling		556	585			
Debts with limited recourse for project financing						
Shariket Tahiya Mostaganem S.p.a.	32,540	32,540	48,659	25.09.2011	31.12.2025	3.75%
Aquos El Realito, S.A. de C.V.	35,646	35,646	-	28.02.2015	28.02.2029	11.13%
Qatarat Saqla Desalination	17,110	17,110	-	30.09.2019	30.09.2026	7 %
Non-controlling		5,027	-			
Total	146,278	151,861	115,163			

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b) Debt instruments and other

The detail of this heading was as follows:

	Balance at 31.12.20	Balance at 31.12.19
Issue of non-convertible bonds listed in Ireland	1,346,429	1,345,306
Issue of non-convertible bonds listed in the Czech Republic	205,091	211,335
Total	1,551,520	1,556,641

The changes at 31 December 2019 and 2020 were as follows:

	Balance at 31.12.19	Amount assigned to profit and loss	Adjustments for exchange rates and others	Balance at 31.12.20
Debt securities issued in the EU requiring a prospectus to be registered	1,556,641	1,590	(6,711)	1,551,520
	1,556,641	1,590	(6,711)	1,551,520

The changes at 31 December 2018 and 2019 were as follows:

	Balance at 31.12.18	Amount assigned to profit and loss	Adjustments for exchange rates and others	Balance at 31.12.19
Debt securities issued in the EU requiring a prospectus to be registered	1,552,445	1,571	2,625	1,556,641
	1,552,445	1,571	2,625	1,556,641

b.1 Issue of non-convertible bonds listed in Ireland.

In the context of the aforementioned Refinancing Agreement (Note 9.a.1) regarding the financial debt of Fomento de Construcciones y Contratas, S.A. and of certain Group companies, the Board of Directors of FCC Aqualia at its meeting held on 24 February 2017 agreed, among others, to perform one or various non-convertible bond issues of the Parent, for a joint maximum nominal amount of 1,350,000,000 euros.

Subsequently, on 1 June 2017, the Irish Stock Exchange approved the prospectus in relation to two non-convertible bond issues guaranteed by the Parent, with the following characteristics:

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- One of them, amounting to 700,000,000 euros, pays annual interest of 1.413%, with a single repayment in 2022.
- The other, amounting to 650,000,000 euros, pays annual interest of 2.629%, with a single repayment in 2027.

Lastly, on 8 June 2017, the Parent executed in a public deed the terms and conditions of the two previous issues which, aside from that already mentioned, have the following characteristics:

- The nominal value of the bonds is 100,000 euros and, above that figure, in whole multiples of 1,000 euros, until reaching 199,000 euros.
- Interest will be paid annually on 8 June of each year.
- The repayment dates envisaged for the first and second issues are 8 June 2022 and 8 June 2027, respectively.
- The non-convertible bonds are admitted for 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 y Aigues de Vallirana, S.A. and 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 on 51% of Aqualia Czech.
 - o Pledge on 98% of the shares of Acque di Caltanissetta and on 100% of the shares of Aqualia Mexico, S.A.C.V.
 - o Pledge on the balances of certain accounts (see Note 12)

The Parent recognised 15,301 thousand euros under “Current debentures and bonds with third parties” at 31 December 2020 (15,227 thousand euros at 31 December 2019), as a result of the interest accrued pending payment.

The listing for these debentures at 31 December 2020 is as follows:

- Bonds maturing in 2022: 101.439% (102.419% at 31 December 2019).
- Bonds maturing in 2027: 108.988% (107.310% at 31 December 2019).

Aside from the guarantees set forth in the previous paragraphs, the non-convertible bond issues by FCC Aqualia have the following limits for the consolidated Group:

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- Restriction to new financial indebtedness that did not exist on the date the bonds were issued if a Net Debt / Ebitda proportion of less than 5 times is not reached or if it has nothing to do with the purchase and sale of goods and services, possible employee claims, or contractual obligations and guarantees provided by the FCC Aqualia Group in the normal performance of its activities. In addition to the above-mentioned transactions, it is permitted to grant credits and loans within the consolidation perimeter. This financial debt restriction does not include the three subsidiaries that have their own funding, namely Severomoravske Vodovody a Kanalizace Ostrava (Note 14.b.2), Shariket Talhya Mostaganem and Aquajerez (Note 14.a), or without recourse financing on behalf of the Group.

- Restrictions on the distribution of dividends. A dividend distribution is not allowed as long as a Net Debt to EBITDA ratio of less than 5 times is not reached.

- Limitation to the changes in the Parent's capital structure and in that of its investees, whose shares are pledged, except for the capital increases permitted in accordance with the terms and conditions of the issue.

b.2 Issue of non-convertible bonds listed in the Czech Republic.

Relates to the issue in July 2015 by Severomoravske Vodovody to Kanalizace Ostrava a.s. of non-convertible bonds, amounting to 5,400 million Czech crowns, maturing in 2022, with accrue fixed interest of 2.625% per year. These debentures are traded on the Prague stock exchange (Czech Republic).

The Czech company recognised 2,461 thousand euros under "Current debentures and bonds with third parties - current liabilities" at 31 December 2020 (2,541 thousand euros at 31 December 2019), as a result of the accrued interest payable.

The listing of these bonds at 31 December 2020 was 100.800% (99.322% at 31 December 2019).

No guarantees were provided with respect to this issue.

c) Other non-current financial liabilities

This heading in the consolidated balance sheet was as follows:

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



Amounts in thousands of euros	2020	2019
Deposits and guarantees received	41,763	39,574
Suppliers of long-term fixed and non-current assets to Group companies	1,290	1,289
Suppliers of long-term fixed and non-current assets	63,166	63,459
Financial derivative liabilities	6,494	830
Other	15,520	5,740
TOTAL	128,233	110,892

"Guarantees and deposits received" includes the amounts received from subscribers of the water services when the service is arranged. In some territories, the requirement of depositing these bonds with a public authority is established. The amount deposited is recognised in "Non-current bonds deposited" (see Note 9.a.2).

The "Suppliers of long-term fixed and non-current assets" heading includes, in the amount of 62,404 thousand euros at 31 December 2020 (62,979 thousand euros at 31 December 2019) non-current liabilities for future payment obligations incurred under IFRS 16 "Leases" (see Note 2.b). This liability is recognised at the current value of future cash flows for each lease. In addition, there is a liability with the FCC Group companies in this regard amounting to 1,290 thousand euros at 31 December 2020 and 1,289 thousand euros at 31 December 2019.

The balance of "Others" increased in 2020, mainly due to the financial debt that the Group has with the third shareholder of the companies Aquos el Realito and Qatarat Saquia Desalination for respective amounts of 6,319 thousand euros and 4,668 thousand euros at 31 December 2020. The first does not accrue interest for the third shareholder because it involves deliveries on account of future capital increases. The second accrues annual interest of 5%.

d) Other current financial liabilities

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Its details are as follows:

Amounts in thousands of euros	2020	2019
Remaining current financial payables to FCC Group companies	1,281	1,612
Suppliers of short-term fixed and non-current assets to FCC Group companies	311	381
Short-term notes payable	65	318
Suppliers of short-term fixed and non-current assets	16,806	15,653
Deposits and guarantees received	8,816	1,310
Interim dividend payable external third parties	18,143	1,242
Current financial payables, third parties	11,965	6,444
TOTAL	57,387	26,960

"Remaining current financial payables to FCC Group companies" basically includes the balances generated by the Group companies with FCC, S.A. as a result of proceeds and payments for the account of this company with FCC Aqualia Group companies and contains no payments are due to be settled in the near future.

"Suppliers of short-term fixed and non-current assets" includes the liability associated with IFRS16 in the amount of 7,710 thousand euros (7,841 thousand euros at 31 December 2019).

The heading "Interim dividends payable external third parties" mainly records the amount of dividends approved by the company Shariket Thalya Miyah Mostaganem in the amount of 17,224 thousand euros at 31 December 2020.

e) Maturity of "Bank borrowings and other non-current financial liabilities."

The envisaged repayment schedule at 31 December 2020 and 2019 was as follows:

2020

(thousands of euros)	2022	2023	2024	2025	2026 AND BEYOND	TOTAL
Debt instruments and other (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

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2019

(thousands of euros)	2021	2022	2023	2024	2025 AND BEYOND	TOTAL
Debt instruments and other (Note 14.b)	-	909,408	-	-	647,233	1,556,641
Non-current bank borrowings (Note 14.a)	13,950	13,146	13,604	11,397	57,070	109,167
Other non-current financial liabilities (Note 14.c)	17,153	5,878	6,956	5,367	75,538	110,892
TOTAL	31,103	928,432	20,560	16,764	779,841	1,776,700

f) Other disclosures

In relation to the financial liabilities arranged by the Group, obligatory ratios exist, and no breaches had been committed at 31 December 2020 that could affect the Group's main lending agreements. No breaches are expected to be committed in 2021 either.

g) Changes in financial liabilities that affect cash flows from financing activities

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

	Balance at 1 January 2020	Cash flows from financing activities	Without an impact on cash flows			Balance at 31 December 2020
			Exchange differences	Change in fair value	Other changes	
Non-current	1,776,700	(9,518)	(25,336)	2,832	68,149	1,812,827
Debt instruments and other Note 14.b)	1,556,641	1,590	(6,711)	-	-	1,551,520
Bank borrowings (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
Current	50,724	11,130	(1,946)	-	34,028	93,936
Debt instruments and other (Note 14.b)	17,768	74	(80)	-	-	17,762
Bank borrowings (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

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	Balance at 1 January 2019	Cash flows from financing activities	flows	Without an impact on cash			Balance at 31 December 2019
			Exchange differences	Change in fair value	Other changes		
Non-current	1,658,924	7,437	3,401	812	105,126	1,776,700	
Debt instruments and other (Note 14.b)	1,552,445	1,571	2,625	-	-	1,556,641	
Bank borrowings (Note 14.a)	38,340	23,751	786	-	46,290	109,167	
Other financial liabilities (Note 14.c)	68,139	(17,885)	(10)	812	59,836	110,892	
Current	53,285	(19,183)	46	-	16,576	50,724	
Debt instruments and other (Note 14.b)	17,737	-	31	-	-	17,768	
Bank borrowings (Note 14.a)	8,448	(9,697)	-	-	7,245	5,996	
Other financial liabilities (Note 14.d)	27,100	(9,486)	15	-	9,331	26,960	

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15. NON-CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2020 and 2019 is as follows (in thousands of euros):

	2020	2019
Non-current		
Liabilities for long-term employee benefits	3,401	2,589
Litigation	7,751	7,818
Contractual and legal guarantees and obligations	7,087	6,797
Actions to improve or expand the capacity of concessions	85,371	62,263
Other risks and expenses	36,416	45,529
TOTAL NON-CURRENT PROVISIONS	140,026	124,996
Current		
Construction contract close-outs and losses	9,728	14,948
Construction personnel lay-off pay	1,204	1,200
Other provisions	2,342	2,187
TOTAL CURRENT PROVISIONS	13,274	18,335

The changes in the different provisions in each year in the periods analysed were as follows:

	(Amounts in thousands of euros)	Non-current provisions	Current provisions
Balance at 31.12.18		125,378	13,039
Provisions	19,211	4,793	
Reversals	(6,210)	(3,788)	
Derecognitions	(15,529)	(1,650)	
Translation differences	162	181	
Changes in the scope of consolidation	1,984	5,760	
Balance at 31.12.19		124,996	18,335
Provisions	36,536	3,987	
Reversals	(5,182)	(5,915)	
Derecognitions	(15,751)	(2,041)	
Translation differences	(573)	(1,092)	
Balance at 31.12.20		140,026	13,274

In 2020, allocations amounted to 40,523 thousand euros, highlighting the charges to "Provisions for improvements or expansions to the capacity of concessions" in the contracts in Colombia for

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31,019 thousand euros. Furthermore, the provision includes an amount of 1,108 thousand euros relating to the financial discounting of these provisions.

In 2019, charges amounted to 24,004 thousand euros, the most important of which were reflected under "Provisions for improvements or expansions to the capacity of concessions" in the amount of 10,993 thousand euros. The main contracts affected are in Spain and are mainly: Castrillón (Asturias), in the amount of 4,597 thousand euros, corresponding to the investment commitments to be made; Santa Eulalia (Ibiza) in the amount of 2,719 thousand euros for the capitalisation of the investment commitment corresponding to the Infrastructure modernisation plan; and the expansion of the Ávila treatment plant in the amount of 2,038 thousand euros (Note 4). Furthermore, the provision included an amount of 1,273 thousand euros relating to the financial discounting of these provisions.

During 2020 and 2019, the Group recognised a provision of 3,406 thousand euros (5,103 thousand euros at 31 December 2019) corresponding to the negative equity of two companies consolidated using the equity method whose registered addresses are in Mexico (Constructora de Infraestructura de Aguas de Querétaro and Constructora de Infraestructura de Aguas de Potosí), as the directors considered they required a future cash outflow.

In "Other provisions for risks and expenses", a provision with a City Council for the amount of 14,000 thousand euros stands out due to the guarantee deposited with the Court to file an administrative appeal. As of the date of the formulation of these accounts, a judgment was awaited by the Supreme Court of Spain.

Also, in the business year 2020, the most important outflows of non-current provisions refer to provisions for improvement actions in the amount of 12,177 thousand euros (13,045 thousand euros in 2019) for the investment commitments made in the year, mainly in the following contracts of Jerez de la Frontera (Cádiz) for an amount of 879 thousand euros (2,455 thousand euros in 2019), Cartaxo (Portugal) for an amount of 972 thousand euros (1,869 thousand euros in 2019), San Pedro del Pinatar (Murcia) for 2,392 thousand euros in 2020 (1,445 thousand euros in 2019) and Lleida (Lleida) for 1,357 thousand euros in 2020 compared to 1,470 thousand euros in 2019.

The schedule of expected payments at 31 December 2020 and 2019, as a result of the obligations covered by non-current provisions, is as follows:

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2020 (Thousands of euros)	TO 5 YEARS	OVER 5 YEARS	BALANCE AT 31/12/2020
Liabilities for long-term employee benefits	1,013	2,388	3,401
Litigation	7,751	-	7,751
Contractual or legal guarantees and obligations	7,068	19	7,087
Actions to improve or expand the capacity of concessions	18,033	67,338	85,371
Other provisions for risks and expenses	35,588	828	36,416
TOTAL	69,453	70,573	140,026

2019 (Thousands of euros)	TO 5 YEARS	OVER 5 YEARS	BALANCE AT 31/12/2019
Liabilities for long-term employee benefits	370	2,219	2,589
Litigation	7,818	-	7,818
Contractual or legal guarantees and obligations	6,768	29	6,797
Actions to improve or expand the capacity of concessions	18,153	44,110	62,263
Other provisions for risks and expenses	44,489	1,040	45,529
TOTAL	77,598	47,398	124,996

Liabilities for long-term employee benefits

This "Non-current provisions" heading includes those that cover Group company commitments regarding pensions and similar obligations, such as medical and life insurance.

Litigation

They cover the risks of the companies of the FCC Aqualia Group that intervene as respondents in certain litigation regarding the liability inherent to the activities they carry out; the Group's directors do not consider that said lawsuits will generate additional liabilities to those already registered at 31 December 2020.

Contractual and legal guarantees and obligations

Includes the provisions for the costs of non-environmental contractual and legal commitments, such as the removal of installations on completing certain contracts and the costs of assuring service quality.

In relation to contractual or legal guarantees, the Group's directors disclosed the following lawsuits pending settlement to date:.

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- The Italian Prosecutor's Office commenced legal procedures against Acque di Caltanissetta, in which FCC Aqualia has a 98% ownership interest, for breaching environmental regulations with respect to the spillage of wastewater, once this company had won the end-to-end water cycle tender in Caltanissetta (Sicilia).

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

Actions to improve or expand the capacity of concessions

Such provisions are recognised when the Group is bound to perform procedures to improve infrastructure and such procedures are not offset with the obtainment of higher concession income. Its balancing entry is the "Intangible assets under concession arrangements" heading (Note 6).

Other risks and expenses

This heading includes those risks not included in the previous headings, including any contractual liability that may be generated for it as a result of a payment obligation in the future, including most notably, a provision with Arteixo City Council, amounting to 14,000 thousand euros, described above.

16. OTHER PAYABLES

The details of "Other payables" at 31 December 2020 and 2019 corresponds to the following details (in thousands of euros):

	2020	2019
VAT payable (Note 18)	15,576	14,833
Accrued Social Security taxes payable (Note 18)	8,374	7,890
Tax withholdings payable (Note 18)	3,830	4,041
Other taxes payable (Note 18)	70,970	74,652
Remuneration payable	7,846	6,814
Customer advances	42,632	55,414
Payables and other non-trade payables	176,755	161,706
TOTAL OTHER PAYABLES BALANCE	325,983	325,350

"Other taxes payable" includes the amounts collected by the FCC Aqualia Group companies from its customers for the account of the tax authorities for taxes and which were pending payment (Note 18).

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“Payables and other non-trade payables” includes the balances payable by the Group for services.

17. GRANTS

Movements under this epigraph in 2020 and 2019 were as follows:

	2020	2019
Balance at 1 January 2020	55,870	41,919
Additions in the period	2,297	21,557
Application to financial credit	(8,984)	(4,600)
Allocation to profit or loss of grants for Intangible assets and property, plant and equipment	(3,037)	(3,535)
Changes in the scope of consolidation	-	529
Translation differences	(1,782)	-
Balance at 31 December 2020	44,364	55,870

In 2020, the FCC Aqualia Group recognised additions for 2,297 thousand euros (21,557 thousand euros in 2019), and the difference related to the grant obtained in Mexico in 2019 for 18,170 thousand euros for the construction of a desalination plant and Italy for 3,136 thousand euros for the performance of works in the towns and cities in which the service is provided.

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

At 31 December 2020, the Group recognised the sum of 11,725 thousand euros (13,471 thousand euros in 2019) in its consolidated income statement for operating grants (Note 20), grants awarded by the councils of the towns and cities in which the Group provides the end-to-end water cycle service and in recognition of the operating shortfall to the concessionaire in such concessions, pursuant to the provisions of the tender specifications and the corresponding contract.

The amounts pending collection at 31 December 2020 and 31 December 2019 in this regard are shown in Notes 11 and 18.

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18. TAX MATTERS

This Note describes the headings 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 the income tax expense.

Following the sale in 2018, mentioned in Notes 1 and 2.d.15 to these consolidated financial statements, FCC Aqualia, S.A. and its subsidiaries ceased to be part of the consolidated tax report headed by Fomento de Construcciones y Contratas, S.A.

On 13 February 2019, FCC Aqualia, S.A. became the head of Tax Group 233/19, integrating all companies in said Group that met the requirements established by the tax legislation.

At 31 December 2020, FCC Aqualia, S.A. has all the years not yet legally prescribed open for review by the tax authorities for the taxes applicable to it.

a) Public authorities

The detail at 31 December 2020 and 2019 of the current assets and liabilities included under "Tax Receivables" and "Tax Payables", respectively, is as follows:

Current assets

	2020	2019
Tax receivable on grants awarded (Note 11)	38,849	35,051
VAT refundable (Note 11)	24,745	23,792
Accrued social security taxes refundable (Note 11)	1,211	1,015
Indirect taxes borne (Note 11)	3,967	3,392
	68,772	63,250

Current liabilities

	2020	2019
Personal income tax withholdings and income tax (employment and movable capital earnings) (Note 16).	3,830	4,041
Value added tax (Note 16)	15,576	14,833
Accrued Social Security taxes payable (Note 16)	8,374	7,890
Other tax receivables and tax payables (Note 16)	70,970	74,652

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98,750

101,416

“Other tax receivables and tax payables” includes the amounts payable for taxes and levies in which the Group manages their collection for the account of the tax authorities with respect to the services provided to the customers.

b) Deferred tax assets and liabilities

Deferred tax assets relate mainly to provisions that are non-deductible for tax purposes in the year, to the temporary limit in the deduction of the amortisation of non-current assets recognised in prior years and to the tax losses of the JVs that allocate their profit/(loss) in the following year, while the deferred tax liabilities basically relate to those arising from company acquisitions, taxable profit of the JVs that is going to be allocated to profit/(loss) in the following year and to accelerated amortisation.

Pursuant to the provisions of accounts regulations, the Group has proceeded to offset the deferred tax assets and liabilities corresponding to the tax group of which the Parent, FCC Aqualia S.A. is the parent company, as it has the legal right to offset them and, in accordance with the Spanish tax regulations, they will be settled for their net amount based on the corresponding reversal time frames. At 31 December 2020, deferred tax assets and liabilities have been offset for the sum of 15,065 thousand euros. For the purposes of comparison, 16,297 thousand euros were offset from the amounts corresponding to 31 December 2019.

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

DEFERRED TAX ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31.12.20	31.12.19
Provisions	15,837	18,426
Pension plans	1	30
Depreciation	4,988	4,988
For the profit/(loss) of JVs assigned to the following business year and adjustments thereto	3,757	2,453
For intragroup transactions for the purchase and sale of non-current assets	5,373	5,310
Tax loss carryforwards used	4,749	4,749
For non-deductible finance costs	3,093	3,150
For the cancellation of financial capitalisation of the concession arrangement under IFRS	3,429	3,660
Other differences	4,927	2,580
Offsetting of the Tax Group's deferred tax liabilities	(15,065)	(16,297)
TOTAL	31,089	29,049

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The offsetting of the Tax Group's deferred tax liabilities mainly correspond to the results of Temporary Joint Ventures for the sum of 6,316 thousand euros at 31 December 2020 (5,371 thousand euros at 31 December 2019) and the allocation of goodwill of 5,372 thousand euros at 31 December 2020 (6,418 thousand euros at 31 December 2019).

DEFERRED TAX LIABILITIES (Amounts in thousands of euros)		
	31.12.20	31.12.19
For the profit/(loss) of JVs assigned to the following business year and adjustments thereto	6,316	5,371
For freedom of amortisation	22,085	22,103
For the assignment of goodwill	20,458	17,687
For the application of RD Ley 3/2016 deferral of portfolio impairment deducted	1,127	1,127
Difference between accounting and tax amortisation - concessions in Mexico	9,360	-
Other adjustments	2,867	3,671
Offsetting of the Tax Group's deferred tax liabilities	(15,065)	(16,297)
TOTAL	47,148	33,562

Below are the expected maturities of the deferred taxes before proceeding with the aforementioned offsetting in the Spanish tax group headed by FCC Aqualia, SA:

	(thousands of euros)						
	2021	2022	2023	2024	2025	2026 AND BEYOND	TOTAL
Deferred tax assets	8,549	3,876	3,835	3,930	2,769	23,195	46,154
Deferred tax liabilities	10,287	2,774	2,779	2,782	3,051	40,540	62,213

c) Reconciliation of the accounting profit to the taxable profit

The reconciliation of the accounting profit to the taxable profit was as follows (amounts in thousands of euros):

2020

Consolidated accounting profit for the year before tax			157,127
	Additions	Reductions	
Consolidation eliminations and adjustments	2,209	(3,916)	(1,707)
Permanent differences	4,633	(18,386)	(13,753)
Offset of prior years' tax profit/(losses)			
Adjusted consolidated accounting profit			141,667
Temporary differences:			
- For other adjustments (mainly provisions)	13,169	(8,075)	5,094
- For depreciation and amortisation	251	(2,435)	(2,184)
- For transfers of profit/(loss) of JVs to the following year	15,310	(17,670)	(2,360)
- Tax effect IFRS 16	1,028	(4)	1,024
- Adjustment prepaid taxes for intragroup profit/(loss)	2,566	(1,365)	1,201
Tax credit capitalisation and offset			(251)
Consolidated tax base (taxable profit/(loss))			144,191

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2019

Consolidated accounting profit for the year before tax			168,928
	Additions	Reductions	
Consolidation eliminations and adjustments	6,592	(3,968)	2,624
Permanent differences	5,110	(17,796)	(12,686)
Adjusted consolidated accounting profit			158,866
Temporary differences:			
- For other adjustments (mainly provisions)	9,682	(12,243)	(2,561)
- For depreciation and amortisation	296	(2,431)	(2,135)
- For transfers of profit/(loss) of JVs to the following year	17,270	(17,293)	(23)
- Tax effect IFRS 16	1,222	(16)	1,206
- Adjustment prepaid taxes for Intragroup profit/(loss)	2,530	(1,321)	1,209
Tax credit capitalisation and offset			(2,282)
Consolidated tax base (taxable profit/(loss))			154,280

At 31 December 2020 and 2019, the "Consolidation eliminations and adjustments" relate mainly to the profit/(loss) of companies accounted for using the equity method.

The income tax expense incurred in the year amounted to 33,338 thousand euros (45,905 thousand euros in 2019), as detailed in the accompanying consolidated income statement.

d) Tax recognised in equity.

No tax was recognised in equity for a significant amount in 2020 and 2019.

e) Reconciliation of accounting profit to the income tax expense.

2020

Adjusted consolidated accounting profit	141,667
Income tax charge	35,417
Tax credits and tax relief	(3,759)
Other adjustments	1,680
Accrued income tax	33,338

2019

Adjusted consolidated accounting profit	158,866
Income tax charge	39,717
Tax credits and tax relief	1,268
Other adjustments	4,920
Accrued income tax	45,905

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The Parent of the FCC Aqualia Group presents a balance of 346 thousand euros to be paid to the Treasury corresponding to companies with tax domiciles in Spain and which belong to FCC Aqualia's Tax Group (Group number 233/19) (4,403 thousand euros at 31 December 2019).

f) Tax loss and tax credit carryforwards

The FCC Aqualia Group had capitalised tax losses amounting to 4,749 euros at 31 December 2020 and 2019, relating mainly to losses obtained by the branch in Algeria, expected to be recovered in less than five years when such permanent establishment is eliminated.

g) Years open for review and tax audits

At 31 December 2020, the Parent was subject to tax inspection for business years 2015 to 2017 for Corporate Income Tax as a result of being a member of Tax Group 18/89 of which Fomento de Construcciones y Contratas is the Parent, and for Value Added Tax and Income Tax Withholding Tax for the period from June 2016 to December 2017. No amount was recognised in these consolidated financial statements as a provision for tax returns under these inspections, since the Company understands that if there are different criteria for interpreting the tax and accounting regulations, these will not entail significant liabilities in these notes to the financial statements. In relation to the rest of the taxes to which the Company is subject, the last four business years remain open for inspection for all taxes, without the directors estimating that any significant liabilities will arise.

In relation to other years that have been inspected at Group companies, in certain cases, the different criteria applied by the tax authorities gave rise to claim assessments, which are currently being appealed against by the related Group companies.

The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities that cannot be objectively quantified. The Parent's directors consider that the resulting liabilities, relating both to the years open for review and to the assessments filed, will not significantly affect the Group's equity.

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19. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2020, the Group had provided guarantees to third parties, mostly vis-à-vis public bodies and private clients, to secure the performance of the works and contracts, for 240,732 thousand euros (274,992 thousand euros at 31 December 2019).

FCC Aqualia, S.A. and the Group's subsidiaries have appeared as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (see Note 15), considering that the liabilities that may arise therefrom, in view of the existing provisions, would not significantly affect the Group's equity.

As indicated in Note 7, the stakes of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts, economic interest groupings and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on.

The Parent's directors do not expect any significant liabilities to arise from these joint and several guarantees.

20. REVENUE AND EXPENSES

Operating income

The Group companies classify operating income under "Revenue", except for the grants related to income, which are recognised as "Other operating income" in the consolidated income statement.

Revenue mainly comprises the following two items:

- **Water supply.** Includes the amount corresponding to the cubic meters supplied to subscribers valued at the sales price. This sales price is established for each contract, based on the rates approved by each corresponding public entity.
- **Sale of works and services.** It includes the amount corresponding to the construction works and activities performed by the Group in relation to the provision of the end-to-end water cycle in those municipalities in which it was a successful bidder.

The amount of the sale of works is calculated by applying the percentage of completion method, which consists of valuing, at the sales price, set in the contract, the units of works completed in the period, at the same time as the expenses incurred therein are accounted for.

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

The distribution of revenue by activity type is as follows:

REVENUE BY TYPE OF ACTIVITY		
<i>(Amounts in thousands of euros)</i>		
	2020	2019
Supply	573,388	579,694
Sewage	188,642	176,006
Sewage treatment	128,324	123,873
Hydraulic works	209,351	241,377
Desalination	42,921	20,980
Other Income	45,722	44,951
TOTAL	1,188,348	1,186,881

The Group does not present analytical information on the income statement or balance sheet for business segments, since its main activity is the end-to-end water cycle and it is treated as a single segment in all items of both financial statements. except for revenue, which shows this segment, by activity, in accordance with the information included in the table above.

The distribution of Group revenue by geographical market is as follows:

GEOGRAPHICAL AREA		
<i>(Amounts in thousands of euros)</i>		
	2020	2019
Spain		
Andalusia	225,538	250,200
Aragón	10,907	10,010
Asturias	29,658	31,299
Balearic Islands	32,537	36,035
Canary Islands	54,132	62,705
Cantabria	21,645	21,581
Castilla La Mancha	68,225	63,518
Castilla y León	46,482	48,964
Catalonia	64,979	60,472
Valencia	37,970	37,046
Extremadura	42,780	41,070
Galicia	59,408	61,352
Madrid	43,906	35,544
Murcia	34,177	32,650
Navarre	2,828	2,949
Basque Country	3,016	3,035

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



GEOGRAPHICAL AREA		
	(Amounts in thousands of euros)	
	2020	2019
La Rioja	5,868	5,929
Melilla	261	-
Spain total	784,317	804,359
International		
Saudi Arabia	35,351	15,884
Algeria	34,934	35,886
Chile	1,468	850
Colombia	26,583	53,073
Ecuador	1,483	8,698
Egypt	78,230	49,002
United Arab Emirates	14,007	11,969
France	20,163	11,798
Italy	42,847	43,445
Mexico	24,965	16,643
Montenegro	95	3,898
Oman	283	290
Panama	2,756	7,096
Portugal	15,477	16,024
Qatar	439	-
Czech Republic	100,644	101,312
Romania	4,296	3,461
Serbia	6	2,993
Tunisia	4	200
International total	404,031	382,522
TOTAL	1,188,348	1,186,881

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

(thousands of euros)	2020	2019
Income from grants related to income (Note 17)	11,725	13,471
Income from sundry services	19,554	16,570
Surplus provisions for risks and expenses and others	8,452	7,971
	39,731	38,012

Procurements

The breakdown of "Procurements" is as follows:

(thousands of euros)	2020	2019
Subcontracting and work performed by other companies	193,849	171,224
Purchases and procurements	280,586	304,078
	474,435	475,302

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



Staff costs

The breakdown of "Staff costs" is provided below:

(thousands of euros)	2020	2019
Wages and salaries	233,276	218,341
Social security contributions	71,244	66,618
Other staff costs	4,685	3,730
	309,205	288,689

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

CATEGORIES	Employees		Men		Women	
	2020	2019	2020	2019	2020	2019
Directors and managers	116	110	108	102	8	8
Supervisors	1,047	999	836	804	211	195
Technicians	1,701	1,309	1,177	806	524	503
Clerical Staff	1,142	1,083	355	322	787	761
Sundry trades	6,234	5,171	5,857	4,808	377	363
TOTAL	10,240	8,672	8,333	6,842	1,907	1,830

At 2020 year-end, the Group had 10,496 employees (9,504 employees at 2019 year-end), distributed by category and gender:

CATEGORIES	Employees		Men		Women	
	2020	2019	2020	2019	2020	2019
Directors and managers	124	112	115	104	9	8
Supervisors	1,060	1,010	842	815	218	195
Technicians	1,795	1,409	1,258	906	537	503
Clerical Staff	1,159	1,098	361	337	798	761
Sundry trades	6,358	5,875	5,958	5,512	400	363
TOTAL	10,496	9,504	8,534	7,674	1,962	1,830

At 31 December 2020, the Group had 124 employees with a degree of disability equal to or exceeding 33% (125 employees at 31 December 2019).

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Other operating expenses

The breakdown of “Other operating costs” is provided below:

(thousands of euros)	2020	2019
Outside services	151,613	154,646
Taxes other than income tax	8,718	31,840
Losses on, impairment of and changes in allowances for trade receivables	8,682	4,977
Other current operating expenses	13,593	10,157
	182,606	201,620

Finance income and finance cost

The breakdown of finance income is as follows:

(thousands of euros)	2020	2019
Interest on loans to FCC Group companies	31,561	30,491
Interest on loans to third parties	6,379	7,088
TOTAL	37,940	37,579

Finance cost

The breakdown of finance costs is as follows:

(thousands of euros)	2020	2019
Interest on debentures, bonds and other marketable securities	33,535	34,069
Interest on payables to third parties	10,904	8,671
Interest on payables to Group companies IFRS 16	37	39
Interest on payables to third parties IFRS 16	1,819	1,735
Financial update of provisions	1,110	1,286
TOTAL	47,405	45,800

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21. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements.

The FCC Aqualia Group's risk management philosophy, in line with that of the FCC Group, is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group's organisation in the appropriate manner.

Capital risk management

In line with the guidelines set by its majority shareholder, the FCC Aqualia Group manages its capital to ensure that the Group companies will be able to continue to operate as profitable businesses while maximising the return for shareholders through an optimum debt-to-equity balance.

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

The Group's capital structure includes debt (formed by 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 13.

The Group's Financial Area, which is responsible for the management of financial risks, periodically reviews the capital structure and the solvency and liquidity ratios of the FCC Group's financing policy.

The cost of capital and the associated risks of each investment project are analysed by the Operational Areas and the Finance Division, and are subsequently approved or rejected by the corresponding committee or by the Parent's Board of Directors. Other functional areas of the Group may also provide reports if so required.

One of the objectives of this investment analysis is to maintain the net debt/EBITDA ratio at a reasonable level, within the existing covenants.

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Foreign currency risk

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

However, regardless of its significance, the Aqualia Group's policy is to mitigate, as far as possible, the adverse effect of such risk on its consolidated financial statements, due both to transactional and purely equity-related changes.

The Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain the financing required for the local activity of the company in local currency in the country of origin of the investment, with a view to creating a natural hedge or a matching of the cash flows generated to the financing.

Interest rate risk

In view of the nature of the activities in which the management of working capital plays an essential role, it is widespread practice for the Group to choose indexes that mostly accurately reflect the changes in inflation as a reference for financial debt. Therefore, the Group's policy is to endeavour to ensure that both its current financial assets which, to a large extent, provide natural hedging for its current financial liabilities, and the Group's debt, are tied to floating interest rates. In the event of long-term transactions and if required by the Group's financial structure, debt is tied to the fixed-interest rate and to a term which coincides with the maturity cycle of the transaction in question, all within the possibilities offered by the market.

Solvency risk

At 31 December 2020, the net financial debt of the FCC Aqualia Group amounted to 373,669 thousand euros (406,628 thousand euros at 31 December 2019), as shown in the table below, which represents 51% (63% in 2019) of equity at that date:

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



	31.12.20	31.12.19
Bank borrowings (Note 14)	151,861	115,163
Debt Instruments and other (Note 14)	1,569,282	1,574,409
Other interest-bearing financial debt	35,378	14,758
Other current financial assets (Note 9)	(90,251)	(69,654)
Other non-current financial assets (Note 9)	(806,480)	(806,524)
Cash and cash equivalents (Note 12)	(486,121)	(421,524)
Net interest-bearing debt	373,669	406,628

Liquidity risk

This risk derives from temporary shortages between the funds generated by the Company's activities and the fund requirements to meet debt payments, working capital requirements, etc.

At 31 December 2020, the Group had working capital of 232,877 thousand euros (174,356 thousand euros at 31 December 2019).

Risk hedging financial derivatives

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

At 31 December 2020 and 2019, the FCC Aqualia Group had arranged the following interest rate hedging transactions, which comply with cash flow hedging terms and conditions:

(thousands of euros)	Fair value at 2020	Notional 2020	Fair value at 2019	Notional 2019	Due date
Fully consolidated companies					
AquaJerez	(1,646)	43,936	(813)	43,936	2031
Aquos el Realito, S.A. de C.V.	(3,847)	34,967	-	-	2025
Qatarat Saqla Desalination	(1,001)	20,702	-	-	2021-2026
Companies consolidated using the equity method					
Aquos el Realito, S.A. de C.V.	-	-	36	19,711	2025

To a lesser extent, as indicated in previous sections, the Group actively manages its foreign currency risk by arranging financial transactions in the same currency as that in which the related asset is denominated, i.e. efforts are made, at all times, to obtain the financing required for the local activity of the company in local currency in the country of origin of the

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investment, with a view to creating a natural hedge or a matching of the cash flows generated to the financing.

As indicated in Note 13.c), the most significant net assets denominated in a currency other than the euro, owned by the FCC Aqualia Group at 31 December 2020 and 2019, are found in the Czech Republic. To cover the exchange rate risk of these assets, the FCC Aqualia Group arranged financial debt in the same currency (Czech crowns), in accordance with the breakdown included in Note 14.b).

The changes in the fair value of cash flow hedges are taken, net of the tax effect, to "Equity - Valuation adjustments" and are recognised in profit or loss for the year to the extent that the hedged item has an impact on the consolidated income statement.

The financial derivatives were measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Covid-19 risk

The Covid-19 pandemic has had some impact on the accompanying financial statements both in operational and liquidity terms, originating mainly from exploitations located in the Canary Islands, the Balearic Islands and some services on the mainland coast where tourist activity has been affected. In some cases this has led to updating the main estimates affecting the financial statements.

In terms of operational management, the Covid-19 crisis has had a limited impact on the Company, except for the management of sports installations that were closed during certain phases of the pandemic, since the Company's activity was considered by the different national authorities to be essential without significant interruptions to activity or loss of profitability in most of the assets.

In this regard, as shown in the attached income statement, the Company has maintained a positive "Operating Income" of 167,411 thousand euros, which represents 14% of the net turnover. "Cash flows from operational activities" amounted to 223,652 thousand euros as can be seen in the attached statement of cash flows.

In terms of liquidity, the Company maintained current accounts managed in a cash pooling scheme with the companies it controls, ensuring a comfortable financial position against possible liquidity stress.

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As a result of the situation created by the Covid-19 crisis, the Company proceeded to conduct an analysis with regard to the main estimates that affect the accompanying financial statements:

- **Fixed and non-current assets.** The recoverable value of the main items of fixed and non-current assets that could show signs of impairment was reviewed (Notes 4 and 5).
- **Financial instruments:** The recoverable value of the main financial instruments was reviewed (Note 9).
- **Furthermore, with regard to trade sales ledgers,** no significant non-payment problems were identified. There are no sales ledgers for materials of doubtful recoverability that are not impaired. The average periods for receiving payment are in line with previous years, although during this business year there have been some occasional delays in the months when there were restrictions on mobility, affecting those clients whose payments are not by direct debit. Once these restrictions were lifted, payments returned to levels similar to previous business years.
- **Deferred tax assets:** The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2019, have been updated, with the result that under the same criteria used on that date, the impact of Covid-19 does not involve a reversal of the assets for deferred tax or a significant modification of retrieval periods.
- **Provisions:** The level of provisions (note 14) is considered suitable to cover all risks considered probable.

Due to all of the above and taking into account the limited impact, the measures taken to guarantee the assets and the existing liquidity gaps, the Company prepared the financial statements under principle of a company as a going concern, since the continuity of the company is not in doubt.

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22. TRANSACTIONS WITH COMPANY DIRECTORS, THE MANAGEMENT TEAM AND RELATED PARTIES

Board of Directors.

At 31 December 2020 and 2019, the members of the Board of Directors have not received any remuneration from the Company.

Also, no advances or loans or any other type of guarantee had been granted to the members of the Board of Directors, nor did the Company have any pension or life insurance commitments with respect to such members.

As for Board members that occupy posts in companies in which FCC Aqualia, S.A. has ownership interests, the former do not participate directly or indirectly in other FCC Aqualia Group companies, but they may hold positions, undertake duties and/or have shareholdings of less than 0.01% in other FCC Group and IFM Group companies.

In 2020, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

Management Team:

The remuneration accrued by members of the Management Team in the form of salaries in the 2020 business year amounted to 4,181 thousand euros (3,979 thousand euros in 2019). This Management Team consisted of 19 people in 2020 and 17 people in 2019.

The balances and transactions with Group companies, joint ventures and associates are as follows (in thousands of euros):

a) Customer and trade receivables from Group companies, joint ventures and associates

Customer and trade receivables from Group companies, joint ventures and associates	2020	2019
ABAST.ALTA COSTA BRAVA EMP.MIXTA	-	2
AGUAS DE ARCHIDONA, S.L.	381	303
AGUAS DE GUADIX, S.A.	124	33
AGUAS DE LANGREO, S.L.	343	225
AGUAS DE NARIXA, S.A.	36	32
AGUAS DE PRIEGO, S.L.	498	445
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	772	803
AIE COSTA BRAVA AB. AQUALIA-SOREA	-	14
AIE COSTA TROPICAL DE GRANADA	1,387	1,500
AIE ITAM DELTA DE LA TORDERA	-	4

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Customer and trade receivables from Group companies, joint ventures and associates	2020	2019
AIE SOREA-AQUALIA	10	10
AIGÜES DE L' ALT AMPURDA, S.A.	(18)	-
AIGÜES DEL SEGARRA GARRIGUES, S.A.	28	23
AIGUES DEL VENDRELL	208	155
AQUOS EL REALITO, S.A. DE CV	-	36
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	66	82
CODEUR, S.A.	-	2
CONCESIO. DESALACION DE IBIZA, S.A.	44	46
CONDUCCIO DEL TER, S.L.	18	-
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	1,690	1,910
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	44	374
EMP. MIXTA D'AIGÜES DE LA COSTA BRAVA	1	1
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	1,537	2,353
EMP.MIXTA DE AGUAS DE JODAR, S.A.	553	501
EMP.MUNICIPAL AGUAS DE LINARES	1,542	1,106
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	9,853	5,158
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	290	264
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	21	20
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	870	513
EMPRESA MUNICIPAL AGUAS DE TOXIRIA, S.A.	603	545
FAST CONSORTIUM LIMITED LLC	9,096	9,590
FCC CONSTRUCCION	2,278	1,612
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS	26	43
FCC, S.A.	86	189
FCC MEDIO AMBIENTE	38	7
GESTION Y VALOR INT.CENTRO, S.L.	3	3
GIRONA, S.A.	1	5
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	333	-
MATINSA	11	8
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	1	1
OMÁN SUSTAINABLE WATER SERVICES SAOC	22	38
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	8	8
ORASQUALIA O&M	12	6
TOTAL	32,816	27,970

b) Suppliers and payables Group companies, joint ventures and associates

Suppliers and payables Group companies, joint ventures and associates	2020	2019
AGUAS DE ARCHIDONA, S.L.	13	1
AGUAS DE DENIA, S.A.	181	181
AGUAS DE LANGREO, S.L.	7	14
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	5	6
AIE COSTA TROPICAL DE GRANADA	2	3
AIE ITAM DELTA DE LA TORDERA	-	4
AIGUES DEL VENDRELL	-	1
ARIDOS DE MELO, S.L.	-	15
ASESORIA FINANCIERA Y DE GESTION, S.A.	287	-
BETEARTE, S.A.	16	-
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	352	-
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	7	-
ECOACTIVA DE MEDIO AMBIENTE, S.A.	2	8

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.



EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	199	587
EMP. MUNICIPAL AGUAS DE LINARES	11	6
EMPR. MUNICIPAL DE AGUAS DE ALGECIRAS, SA	3,582	385
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	5	5
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	12	17
FAST CONSORTIUM LIMITED LLC	174	2,054
FCC AMBITO	40	11
FCC CONSTRUCCION, S.A.	13,181	10,201
FCC EQUAL CEE, S.L.	5	8
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS	33	19
FCC, S.A.	4,004	4,692
FCCMA	153	112
FEDEMES, S.L.	500	685
GAMASUR CAMPO DE GIBRALTAR, S.L.	5	34
HA PROYECTOS ESPECIALES HIDRAULICOS S.R.L. DE CV.	2,300	-
HORMIGONES REINARES, S.A.	1	1
HORMIGONES Y MORTEROS PREP., S.A. UNIPERSONAL	1	1
INTEGRACIONES AMBIENTALES DE CANTABRIA, S.A.	6	-
MATINSA	-	3
MEGAPLAS, S.A.	2	-
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	22	26
OPERACIONES Y SER. IND. CONSTRUCCION	93	-
OPERADORA EL REALITO S.A. DE C.V.	5,553	-
ORASQUALIA O&M	15	-
PREFABRICADOS DELTA	6	-
PROVEIMENTS D'AGUA, S.A.	28	11
SERVICIOS DOS REIS, S.A. DE C.V.	42	-
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	4	3
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.	-	180
NON-FCC GROUP	13	-
TOTAL	30,862	19,274

c) Non-current loans to FCC Group companies

Amounts in thousands of euros	2020	2019
FCC, S.A.	806,479	806,479
FCC MEDIO AMBIENTE	-	44
Other	1	1
TOTAL	806,480	806,524

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d) Current loans to Group companies, joint ventures and associates.

Current loans to companies accounted for using the equity method	2020	2019
AGUAS DE ARCHIDONA, S.L.	26	30
AGUAS DE GUADIX, S.A.	1	-
AGUAS DE LANGREO, S.L.	732	732
AGUAS DE NARXA, S.A.	444	465
AGUAS DE PRIEGO, S.L.	266	331
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	1,706	935
AIGÜES DEL VENDRELL	306	408
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	2	2
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	279	299
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR	341	408
EMP.MIXTA DE AGUAS DE JODAR, S.A.	36	33
EMP.MUNICIPAL AGUAS DE LINARES	-	4
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	451	327
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	796	793
EMPRESA MUNICIPAL AGUAS DE TOXIRIA, S.A.	44	43
OMÁN SUSTAINABLE WATER SERVICES SAOC	8	8
TOTAL	5,438	4,818

Current loans to FCC Group companies	2020	2019
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	20	14
AIE COSTA TROPICAL DE GRANADA	18	14
CIA. DE SERV. MEDIOAMBIEN. DO ATLANTICO	7	5
INFRAS. Y DISTRIBUCIÓN GENERAL DE AGUAS, S.L.	-	44
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	2	2
FCC CONSTRUCCION, S.A.	1,851	52
FCC, S.A.	2,525	2,527
OMÁN SUSTAINABLE WATER SERVICES SAOC	8	8
TOTAL	4,431	2,666

Dividends receivable from joint ventures and associates	2020	2019
AIE SOREA-AQUALIA	52	-
AIE COSTA BRAVA AB. AQUALIA-SOREA	-	18
TOTAL	52	18

Dividends receivable from companies accounted for using the equity method	2020	2019
AGUAS DE GUADIX, S.A.	36	-
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	664	693
ORASQUALIA CONSTRUCTION SAE	195	210
TOTAL	895	903

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e) Current borrowings with Group companies and joint ventures and associates

	2.020	2.019
AGUAS DE ARCHIDONA, S.L.	2	1
AGUAS DE NARIXA, S.A.	1	-
AGUAS DE PRIEGO, S.L.	4	2
AIE ITAM DELTA DE LA TORDERA	-	258
AIGÜES DEL VENDRELL	164	79
AUGAS MUNICIPAIS DE ARTEIXO, S.A.	1	1
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	12	12
EMP.MIXTA DE AGUAS DE JODAR, S.A.	3	-
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	104	-
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	527	509
FCC CONSTRUCCION, S.A.	3	116
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS	68	69
FCC, S.A.	313	808
FCC MEDIO AMBIENTE	340	-
PROACTIVA GROUP	13	13
PRESTADORA SERV.ACUEDUCTO EL REALITO,SA DE CV	1	1
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.	35	17
Total	1,591	1,886

f) Revenue

(Thousands of euros)	2020	2019
ABASTECIMIENTO ALTA COSTA BRAVA EMPRESA MIXTA	2	6
AGUAS DE ARCHIDONA, S.L.	512	495
AGUAS DE GUADIX, S.A.	213	42
AGUAS DE LANGREO, S.L.	193	110
AGUAS DE NARIXA, S.A.	274	244
AGUAS DE PRIEGO, S.L.	230	165
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	4,120	4,115
AIE COSTA BRAVA ABASTAMENT AQUALIA-SOREA	43	58
AIE COSTA TROPICAL DE GRANADA	454	506
AIE ITAM DELTA DE LA TORDERA	-	(4)
AIE SOREA-AQUALIA	33	33
AIGÜES DE TOMOVÍ, S.A.	-	215
AIGÜES DEL SEGARRA GARRIGUES, S.A.	131	193
AIGUES DEL VENDRELL	514	336
CIA. DE SERVICIOS MEDIOAMBIENTALES DO ATLANTICO, S.A.	168	574
CONCESIONARIA DESALACION DE IBIZA, S.A.	429	445
EMP. MIXTA MUNICIPAL DE AGUAS DE NUAR, S.A.	3,849	3,870
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	589	584
EMP.MUNICIPAL AGUAS DE LINARES, S.A.	4,543	4,377
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	9,753	9,590
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	1,040	968
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	48	36
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	2,763	3,112
EMPRESA MUNICIPAL AGUAS DE TOXIRIA, S.A.	987	993
FAST CONSTRUCTION, LLC	15,155	15,023
FCC ÁMBITO, S.A.	-	1
FCC CONSTRUCCION, S.A.	401	136
FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS	80	92
FCC, S.A.	4	95

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FCC MEDIO AMBIENTE, S.A.	130	4
GESTION Y VALOR INT.CENTRO, S.L.	4	4
GIROA, S.A.	24	24
HA PROY. ESPEC. HIDR.	225	3
MATINSA, S.A.	40	24
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	2	2
OMÁN SUSTAINABLE WATER SERVICES SAOC	283	246
OPERADORA EL REALITO S.A. DE C.V.	(351)	-
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	96	96
ORASQUALIA O&M	96	69
SHARIKET MIYEH RAS DJINET, S.P.A.	5,026	4,486
TOTAL FCC GROUP COMPANIES AND ASSOCIATES	52,103	51,368

Revenue with Fast Construction LLC relates to works performed for the Riad underground (Saudi Arabia).

g) Purchases and other procurements

(Thousands of euros)	2020	2019
AGUAS DE ARCHIDONA, S.L.	11	-
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	36	32
AIE COSTA TROPICAL DE GRANADA	-	9
ARIDOS DE MELO	49	32
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	1	-
ECOACTIVA DE MEDIO AMBIENTE, S.A.	-	1
EMPRESA MIXTA MUNICIPAL DE AGUAS DE NIJAR	980	1,172
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	(14)	-
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	2,215	2,194
EMPRESA MUNICIPAL DE AGUAS DE TOXIRIA, S.A.	164	8
FCC AMBITO, S.A.	-	2
FCC CONSTRUCCIÓN, S.A.	129	-
FCC INDUSTRIAL E INF. ENERGETICAS, S.A.	6	7
FCC, S.A.	35	37
HORMIGONES REINARES, S.A.	2	-
MANIPULACIÓN Y RECUPER. MAREPA, S.A	2	2
MEGAPLAS, S.A.	2	-
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	(2)	62
PREFABRICADOS DELTA	20	4
PROVEIMENTS D'AIGUA, S.A.	13	5
TOTAL FCC GROUP COMPANIES AND ASSOCIATES	3,649	3,567

h) Work performed by other companies

(Thousands of euros)	2020	2019
AIE COSTA TROPICAL DE GRANADA	-	2
AQUALIA MÉXICO, S.A. DE C.V.	(67)	-

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ARIDOS DE MELO, S.L.	58	31
BETEARTE, S.A.	24	-
ECOACTIVA DE MEDIO AMBIENTE, S.A.	10	18
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	60	63
EMPRESA MUNICIPAL AGUAS DE TOXIRIA, S.A.	-	4
FCC AMBITO, S.A.	81	41
FCC CONSTRUCCION, S.A.	1,668	8,433
FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS, S.A.	128	44
FCC, S.A.	3	8
FCC MEDIO AMBIENTE, S.A.	8	10
GAMASUR GIBRALTAR, S.L.	46	56
INTEGRACIONES AMBIENTALES DE CANTABRIA, S.A.	7	-
MANTINSA	3	3
OPERADORA EL REALITO S.A. DE C.V.	5,448	-
PROVEIMENTS D'AIGUA, S.A.	38	53
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	-	62
TOTAL FCC GROUP COMPANIES AND ASSOCIATES	7,515	8,828

i) Other operating expenses

(Thousands of euros)	2020	2019
AGUAS DE ARCHIDONA, S.L.	2	1
AGUAS DE DENIA, S.A.	256	257
AGUAS DE LANGREO, S.L.	25	46
AIE COSTA TROPICAL DE GRANADA	2	6
AIE ITAM DELTA DE LA TORDERA	-	(9)
AIGÜES DE TOMOVI, S.A.	-	8
AIGÜES DEL VENDRELL	18	10
CONSTRUCTORA INFRAEST. DE AGUA QUERETARO	-	(2)
EMP.MUNICIPAL AGUAS DE LINARES	22	16
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	115	121
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	5	5
EMPRESA MUNICIPAL AGUAS DE TOXIRIA, S.A.	25	-
FC y C, S.L. UNIPERSONAL	-	8
FCC AMBITO, S.A.	2	2
FCC CONSTRUCCION, S.A.	5,041	4,678
FCC EQUAL CEE, S.L.	8	12
FCC INDUSTRIAL E INFRAESTRUCTURAS ENERGÉTICAS, S.A.	11	8
FCC, S.A.	18,962	18,296
FCC MEDIO AMBIENTE, S.A.	15	2
FEDEMES, S.L.	4,155	3,749
MEGAPLAS, S.A.	38	-
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	-	12
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	8	2
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA, S.A.	-	2
TOTAL FCC GROUP COMPANIES AND ASSOCIATES	28,710	27,230

j) Financial income

(Thousands of euros)	2020	2019
AGUAS DE ARCHIDONA, S.L.	29	30
AGUAS DE LANGREO, S.L.	180	196
AGUAS DE NARIXA, S.A.	270	(709)

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AGUAS DE PRIEGO, S.L.	163	169
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	854	890
AIE COSTA TROPICAL DE GRANADA	546	525
AIQÜES DEL VENDRELL	271	206
EMPRESA MUNICIPAL DE AGUAS DE NIJAR, S.A.	26	31
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	66	69
EMPRESA MUNICIPAL DE AGUAS DE ALGECIRAS	15	19
EMPRESA MUNICIPAL DE AGUAS DE BENALMADENA, S.A.	34	38
EMPRESA MUNICIPAL DE AGUAS DE LINARES, S.A.	-	(1)
FCC, S.A.	29,107	29,028
TOTAL FCC GROUP COMPANIES AND ASSOCIATES	31,561	30,491

k) Finance costs

During 2020 and 2019, finance costs with Group companies were exclusively associated with FCC, S.A., due to the impact of IFRS 16.

23. FEES PAID TO AUDITORS

The fees for audit and other professional services provided in the year to the different companies forming the Aqualia Group by the main auditor and by other auditors participating in the audit of the different Group companies, together with the entities related thereto, are shown in the following table:

(thousands of euros)	2020			2019		
	Principle auditor	Other auditors	Total	Principle auditor	Other auditors	Total
Audit services	385	278	663	373	207	580
Other assurance services	45	933	978	42	376	418
Total	430	1,211	1,641	415	583	998
Tax advisory services	-	312	312	-	162	162
Other services	-	60	60	-	572	572
Total professional services	-	372	372	-	734	734
TOTAL	430	1,583	2,013	415	1,317	1,732

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24. OTHER DISCLOSURES

a) Disclosures on deferred payments to suppliers. Third additional provision "Disclosure requirement" set out in Law 15/2010 of 5 July.

In relation to the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, enacted 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, stipulating measures to combat late payment in commercial transactions, it must be indicated with respect to 2019 and 2018, that the Parent operates in Spanish territory, mainly with public clients, such as the State, Autonomous Communities, local corporations and other public bodies, which settle their payment obligations in periods that exceed that laid down in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, setting forth measures to combat late payment in commercial transactions.

It must be indicated that, in the contracts with and supplies to third parties arising from the agreements entered into by the Company with the different public authorities, that stipulated in section 5 of article 228 of the current Consolidated Public Sector Contracts Law (TRLCSPL) applies, which enables the contractor to agree with suppliers periods exceeding those set forth in this law under certain conditions.

Due to such circumstances and in order to adapt the Company's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2019 in the sectors in which the Company operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) Payments to suppliers under agreements entered into by the Company with the public authorities, pursuant to article 228.5 of the TRLCSPL, and b) Payments to remaining suppliers under the Second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the "deferral of the payment for objective reasons" taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Company operates.

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Moreover, the Parent acknowledges and pays suppliers, always by mutual agreement therewith, any late-payment interest arranged in the contracts, providing negotiable payment methods accompanied by exchange procedures. Such pacts, aside from being expressly envisaged, as we have indicated, in the TRLCSP, are admissible under Directive 2011/7/EU, of 16 February, of the European Parliament and the Council.

In accordance with the aforementioned ICAC resolution, below is a table containing information on the average payment period to suppliers for those commercial transactions accrued since the entry into force of Law 31/2014, that is, 24 December 2014, albeit exclusively with respect to the fully or proportionately consolidated companies located in Spain.

For the exclusive purposes of the information required by this Resolution, suppliers are defined as trade payables for the supply of goods or services included under "Suppliers" and "Other payables" under current liabilities in the balance sheet, relating solely to Spanish companies included in the consolidated group.

Average payment period to suppliers (thousands of euros)		
	2020	2019
	Days	Days
Average period of payment to suppliers	67	85
Ratio of paid operationsv	62	71
Ratio of operations pending payment	90	144
	Amount	Amount
Total payments made	457,309	492,413
Total payments pending	102,338	125,293

b) Earnings per share

Diluted earnings per share coincide with basic earnings per share, as follows:

(thousands of euros)	2020	2019
Profit for the year attributable to the Parent (thousands of euros)	109,664	110,529
Weighted average number of shares outstanding	145,000	145,000
Basic earnings per share (euros)	0.76	0.76

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25. ENVIRONMENTAL INFORMATION

One of FCC Aqualia's priority objectives is the continued support of compliance with the United Nation's Sustainable Development Goals (SDG), concentrating on those that affect the water sector and our stakeholders:

- No. 3. Good Health and Well-Being.
- No. 6 Sustainable Clean Water and Sanitation.
- No. 7. Affordable and Clean Energy.
- No. 8. Promoting Sustained Economic Growth.
- No. 9 Building Resilient Infrastructures.
- No. 11. Achieving Sustainable Cities and Communities.
- No. 12. Guaranteeing Sustainable Production and Consumption.
- No. 13. Adopting Urgent Measures to Tackle Climate Change.
- No. 14. Sustainably Conserving Marine Resources.
- No. 15. Tackling Desertification and Protecting Biodiversity.
- No. 17. Partnerships to Achieve the Goals.

The Company also has an ongoing strategy of creating shared value, responding to the expectations of its stakeholders and taking a deeper look at the tools that enable us to understand and measure social and environmental impacts, as a support for the creation of economic value and the company's increased competitiveness (calculation of the social and environmental footprints). To achieve this, in 2020 the following steps were taken:

- 1. Integration of the new ISO 45001 Standard**, in the Aqualia Management System, reviewing and updating all the procedures and coordinating the internal and external audit processes (AENOR).
- 2. Increased efficiency in the process of internal Audits**, through the editing of integrated reports, and external ones, with duly qualified auditors, which enable system audits to

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be conducted on the Quality, Environmental, and Energy Management Systems, calculation of the Carbon Footprint and Safety and Health at Work.

3. **Certification In Asset Management** of an international contract, which allows more efficiency and accuracy in the operation of managed infrastructures.
4. **Increased scope of the Energy Management and Climate Change strategy.**
 - Follow-up on contracts with energy review.
 - Calculation and verification of the Carbon Footprint for all Aqualia activities in Spain and Portugal.
 - The registration of the Carbon Footprint In the OECC (Spanish Office for Climate Change) of the MITECO (Ministry for Ecological Transition) for all Aqualia's activities in Spain.
 - Review of the Carbon Footprint Reduction Plan for Aqualia's Activities.
 - Verification of the emissions avoided in the MITECO OECC CLIMATE Project, approved in 2018, for the use of alternative fuels corresponding to the company's activity and in cars.
 - Follow-up on the project for the Implementation of the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
5. **Adaptation of the general procedures for the Management System to the FCC Group's Compliance model** to respond to the designation of process owners and their corresponding controls.
6. **Participation in AENOR meetings and forums and in AEC work groups.**
7. **Participation in the Spanish Chamber of Commerce Circular Economy Commission** in which legislative initiatives are analysed and meetings are held with those responsible for policies.

As a complement to the above, the strategy maintained with the Company's stakeholders consists of incorporating the processing of Aqualia's stakeholders and the contextual analysis of the Company into the Management System, as a requirement for the new Regulations and as support to other Aqualia departments in their daily work (Clients, Compliance, Reporting, CSR, HR, etc.).

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1.2. Energy Management

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

Not surprisingly, the calculation of the company's Carbon Footprint for its holdings in Spain, verified according to UNE-ISO 14064 Standard guidelines by AENOR, shows that the component with the greatest impact on Aqualia's Carbon Footprint is the consumption of electrical energy (Scope 2).

Greenhouse Gas Emissions In Spain (2019):

	t CO ₂	t CH ₄	t N ₂ O	GHG 2019 (t CO ₂ e)	%
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 regard, two projects were launched in 2020 with the aim of reducing GHGs.

A PPA (Power Purchase Agreement) was signed for 76 GWh/year of renewable energies (photovoltaic), which came into operation in July and will reduce emissions by around 15,200 t CO₂e/year.

Furthermore, the project to install 3.2 MW of peak capacity 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.

Improvements to reduce energy consumption

Since 2016, and every four years, the company has undergone energy audits (in accordance with ISO 50001-Energy Management Systems) in a collection of production installations that consume more than 85% of the company's total energy consumption. As a follow-up to the improvement opportunities detected in the audits, the functional design of a computer tool was developed, which is promoted under this standard. This tool will be integrated into Aqualia's

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reporting/technical analysis tool (AqualiaRT/AqualiaBI) enabling follow-up of the actions and the results obtained in them.

In 2020, the office building in Las Tablas, where Aqualia has its headquarters, has been certified in terms of energy management. In this way, consumption in this building is expected to be optimised, that, as is the case with the rest of the offices, have a much lower impact on the company's carbon footprint than the production installations, but which are Aqualia's showcase for its end-clients, so here is where we can demonstrate our environmental commitment.

1.3. Projects for Improved Technical Management

During 2020, as in previous years, we continued with the implementation and development of the activities relating to the improvement of management, both at an operational level and regarding the deployment of new platforms to standardise best practices at a technical level within the company. The most prominent cases were:

Energy Management

- Initial operation 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.
- Change of energy invoicing control platform, from Bempower to Synergica, which is much more powerful and has enabled more immediate and comprehensive control of the energy costs invoiced by the retailer.
- Initial operation of the SILICE platform for the collection of data on gas production and its destination in the WWTPs managed, in order to be able to declare the data for the settlement of the Hydrocarbon Tax in a centralised manner on the Spanish Tax Authority's platform.

Asset Management

Deployment has begun for a new Asset and Maintenance Management by Computer tool which will enable the standardisation of maintenance activities, depending on the size and purpose of the service provided. This is in addition to an improved centralised control of the inventory of assets managed, which will facilitate not only awareness of the status and updated value of the inventory, but also developing and planning "Smart" proposals for the renewal and/or extension of the infrastructure operated by the company.

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Technical Reporting

In 2020, centralised monthly technical reporting was achieved, covering 90% of the perimeter operated by the company.

As a result, centralised monthly technical data is now available for all contracts operated in Europe, Africa and the Middle East.

The aim for the coming business year is to extend the scope to 100% of operations worldwide.

The platform used is Aqualia RT/BI, which, translated into Spanish, English, French, Italian, Czech and Arabic and with the capacity to adapt to any type of technical operation managed by the company, is a very valuable repository for technical data to support the company's technical and economic operations.

Technology Transfer

During 2020, a new tool was implemented, complementing the function of the Innovation Department which is that of Technology Transfer.

The main aim of the area is to create products, activities or processes that are commercially exploitable (internal or external market), derived from the results of the different projects of the Department of Innovation, as well as to propose new lines of technological innovation according to the internal needs that are identified or detected from the Production line.

Approved Laboratories

With regard to FCC Aqualia's network of accredited laboratories, a number of noteworthy events took place in 2020 which clearly strengthened the company's activity.

At the beginning of the year, the Badajoz laboratory was accredited by ENAC (National Accreditation Entity), which means that there are now 6 accredited laboratories for water analysis in Spain (Badajoz, Oviedo, Lérida, Ávila, Jerez and Adeje).

In addition, the other five laboratories passed the ENAC audit, renewing their accreditation and achieving an unprecedented increase in the number of parameters in the activity of these laboratories, with an additional 405 parameters in different matrices: drinking and packaged water, inland, swimming pool and sea water

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Lastly, in December, the Laboratorio di Acque Potabili di San Giuliano, in Italy, obtained accreditation from the Italian national agency (ACREDIA).

Accreditation of the Aguas de Consumo de Vigo laboratory is also underway, with accreditation expected in 2021.

This will give the company a network of 10 accredited laboratories in Spain, Italy and the Czech Republic.

Also noteworthy is the activity developed by the company in the monitoring of COVID-19, the company's expert staff, in collaboration with the CSIC (Spanish National Research Council), under which, through the signing of an agreement, the wastewater of different municipalities of Castilla León, Galicia and Castilla la Mancha is being analysed.

The agreement also includes the training of company staff and inter-comparison exercises for the fine-tuning of a PCR technique that will complete the Oviedo laboratory's offer.

26. EVENTS SUBSEQUENT TO YEAR-END

At the date of authorisation for issue of these financial statements, no significant events had occurred leading to significant changes in the data reflected in the Group's notes to the financial statements.

27. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

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ANNEX I

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) FULLY CONSOLIDATED SUBSIDIARIES

COMPANY	GROUP HOLDING (%)	AUDITOR
Acque di Caltanissetta, S.p.A Viale Sicilia 176 93100 Caltanissetta - ITALY	98.46%	DELOITTE
Aguas de Alcázar Empresa Mixta, S.A. C/ Rondilla Cruz Verde, 1 - Alcázar de San Juan (CIUDAD REAL)	52.38%	CAPITAL AUDITORS
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 Desvalación Guaymas, S.A. de C.V. Avenida 5 de febrero N° 1351, ROBLE 304 - QUERÉTARO - MEXICO	100.00%	DELOITTE
Aqualia Infraestructuras D.O.O. Beograd-Vracar Resavka 23 Belgrado Vracar - Belgrado-SERBIA	100.00%	-
Aqualia Infraestructuras Montenegro Bulevar Svetog Petra Centinjaskog I A - 81000 Podgorica - MONTENEGRO	100.00%	-
Aqualia Infraestructuras Pristina LLC Bulevardi Nënë Tereza No 47/5B -Prishtina- KOSOVO REPUBLIC	100.00%	-
Aqualia MACE LLC P.O. Box 105547 - Abu Dhabi, U.A.E.	51.00%	DELOITTE
Aqualiaportugal S.A. Camilo Castelo Branco 2. Lisbon-PORTUGAL	100.00%	EY
Aquaelvas - Aguas de Elvas, S.A. Rua Paço Bandeira, 14 - Assunção - Elvas - PORTUGAL	100.00%	DELOITTE
Aquamaior - Aguas de Campo Maior, S.A. Rua Mayor Talaya, 28 - Nossa Senhora de Expectação - Campo Maior - PORTUGAL	100.00%	DELOITTE
Abrantaqua, S.A. Parque Lena - Alferrarede Abrantes - PORTUGAL	60.00%	OLIVEIRA, REIS & ASOCIADOS
Aqua Campiña, S.A. C/Bias Infante, 6 - Écija (SEVILLA SEVILLE)	90.00%	CENTIUM
Aquafundalia - Agua de Fundão, S.A. Rua Fernando Pessoa, 195 6230 479 Fundao - PORTUGAL	100.00%	DELOITTE
Aquajerez, S.L. C/ Cristalería, 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%	DELOITTE
Aqualia Infraestructuras Inkonyring, s.r.o. Mariánské Hory, Slavnikovu 571/21 Ostrava - CZECH REPUBLIC	100.00%	ABC AUDIT SRO
Aqualia Latinoamérica, SA CL 80, 11. Bogotá-COLOMBIA	100.00%	SN AUDIT AND CONSULTING
Aqualia Villa del Rosario, SA CL 4, La Palmita 6-104. Villa Rosario-COLOMBIA	100.00%	SN AUDIT AND CONSULTING
Aqualia México, S.A. de C.V. Canizal, 33 - Santiago de Queretaro - Queretaro - MEXICO	100.00%	DELOITTE
Aqualia Infraestructuras Mostar Dr. Ante Estarcevic BB - MOSTAR (SERBIA)	100.00%	-
Aqualia Czech, S.L. Avda. Camino de Santiago, 40 - MADRID	100.00%	DELOITTE
Aqualia New Europe B.V. C/Calude Debussylam, 24 - Amsterdam -NETHERLANDS	100.00%	RSM
Aguas El Realito, S.A. de C.V. San Luis Potosí (MEXICO)	51.00%	DELOITTE
Cartaxo - Aguas do Cartaxo, S.A. Zona Industrial do Cartaxo, Lote 20 - Cartaxo - PORTUGAL	60.00%	OLIVEIRA, REIS & ASOCIADOS
CEG, S.A.S. Boulevard du Général de Gaulle 71 - GOUSSAINVILLE (FRANCE)	100%	SNR AUDIT
Compañía Onubense de Aguas, S.A.	60.00%	-

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

COMPANY	GROUP HOLDING (%)	AUDITOR
C/Martin Alonso Pinzón, 8 – HUELVA Conservación y Sistemas, S.A.	100.00%	DELOITTE
C/Federico Salmón, 13 – MADRID Depurplan 11, S.A.	100.00%	CAPITAL AUDITORS
C/ Madre Rafola, 2 – ZARAGOZA Ecosistema de Morales S.A. de C.V.	100.00%	CTS CONSULTORES
C/ Ejido. Col. San Miguel Acapantzingo s/n. Cuernavaca-MEXICO Empresa Gestora de Aguas Limpias, S.L.	100.00%	-
C/Federico Salmón, 13 – MADRID Empresa Mixta de Batarque, S.A.	70.00%	-
C/Princesa, 3 – (MADRID) Entemasser, S.A.	97.00%	DELOITTE
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, Rebello y Morales, S.L.	60.00%	-
Ctra Águilas 6, Bugarvillas-VERA (ALMERÍA) Haji Abdullah Ali Reza Integrated Services Ltd (HAA & CO.)	51.00%	EY
Ali Reza CC, King Abdulaziz Road 8. Jeddah-SAUDI ARABIA Hidrotec Tecnología del Agua, S.L.U.	100.00%	DELOITTE
C/Pincol, 25 – SEVILLA SEVILLA Infraestructuras y Distribución General de Agua, S.L.	100.00%	-
C/La Presa, 14 – Tijoco Bajo-ADEJE (SANTA CRUZ DE TENERIFE) Qatarat Sagla Desalination Company Ltd.	51.00%	EY
Corniche Road 2719. Jeddah-SAUDI ARABIA Servicios Hídricos Agricultura y Ciudad, S.L.U.	100.00%	-
C/ Alfonso XIII – Sabadell (BARCELONA) Severomoravské Vodovody a Kanalizace Ostrava a.s.	100.00%	DELOITTE
Varenská 2723/51 70200 Ostrava – CZECH REPUBLIC Sharikat Tahliya Miyah Mostaganem	25.50%	SAMIR HADJ ALI
Cité Abdou 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%	DELOITTE
C/ Jacometrezo, 4 – MADRID Societe Des Eaux De Fm D'Oise, S.A.S.	100.00%	SNR AUDIT
Quai De L'Oise 28 - ANDRESY (FRANCE) Tratamiento Industrial de Aguas, S.A.	100.00%	DELOITTE
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)		

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ANNEX II

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) PROPORTIONATELY CONSOLIDATED JOINTLY CONTROLLED OPERATIONS

COMPANY	GROUP HOLDING (%)	AUDITOR
AIE Costa Tropical de Granada	51.00%	PKF
Plaza Aurora, s/n - Motril (GRANADA)		
AIE ITAM Delta de la Tordera	50.00%	-
Travesera de Gracia, 58 - BARCELONA		
AIE Aquagest Medioambiente, S.A. - Aqualia	37.50%	-
C/Condado de Jaruco, s.n. - Lloret de Mar (GIRONA)		
Empresa Mixta Abastament en Alta Costa Brava, S.A.	26.00%	-
Plaza Josep Pla, 4 - GIRONA		
Gestió de Serveis Hidràulics de Ciudad Real AIE	75.00%	-
C/ Ramírez de Arellano, 15 - MADRID		
Empresa Mixta de Aguas y Servicios, S.A.	41.25%	CAPITAL AUDITORS
Alarcos, 13 - CIUDAD REAL		
Empresa Mixta d'Algües de la Costa Brava, S.A.	25.00%	EY
Plaza Josep Pla, 4 - GIRONA		
AIE Costa Brava Abastadiments Aqualia-Sorea	50.00%	-
C/ Sector Carlit, s/n. Castelló d'Empúries - GIRONA		

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ANNEX III

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

COMPANY	HOLDING (%)	Carrying amount 31.12.2020 (Note 7)	Carrying amount 31.12.2019 (Note 7)	AUDITOR
Aguas de Archidona, S.L. Plaza Ochavada, 1 – 29300 Archidona - MALAGA	48.00%	62	75	CENTIUM AUDITORES S.L.
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	33.00%	440	408	AUDINFOR S.L.
Aguas de Guadix, S.A. Plaza de la Constitución 1, Guadix (GRANADA)	40.00%	179	161	-
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 – Langreo (ASTURIAS)	49.00%	909	885	CAPITAL AUDITORS AND CONSULTANTS,SL
Aguas de Narba, S.A. C/Málaga, 11 – Nerja (MALAGA)	50.00%	237	722	AUDINFOR S.L.
Aguas de Priego, S.L. Plaza Constitución, 3. Priego de Córdoba (CORDOBA)	49.00%	(33)	(16)	AUDINFOR S.L.
Aguas del Puerto Empresa Municipal, S.A. C/ Aurora 1 - 11500 - EL PUERTO DE SANTA MARÍA (CÁDIZ)	48.98%	3,910	4,094	-
Algües de Blanes, S.A. Canigó, 5. Blanes - GIRONA	16.47%	38	68	CD AUDITORS
Algües de Girona Salt i Sarrà del Ter Ciutadans, 11 - GIRONA	26.88%	162	162	CATAUDIT AUDITORS ASSOCIATS S.L.
Algües Del Vendrell, S.A. Plaza Vella, 1 – El Vendrell (TARRAGONA)	49.00%	509	503	GM AUDITORS S.L.
Aguas El Realito, S.A. de C.V. San Luis Potosí (MEXICO)	49.00%	0	7,499	DELOITTE MEXICO
Compañía de Servicios Medioamb. do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	49.00%	296	302	AUDINFOR S.L.
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n – Ibiza (BALEARIC ISLANDS)	50.00%	1,208	1,243	BDO AUDITORES S.L.
Codeur, S.A. C/ Mayor 22-Vera (ALMERÍA)	26.00%	6,560	6,504	-
Constructora de Infr. de Aguas de Potosí, S.A. de C.V. Bulevar Manuel Avila Camacho, 36 Méjico, 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 Ciudad de Méjico, Distrito Federal (MEXICO)	24.50%	(2,995)	(2,995)	DELOITTE S.L.
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A. Plaza de la Glorieta, 1 – Níjar (ALMERIA)	49.00%	320	356	CENTIUM AUDITORES S.L.
Empresa Mixta de Aguas de Jódar, S.A. Plaza de España, 1- Jódar (JAEN)	49.00%	13	6	CENTIUM AUDITORES S.L.
Empresa Municipal de Aguas de Linares, S.A. C/ Cld Campeador, 7 - Linares (JAEN)	49.00%	198	279	CENTIUM AUDITORES S.L.
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CADIZ)	49.00%	153	152	NEXT AUDITORES Y CONSULTORES S.L.
Empresa Mixta de Aguas de Ubrique, S.A.	49.00%	77	88	DELOITTE S.L.

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

COMPANY	HOLDING (%)	Carrying amount 31.12.2020 (Note 7)	Carrying amount 31.12.2019 (Note 7)	AUDITOR
C/JUZGADO 5/N - 11600 - UBRIQUE (CADIZ)				
Empresa Municipal Aguas de Benalmádena, S.A.	50.00%	1,583	1,745	AUDINFOR S.L
Fil. Ap.Tivoli, s/n - Arroyo de la Miel (MALAGA)				
Empresa Municipal Aguas de Toxiria, S.A.	49.00%	92	68	CENTUM AUDITORES S.L
Plaza de la Constitución – Torredonjimeno (JAEN)				
Girona, S.A.	33.61%	1,701	1,672	CATAUDIT AUDITORS ASSOCIATS S.L
Travesía del Carril, 2 – GERONA				
HA Proyectos Especiales Hidráulicos S.R.L. de CV	49.50%	991	1,132	GRANT THORNTON SC
Neucalpán – MEXICO D.F.				
Nueva Sociedad de Aguas de Ibiza, S.A.	40.00%	83	65	
C/Bartolomé Rosselló, 18 - (IBIZA)				
Omán Sustainable Water Services SAOC	49.00%	953	1,030	
Batinah Highway 322 - Sohar (OMAN)				
Operadora El Realito S.A. de C.V.	15.00%	278	316	EY
Tomas Alva Edlson 176- San Rafael-Distrito Federal (MEXICO)				
Orasqualla Construction, S.A.E.	50.00%	(87)	(98)	KPMG
2112 South Tower – El Cairo (EGYPT)				
Orasqualla Devel. Waste Treatment Plant S.A.E.	27.95%	11,943	11,700	DELOITTE S.L
2112 South Tower – El Cairo (EGYPT)				
Orasqualla Operation and Maintenance, S.A.E.	50.00%	1,133	1,802	DELOITTE S.L
Nile City Towers – El Cairo - EGYPT				
Prestadora de Servicios Acueducto El Realito SACV	24.50%	1	1	
Bvd. Manuel Avila Camacho, 36. MIGUEL HIDALGO (MEXICO)				
Proveliments d'Algua, S.A.	15.12%	603	571	ANTONI RIERA ECONOMISTES AUDITORS
Asturias, 13 - GIRONA				
Sera.Q.A. Duitama, S.A.	30.60%	36	40	-
(COLOMBIA)				
Suministro de Aguas de Querétaro, S.A. de C.V.	1.00%	362	400	DELOITTE MEXICO
Santiago de Querétaro – Querétaro Arteaga (MEXICO)				
Total		26,519	35,544	

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ANNEX IV

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) TEMPORARY JOINT VENTURES

COMPANY	PARTNERS	GROUP HOLDING (%)
Consortium O&M Alamein	Aqualia Intech, S.A. - ICAT	65%
Abastecimiento Picadas Almogera JV	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L.	95%
JV Abu Rawash Construccion	Aqualia Intech, S.A. - Orascom Cons.Industries	50%
JV Agua Santo Domingo	FCC Aqualia, S.A. - Agua y energia	70%
JV Aguas de Alcalá	FCC Aqualia, S.A. - Canal de Isabel II - SUFI, S.A.	50%
JV Aguas del Dornán	FCC Aqualia, S.A. - Eicoh Explot. S.L. - Eléct. Maspalomas, S.A.	50%
JV Aigües els Poblets	FCC Aqualia, S.A.	100%
JV Alcantarillado Alcoy	FCC Aqualia, S.A. - FCC, S.A.	50%
JV Alcantarillado Burgos	FCC Aqualia, S.A. - FCC, S.A.	40%
JV Alcantarillado Madrid Lote D	FCC Aqualia, S.A.	99.99%
JV Alkhorayef-FCC Aqualia	FCC Aqualia, S.A. - Alkhorayef Water & Power	51%
Expansion SWDP Melilla JV	FCC Aqualia, S.A. - Arpo empr. Constructora.	50%
JV Oviedo	FCC Aqualia, S.A. - Seafsa, S.A.	100%
JV Aqualia Riofobar Pilota	FCC Aqualia, S.A.	100%
JV Badajoz Zona Este	FCC Aqualia, S.A. (formerly AYGECI) - Sist. de Automatismo y Control	50%
JV Badajoz Zona Oeste	FCC Aqualia, S.A. (formerly AYGECI) - Sist. de Automatismo y Control	50%
JV Bombas Zona Sur	FCC Aqualia, S.A. - FCC, S.A.	99%
JV C.H. Talave	FCC Aqualia, S.A. - SEAFSA	100%
JV Calle Cruz	FCC Aqualia, S.A. - Const. Y O.P. Luis Vazquez e Hijos S.L.	80%
JV Cargas	FCC Aqualia, S.A. - FCC, S.A.	99.99%
JV Cap Djinet	Aqualia Intech, S.A. - Inima	50%
JV Centro Deportivo Granadilla de Abona	FCC Aqualia, S.A. - FCC, S.A.	99%
JV CH Talave II	FCC Aqualia, S.A. - Matinsa	80%
JV Cons. Gestor Ptar Salitre	Aqualia Intech, S.A. - Case Construct.s y Cia S.A.- Aktor Technical S.A. Col. Branch	30%
JV Conservación Getafe	Conservación y Sistemas, S.A. - FCC, S.A.	99%
JV Consorcio Louro	FCC Aqualia, S.A.	99%
JV Consorcio PTAR Arraiján	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
JV Costa Tropical	FCC Aqualia, S.A. - Acciona Agua, S.A.	51%
JV Costa Tropical II	FCC Aqualia, S.A. - Acciona Agua, S.A.	51%
JV Costa Tropical III	FCC Aqualia, S.A. - Acciona Agua, S.A.	51%
JV Denia	FCC Aqualia, S.A.	100%
JV Aqualia Inima (Depuración poniente almeriense)	FCC Aqualia, S.A. - Inima, S.A.	75%
JV Desaladora Bajo Almanzora	FCC Aqualia, S.A. - FCC, S.A. -FCC Construcción, S.A. - Aqualia Intech, S.A.	30%
JV EDAM Oeste	Aqualia Intech, S.A. - FCC Construcción, S.A. - Transformaciones y Servicios	50%
JV EDAM Santa Eulalia	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
JV EDAR A Guarda 2013	FCC Aqualia, S.A. - DEMAÍN, S.L.	50%
JV Eder Albuñol	FCC Aqualia, S.A. - FCC Construcción, S.A.	50%
JV EDAR Baeza	Aqualia Intech, S.A. - Explotaciones las Misiones, S.L.- Martín Casillas, S.L.	50%
JV EDAR Cuerva	FCC Aqualia, S.A. - FCC, S.A.	95%
JV EDAR San Claudio	Aqualia Intech, S.A.	100%
JV EDAR Gijón	Aqualia Intech, S.A. - FCC Construcción, S.A. - Degremont, S.A.	30%
JV EDAR La Ranzilla	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
JV EDAR Reinosa	FCC Aqualia, S.A. - FCC, S.A.	99%
JV EDAR San Vicente de la Barquera	FCC Aqualia, S.A. - FCC, S.A.	99%
JV Eder Tablada	FCC Aqualia, S.A. (formerly AYGECI) - Abengoa Water, S.L.	50%
JV EDAR Valdepeñas	FCC Aqualia, S.A. - Aqualia Intech, S.A. - FCC Construcción, S.A.	50%
Estaciones Perales JV	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
JV ETAPS Este	FCC Aqualia, S.A. - Irigaz Watin S.A.	100%
JV Explotación ITAM Tordera	FCC Aqualia, S.A. - Acciona Agua, S.A.	50%
JV Fuentes De Cádiz	FCC Aqualia - FCC S.A.- FCC M.A.	50%

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**FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
TEMPORARY JOINT VENTURES**

COMPANY	PARTNERS	GROUP HOLDING (%)
JV Galindo-Bourko	FCC Aqualia, S.A. - FCC Construcción, S.A. - Bycam Serv.Edif e Infraestr. S.A.	10%
JV Gestión Cangas	FCC Aqualia, S.A. - Civis Global, S.L.	70%
JV Groupement Solidaire Jerba	FCC Aqualia, S.A. - Aqualia Intech, S.A. - Inima, S.A.	50%
JV Guadiana Plieblonuevo	FCC Aqualia, S.A. - OPS INFR Y SERV HIDR	51%
JV HIC-HIDR-INV. Do centr ACE	FCC Aqualia, S.A. - Lena Ambiente	50%
JV Ibiza	FCC Aqualia, S.A. - Acciona Agua, S.A.	50%
JV IDAM Jambio	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
JV IDAM Sant Antoni	FCC Aqualia, S.A. - Infilco Española, S.A.	50%
JV IDAM Sant Antoni II	FCC Aqualia, S.A. - Infilco Española, S.A.	50%
JV IDAM Santa Eulalia	FCC Aqualia, S.A. - Acciona Agua, S.A.	50%
JV Idga Saneca	Infr. y distr. gral del agua S.L.-Saneca Siglo XXI S.L.	70%
JV Aqualia Infilco	FCC Aqualia, S.A. - Infilco, S.A.	50%
JV Lote 11 Santillana	Trainasa- Conservación y Sistemas	100%
JV Lote 4 Culebro A	Sociedad Española de Aguas Filtradas, S.A. - FCC, S.A.	99%
JV Lote 9 Torrelaguna	Trainasa- Conservación y Sistemas	100%
JV Louro	FCC Aqualia, S.A. - Moverval	65%
JV Mancomunidad de Órbigo	FCC Aqualia, S.A. - FCC, S.A.	99%
JV Mostaganem	Aqualia Intech, S.A. - Inima	50%
JV Nigrín	FCC Aqualia, S.A. - FCC, S.A.	99%
JV O&M EDAM Oeste	Aqualia Intech, S.A.	100%
JV Obra Eder Argamasilla De Calatrava	FCC Aqualia, S.A. - Barahona Obras Y Serv. S.L	70%
JV Obra Eder El Endrinal	FCC Aqualia, S.A. - FCC Construcción, S.A.	33.33%
JV OYM Cap Djinet	FCC Aqualia, S.A. - Inima	50%
JV OYM Mostaganem	FCC Aqualia, S.A. - Inima	50%
JV Periférico Lote 3	FCC Aqualia, S.A. - FCC, S.A.	50%
JV PTAR Ambato	Aqualia Intech, S.A. - Alvarado Ortiz Constructores	60%
JV Puebla Reina	FCC Aqualia, S.A. (formerly AYGECI) - Magenta Business Group	65%
JV Recirculación la Gavia	FCC Aqualia, S.A. - Aqualia Intech, S.A.	100%
JV Redes CABB	FCC Aqualia, S.A.	100%
JV Redondela	FCC Aqualia, S.A. - FCC, S.A.	99.99%
JV Reparaciones Lote 9	FCC Aqualia, S.A.	100%
JV Santomera	FCC Aqualia, S.A. - FCC, S.A.	99.99%
JV SCC Sice	Conservación y Sistemas, S.A. - SICE	50%
JV Seafin Lanzarote	Sociedad Española de Aguas Filtradas, S.A. - Jaime e Isaac Rodríguez	60%
JV Sentinas	Sociedad Española de Aguas Filtradas, S.A. - Sempol	50%
JV Vigo	FCC Aqualia, S.A. - FCC, S.A.	99.99%
JV Sollanoko Ura	FCC Aqualia, S.A.	100%
JV TSE Riad	FCC Aqualia, S.A. - Alkhorayef Water & Power	51%
JV Ussa A 17	FCC Aqualia, S.A.	100%
JV Vigo Piscinas	FCC Aqualia, S.A. - Idonea CYS, S.L.	50%
JV Zafra	FCC Aqualia, S.A. (formerly AYGECI) - Magenta Business Group	65%
Zaragoza Sewerage Systems JV	FCC Aqualia, S.A. - FCC Medio Ambiente, S.A.U.	50%

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ANNEX V

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) CHANGES IN THE SCOPE OF CONSOLIDATION 31-12-2020

COMPANY	ADDRESS	GROUP HOLDING (%)
A) Additions at fully consolidated companies		
Aqualia Portugal, S.A.	PORTUGAL	100%
Aqualia Latinoamérica, SA	COLOMBIA	100%
Aqualia Villa del Rosario, SA	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 (HAAIS & CO)	SAUDI ARABIA	51%
Qatarat Saqia Desalination Company Ltd.	SAUDI ARABIA	51%
B) Derecognitions at fully consolidated companies		
Agua y Gestion Ciclo Integral, S.L.U.	SPAIN	100%
D) Derecognitions at companies accounted for using the equity method		
Aquos El Realito, S.A. de C.V.	MEXICO	49%

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) CHANGES IN THE SCOPE OF CONSOLIDATION 31-12-2019

COMPANY	ADDRESS	GROUP HOLDING (%)
A) Additions at fully consolidated companies		
Aqualia France, S.A.S.	FRANCE	100%
Agua y Gestion Ciclo Integral, S.L.U.	SPAIN	100%
CEG, S.A.S.	FRANCE	100%
Flores, Rebollo y Morales, S.L.	SPAIN	60%
Shariket Tahlya Miyah Mostaganem	ALGERIA	25.50%
Societe Des Eaux De Fin D'Oise, S.A.S.	FRANCE	100%
Watersur, S.L.	SPAIN	60%
B) Derecognitions at fully consolidated companies		
Aguas de Alcaidesa, S.L.U.	SPAIN	100%
C) Additions at companies accounted for using the equity method		
Aguas de Guadix, S.A.	SPAIN	40%
Aigues Del Vendrell, S.A.	SPAIN	49%
Codeur, S.A.	SPAIN	25.50%
D) Derecognitions at companies accounted for using the equity method		
Aigües del Tomoví, S.A.	SPAIN	49%
Shariket Tahlya Miyah Mostaganem	ALGERIA	25.50%
Shariket Miyeh Ras Djinet	ALGERIA	25.50%

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2020 MANAGEMENT REPORT

TABLE OF CONTENTS

- 1. Business model and strategy**
- 2. Market situation**
- 3. Contracting**
- 4. Foreseeable development**
- 5. Customer Management**
- 6. Efficient and sustainable management**
- 7. Innovation and technology**
- 8. People and culture**
- 9. Communication, Marketing and CSR**
- 10. Regulatory compliance**
- 11. Other information**

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1. BUSINESS MODEL AND STRATEGY.

Aqualia provides technical solutions and quality services in all phases of the end-to end 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 efficiency in management, taking as reference the United Nations Sustainable Development Goals according to the existing legal frameworks in each region.

The rapid urbanisation process in emerging countries, as well as the need to improve the living conditions of the population and optimise a scarce resource, in a process of climate change such as that in which we find ourselves, lead governments, communities and industrial corporations to search for specialised operators that help them provide effective solutions to the problems of water supply, sanitation and purification.

Aqualia is one of the main international operators that focuses its management on business models and specific geographical areas and acts guided by a growth objective that maintains the profitability criteria and integrates all the capabilities of the value chain into 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 comprehensive water services in the municipalities, through long-term concessional models or the ownership of assets, in countries with proven regulatory systems.

Aqualia operates municipal water concessions in Spain, the activity of which represents more than 78% of the total, in the Czech Republic, Portugal, Italy, France and Colombia, where it has incorporated 12 concession contracts in the Córdoba Department and the management of the municipality of Villa del Rosario into its management scope in 2020. One of the main aims is to consolidate growth in these markets and extend activity to other European countries with similar models and to those Latin American countries with regulatory systems similar to those in Europe, as is the case of Colombia, Mexico and Peru.

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 including treatment plants (drinking water, purification, desalination) through BOT-type contracts and "take or pay" mechanisms.

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These formulas that make it possible to combine technical know-how with the ability to structure complex financing are increasingly used by Public Operators and Agencies and Industrial Corporations in emerging countries.

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

These two business models, with significant investments, high added value and a long duration, constitute Aqualia's essential line of development on which it bases its growth.

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

As a general rule, in these activities, Aqualia competes in projects where the basic competitive aspect lies either in technical capacity or in the quality of the services and not exclusively in the price. They may be projects with an important dimension, they may have a strategic interest or there may be potential synergies for the territory, technology or the client where the contract is developed.

In EPC contracts Aqualia takes advantage of the synergies provided by its experience in partnerships with the FCC Group's construction company, or other first-line construction companies, to create alliances in the construction of large infrastructures, which allows a reduction and/or transfer of construction risk.

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

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

In LATAM, by consolidating long-term contracts for both municipal concessions and infrastructure concessions as well as emblematic Design and Construction projects.

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

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2. MARKET SITUATION

2.1. Domestic Market

The year 2020 began in Spain with the formation of the PSOE and UP coalition government and in March with the official declaration of the global pandemic caused by **COVID-19**, which led to the decreeing of lockdown for citizens and the suspension of all on-site work activities for three months, except for essential services, and with the subsequent occurrence of varying incidence cycles, which still extends into the year 2021.

At the end of February, Aqualia implemented the first measures to adapt to the situation, with the dual aim of maintaining the activity, without affecting the essential public service we provide and guaranteeing the health monitoring of its workers at all times. This led to the implementation of successive Contingency Plans, adapted to the situation at any given time.

At no production centre in Spain has there been any outbreak of infection, and activity has been maintained at all times in DWTPs, WWTPs, supply and sanitation networks, laboratories, etc., which has led us receiving a letter of thanks for our commitment from the Minister for Ecological Transition.

It was necessary to adopt technological solutions for the implementation of teleworking, to reinforce stock control of essential products, to establish special measures for action in sports centres, to reinforce non-face-to-face customer service channels when having to close physical customer service offices and to carry out specific communication campaigns with customers and municipalities, in addition to all the necessary hygiene and health measures.

In terms of **tariff billing**, the first quarter of the year began with a +0.7% increase in the volume of water billed, compared to the same period in 2019. However, with the start of a residential lockdown due to COVID in mid-March, volumes billed declined in all regions, falling by -4.2% in the second quarter overall. From the third quarter onwards, and with the gradual return of economic activity, volumes began to recover in all regions, except in the Canary Islands, Balearic Islands, the Costa Brava and coastal areas of Malaga and Cádiz. In particular, in the Balearic Islands, the fall in volume billed for the business year was -14.9% and in the Canary Islands -8.8%.

At the close of the 2020 business year, at a constant scope (not including new and terminated contracts), the volume invoiced to customers decreased by 1.2% and the amount invoiced by 1.7%. Volumes billed for new additions decreased by -7.9%. Overall, the volume billed

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(excluding local fees) has decreased by -2.4% and the amount billed by -1.4%, compared to 2019.

In terms of **commercial activity** despite the difficulties caused by the pandemic, which has significantly reduced new tenders, it can be described as a successful business year, with a number of notable milestones:

- The 5-year extension of the concession contract for the city of Vigo, Aqualia's largest contract. It involves contracting of €259m and a service improvement investment plan of €40.2m will be developed. This success strengthens Aqualia's leading position in the Spanish market.
- The acquisition of SWDP assets, irrigation ponds and the Rambla Morales distribution network in Almería. This infrastructure, after the investment work for upgrading and initial operation to be carried out in 2021, will allow us to distribute desalinated water to the cities of Almería and Níjar and to the irrigation communities in the area. At full capacity, it will allow us to distribute 20Hm³/year of water in a territory with high water stress, contributing turnover of 15.9 M€/year.
- In the Design and Construction activity, Aqualia was awarded the contract for the design, construction and operation of the industrial effluent treatment plant at the Tarragona petro-chemical estate, with contracting valued at €35.6 million.

In addition, municipal concession contracts have been extended and renewed upon expiry, in this case with a very high loyalty rate of close to 100%, representing a backlog of more than €338m.

Regarding operational aspects, the contracts of the company acquired in 2019, Agua y Gestión C.I., S.A., have been fully integrated into Aqualia's territorial and legal structure, and the contracts of San José del Valle (Cádiz) and Huescar (Granada) have even been extended, fulfilling the expectations of profitability that were evaluated in their acquisition.

In the **institutional and legislative area**, The Ministry for Ecological Transition has focused its efforts on the preparation of the Green Paper on Water and the approval of the National Plans for Adaptation to Climate Change and Energy and Climate, both for the period 2020-2030, and on the submission of the National Water Treatment and Reuse Plan for public disclosure. Throughout 2020, the Urban Water Cycle Committee was convened, with the presence of the Ministry, Business Associations, Trade Unions and Users, as the basis of the future Spanish

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Urban Water Observatory. Also noteworthy is the suspension approved by Parliament of the application of the Budget Stability Law during 2021 and 2022, which will allow local municipalities with cash surpluses to allocate the surpluses to the execution of investments, which we hope will speed up those in the field of hydraulics.

During the state of alarm period, with different regulations, water disconnection due to non-payment has been prohibited for vulnerable customers, but in practice this has not significantly affected Aqualia's collection capacity.

In October, the Government presented the **National Plan for Recovery, Transformation and Resilience**, with European funds, valued for the period 2021-2023 at 72 billion euros. By 2021, the General State Budgets and those of the Autonomous Communities will include items worth 34.4 billion euros. Through a Royal Decree Law, a new form of public-private partnership has been approved for the implementation of the Plan. Aqualia and the Employers' Associations (AGA and SEOPAN) are working on the presentation of cross-sectional proposals (digitalisation and energy efficiency) at a local and regional level, which should be finalised in the first half of 2021.

During the business year, work was undertaken to strengthen the **Association of Water Management Companies in Spain (AGA)** and the management of the AEAS, which group together public and private companies operating in the sector. The aim includes informing society about the high social commitment of the business agencies, the existence of very significant technological transfer worldwide, and the affordability of tariffs in Spain for family economies, still low compared with those of other OECD countries especially during the pandemic.

In 2020, an amendment to the current **Sector Agreement (2018-2022)**, was signed with the Trade Unions, to set the wage increase in 2021 at 1.5%, halving that initially foreseen in the Agreement, given the extraordinary situation we are going through.

In the company's ongoing policy of seeking **efficiency in operational management** the effort made in 2020 to reduce costs is worth mentioning, especially in the reduction of variable costs (energy and water purchase), in order to reduce the drop in margins linked to the fall in consumption due to the pandemic, especially in coastal areas. It has enabled us to maintain EBITDA ratios in relation to turnover, in percentages similar to those from 2019. Likewise, in the sports facilities sector, we have resorted to the use of temporary redundancies for workers, which has allowed us to continue with this activity.

During the year, a closer look was taken at cost reductions linked to customer management, with policies to prosecute fraud in the measurement of consumption, direct debit and control

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of bank commissions, reduction of face-to-face customer service and transfer to other channels (telephone, social networks, and internet).

In the field of digitalisation, the Denia and Toledo technology centres have been put into operation, where the comprehensive digital management tool for water services **Aqualia Water Analytics (AWA)**, is being developed, which allows us to manage incidents, issue work orders, manage assets, meters, etc. in an integrated way, and the proportion of e-bills has increased substantially compared to paper bills, initiatives that also have a significant environmental impact.

Aqualia has carried out actions in Spain as a socially committed company, with the renewal of agreements with UNHCR, Caritas, and for the environment with numerous initiatives aimed at reducing greenhouse gas emissions, opting for green energies.

Aqualia is a founding partner of the **Step by Water** initiative, to develop the United Nations SDG 11, regarding Partnerships. FEMP, MITECO, Coca Cola, Unilever and other large companies, the public sector and NGOs participate in this project.

2.2. International Market

In the international arena, Aqualia concentrated its activity during the 2020 business year on Europe, North Africa and the Middle East (MENA) and Latin America (LATAM).

2.2.1. Europe

The year 2020 also presented an operational challenge for Aqualia throughout Europe due to the impact of COVID-19 on the management of the end-to-end water cycle. Despite the impact on non-residential consumption, which was more marked in the Czech Republic, the business remained at very high levels in terms of activity, quality and continuity of service. In addition to the management of the municipal concession services in the Czech Republic, Italy and Portugal, works were carried out to integrate the new business in France and adapt it to Aqualia's standards, in order to improve the service for the more than 140,000 citizens who benefit from our water supply and sewerage network management. In addition to the various services provided by the acquired company in 2019, new contracts were added for the management, operation and renewal of water and sewerage networks in the area where

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Aqualia operates in France, the Île-de-France region. In addition, development activity began in other areas of the country, with proposals in the French West and Centre-South areas set to move forward in 2021.

In the Czech Republic, in 2020 the political and social debate on public action in guaranteeing water supply, that began in previous years in the wake of frequent droughts and floods continued. This is promoted politically by advocates of public water management opposed to the creation of economic incentives for operators. In the meantime, the Ministry of Finance is working on, for the period 2022 to 2026, a review of the tariff framework, which is being evaluated in different areas of the public sector. The review focuses on the maximum tariff growth and the adjusted calculation, using the replacement value, of investment needs, regulatory capital and the associated regulatory benefit. Both Aqualia, through its subsidiary company SmVak, and the association of water operators, are doing everything in their power to follow and support the debates, by actively communicating and defending, through the established channels, a balanced outcome for the regulatory modification. Furthermore, in a busier year than usual, SmVak has bid for several end-to-end water cycle tenders, adding new municipalities in the eastern part of the country to Aqualia's backlog of contracts.

In Italy, after a cautious opening to the concession market in 2019 and early 2020 (Rimini, Piacenza and Reggio Emilia tenders), the debate on public involvement in the Italian regulator and tariff structure was reignited. The situation has stabilised following the replacement of managers of the Italian regulatory agency and the removal of incentives for the most efficient regulators in the purchase of water, such as Aqualia.

In Portugal, although no new municipal concessions have been tendered, several corporate moves by financial investors have taken place due to the imminent local elections. The high risk profile of the buyers demonstrates a strong interest in the concessional framework and confidence in the future growth potential of the country's water market.

The pace of execution of the expansion works of the Glina wastewater treatment plant, in Romania, was affected by the limitations imposed by the authorities to tackle COVID-19. Despite this, it has been possible to make progress with the civil engineering works and the contracting of equipment to minimise the impact on the works plan.

In the Balkans, for causes attributable to the clients, the contracts for the Berane and Pljevlja projects, which were completed and operational, were terminated. At the same time, the established dispute resolution and settlement mechanisms were initiated for both plants. The Prziren project is in the testing period and awaiting provisional acceptance to start assisted operation.

2.2.2. MENA

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In Algeria, the initial operation phase of the Mostaganem desalination plant installation was completed at full capacity following the execution of the works on the new seawater abstraction and provisional acceptance was obtained. The plant has increased its actual 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, thereby providing a critical service to the local population.

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

The completion of the Alamein desalination plant to the client's complete satisfaction is a first class example 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 at good pace on the plant, which is expected to enter into the initial operation phase in 2021.

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

The execution of diversion and adjustment works in the supply and sanitation affected services on the Riyadh Metro have also continued, where Aqualia is continuing work on the 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 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 restoration, operation

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and maintenance of existing treatment plants and contracts for the provision of services for comprehensive water management throughout the country

In the **United Arab Emirates**, our subsidiary company Aqualia MACE has continued to provide a full service of operation and maintenance of the networks of collectors, pumping stations and wastewater treatment plants in the region of Al Ain and Abu Dhabi capital without any incidents and at full capacity during all the months of the pandemic.

Oman. During 2020, Aqualia continued to operate without incidents, despite the pandemic, the management of the end-to-end cycle of the Sohar port area through the subsidiary company Oman Sustainable Services Company. As a significant milestone, the asset management system was certified by AENOR this year. This is a certification that very few water management companies in the world have.

In **Qatar**, work has begun on the initial operation 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 and that will be operated by Aqualia MACE once it fully enters into service in 2021.

A joint venture led by Aqualia and with the participation of reputable local partners has also been set up to develop projects to improve the sewerage, water treatment and reuse network, which will provide services to the Qatari Ministry of Public Works and Sanitation.

2.2.3. USA

During 2020 Aqualia has reinforced its commercial activity in the **United States**, continuing to actively search for new projects and business opportunities.

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

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, for water and sanitation projects

The new legislation on the control and elimination of processing contaminants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

2.2.4. LATAM

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

In 2020, Aqualia has consolidated its presence in **Mexico**, becoming a leading company in the sector with a highly diversified asset portfolio.

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 skills involved give Aqualia an advantageous position in the country.

The Guaymas desalination plant, awarded in 2018 by the Sonora State Water Commission, and the execution of which has been slightly delayed by the pandemic, is almost completed and will come into operation during 2021.

In June, Aqualia acquired 100% of the shares of the company Ecosistema Morelos (EMSA), the purpose of which is the concession of the Cuernavaca WWTP. With this transaction, Aqualia completes the cycle of its activities in the country by adding wastewater treatment in Cuernavaca, desalination in Guaymas and drinking water supply in Querétaro and San Luis de Potosí.

Last June, Aqualia took control of the concession company AQUOS (Realito) by acquiring an additional holding, bringing its total shareholding to 51%, a concession in which Aqualia had previously held a minority shareholding.

In **Colombia**, the construction of the El Salitre WWTP (Wastewater Treatment Plant) in Bogota has continued, with minimal impact of the pandemic on the implementation due to the strict protocols in place. This set of measures has placed Aqualia at the forefront in terms of sanitary safety in hydraulic infrastructure works, achieving recognition from public bodies and multilateral banks

In March, the acquisition of 12 municipal concessions in the Córdoba Department was completed, which together with the concession awarded in Villa del Rosario in the Santander Department, which started in May, have consolidated Aqualia's presence in the country as a comprehensive management operator.

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Aqualia continues to pursue business opportunities for the management of comprehensive services in major municipalities in the country under concession models. It also pursues new opportunities for the design, construction and financing of hydraulic infrastructures for the treatment of wastewater, as well as the search for new sources of drinking water supply in areas with water stress.

In Peru, the State is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators. In 2017, five private initiatives were presented for wastewater treatment which were declared significant in 2018 and are currently in the formulation phase. In 2020, it also presented a private initiative for desalination in the municipality of Ilo, which was declared significant and has begun to be developed. Aqualia is currently studying different projects both as a provider for Public Companies for services of financing, design, construction and operation of large hydraulic infrastructures.

Aqualia withdrew from the assistance and advisory contract for the operational and commercial management of IDAAN (Panamá) due to the long period of time elapsed from the award to the approval of the comptroller's office. In the same country, the contract for the engineering, construction and 10-year operation of the Arralján WWTP was also terminated early due to non-payment by the client.

3. CONTRACTING

3.1. Domestic Market

In the 2020 business year, partly due to the pandemic, there was very little activity in tendering processes for new municipal concessions, with activity in the field of operation and maintenance services for facilities ongoing.

From the point of view of contracting, the following deserve special mention:

- Tarragona; Design, construction and operation of the joint effluent treatment facilities of the industries of the chemical and petrochemical industrial estates of Tarragona for Aguas Industriales de Tarragona, SA, for a period of 6.5 years and a backlog value of 35.6 million euros.
- Picadas-Almoguera (Toledo) and El Girasol and Almoguera-Algodor-Sagra Este (Cuenca) Community of Municipalities; Operation, conservation and maintenance



services for the supply systems Picadas-Almoguera (Toledo) and El Girasol and Almoguera-Algodor-Sagra Este (Cuenca) Community of Municipalities, for Aguas de Castilla La Mancha, for a period of 2 years and an amount of 17.1 million euros.

- **Melilla;** Works and services for the extension of the Melilla seawater desalination plant and its operation during the execution of the works and initial operation, for the Guadalquivir River Basin Federation for a period of 2.25 years and an amount of 16.1 million euros.
- **Los Yébenes (Toledo);** Water supply service for a period of 17 years and an amount of 7.8 million euros.
- **Zaragoza;** Services and minor conservation and repair works for the cleaning and maintenance of the sewerage network, urban drainage and network of underground ditches in the city of Zaragoza for a period of 2 years and an amount of 7 million euros.
- **Cuarte de Huerva (Zaragoza);** Operation, maintenance and conservation service of the sewerage and wastewater treatment system of the river Huerva for the Aragonese Water Institute for a period of 3 years and an amount of 1.8 million euros.
- **Navarre;** Execution of small works, repairs and maintenance of the civil engineering works of the network of sewage pipes and wastewater treatment plants for NILSA for a period of 2 years and an amount of 1.6 million euros.
- **Almorox (Toledo);** Operation and maintenance of the Almorox wastewater treatment plant for a period of 10 years and an amount of 1.1 million euros.
- **Santa Eulària des Riu (Balearic Islands);** Works on a regulating reservoir and accessory infrastructures for its correct operation and integration into the municipal water network for human consumption in Jesús, Santa Eulària des Riu, for a duration of six months and one million euro.

In addition to the contracts obtained through public tenders, the following has also been included in the scope:

The "Mar de Alborán" seawater desalination plant (Almería). Aqualia acquired, at the beginning of the year, the Mar de Alborán desalination plant and its accessory facilities of basins and water distribution networks for irrigation, which will meet the demand of various irrigation communities in the Almería and Níjar area. This is a sustainable



management model in which the desalination plant will be powered by solar energy from a photovoltaic plant.

With regard to renewals and extensions of contracts already managed by Aqualia at national level, the following are worth mentioning:

- **Vigo (Pontevedra);** Comprehensive management of the city's water supply, sewerage and water treatment service for a period of 5 years with contracting valued at 259.6 million euros.
- **Mula (Murcia);** Management of the water supply service for a period of 5 years with contracting valued at 10.2 million euros.
- **Eivissa (Balearic Islands);** Management of the water supply and sewerage service for a period of 1 year and contracting valued at 8.9 million euros.
- **San José del Valle (Cádiz);** Management of the municipal supply and sanitation service for a period of 15 years with contracting valued at 5.8 million euros.
- **Yecla (Murcia);** Management of the water supply service for a period of 4 years and contracting valued at 4.9 million euros.
- **Redondela (Pontevedra);** Comprehensive management of the water supply, sanitation and purification service for a period of 2 years with contracting valued at 4 million euros.
- **Ajofrín (Toledo);** Comprehensive management of the drinking water, sewerage and wastewater treatment service for a period of 17 years with contracting valued at 3.7 million euros.
- **Puerto de Santa María (Cádiz);** Maintenance, conservation and operation service for the WWTP and sewerage for a period of 1 year with contracting valued at 3.5 million euros.
- **Consorcio de Louro (Pontevedra);** Management of the urban water cycle for a period of 1 year with contracting valued at 3.1 million euros.
- **Alcoi (Alicante);** Management of the water supply service for a period of 1 year with contracting valued at 2.8 million euros.

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- **Llucmajor (Balearic Islands);** Management of the water supply and sewerage service for a period of 0.5 years and contracting valued at 2.8 million euros.
- **Zaragoza;** Operational supply activity services for ACUAES in the province of Zaragoza: Zaragoza and the Ebro and Bajo Ebro Aragón corridor, for a period of 2 years and contracting valued at 2.8 million euros.
- **Costa Brava (Gerona);** Management of the wastewater treatment service through a joint venture for a period of 0.7 years with contracting valued at 2.8 million euros.
- **Rota (Cádiz);** Management of the municipal water supply service for a period of 0.7 years with contracting valued at 2.5 million euros.
- **Güímar (Santa Cruz de Tenerife);** Management of the water supply and sanitation service for 1 year and contracting valued at 2.4 million euros.
- **Peñafiel (Valladolid);** Management of the drinking water supply service, sewerage and maintenance of the wastewater treatment plant for a period of 5 years with contracting valued at 2.4 million euros.
- **Muro (Balearic Islands);** Public services for the domestic supply and distribution of drinking water for a period of 5 years contracting valued at 2.3 million euros.
- **Huéscar (Granada);** Management of the wastewater treatment plant for a period of 10 years with contracting valued at 2.3 million euros.
- **Yepes (Toledo);** Incorporation of a new osmosis tank and plant to the municipal water supply and sewerage service of the municipality for a period of 11 years with contracting valued at 2 million euros.
- **Villena (Alicante);** Management and operation of the public drinking water supply and sewerage service for a period of 1 year with contracting valued at 1.8 million euros.
- **Castell-Platja d'Aro (Girona);** Management of the water supply service for a period of half a year and contracting valued at 1.7 million euros.
- **Madrid;** Services regarding urgent renewal and repair actions in the supply network and in the regenerated water network for the Canal de Isabel II (Lot 9 Culebro Network), for a period of half a year and contracting valued at 1.6 million euros.

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- Illescas (Toledo); Management of the water supply and sewerage service for 1 year and contracting valued at 1,5 million euros.
- Alba de Tormes (Salamanca); Management of the water supply service for a period of 5 years with contracting valued at 1.3 million euros.
- Oleiros (La Coruña); Management of the municipal indoor swimming pools for the Municipality for a period of 1 year and contracting valued at 1.3 million euros.
- Guía de Isora (Santa Cruz de Tenerife); Service of operation, maintenance and conservation functions for the infrastructures and facilities of the west seawater desalination system (Fonsalía) for a period of 2 years with contracting valued at 1.3 million euros.
- Sonseca (Toledo); Management of the water supply service for a period of 2 years with contracting valued at 1.3 million euros.
- Baix Ebre (Tarragona); Public service sanitation systems management for the Baix Ebre region for half a year and contracting valued at 1.2 million euros.
- Alcalá de Henares (Madrid); Meco pumping and tanks for a period of 2 years with contracting valued at 1.1 million euros.
- Comarca de Talavera (Toledo); Maintenance, conservation, operation and management of the supply to four municipalities in the province of Toledo (Comarca de Talavera, also known as Sierra de San Vicente: Sartajada, La Iglesuela, Montesclaros y Buenaventura) for a period of 7 years with contracting valued at 1.1 million euros.
- Burgo de Osma (Soria); Management of the municipal water supply and sanitation service for a period of 2 years with contracting valued at 1 million euro.

3.2. International Market

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

- Colombia; Aqualia acquired three concessions for the end-to-end water cycle in 12 municipalities in the Córdoba department, Caribbean region, North of Colombia. The concession contracts have been acquired from three companies of the same business



group: Aguas del Sinú, which manages the service in seven towns and cities (Santa Cruz de Lorica, Chima, Momil, Purísima, Tuchín, San Antero and San Andrés de Sotavento); Uniaguas, which operates the services in five other locations (Cereté, Ciénaga de Oro, Sahagún and San Carlos); and OPSA, which until now provided its services in Planeta Rica. This represents contracting valued at 382.1 million euros for a period of 19 years.

- Cuernavaca (Mexico); acquisition of the concession of the Wastewater Treatment Plant (WWTP) of Cuernavaca, Morelos (Mexico). This represents contracting valued at 19.2 million euros for a period of 10 years.
- El Realito (Guanajuato and San Luis de Potosí, Mexico); acquisition of an additional 2% of the El Realito (Aguos) Concessionary Company that allows Aqualia to take control of the concessionary company.
- Île-de-France (France); contract worth 2.2 million euros for the renovation of the drinking water network in the municipalities of Goussanville and Nord D'Ecoven to be carried out in one year.
- Bonneuil-en-France (France); contract for the maintenance, operation and improvement of the water treatment system of Vaudherland Bonneuil-en-France in the Ile-de-France region, for a period of 4 years with contracting valued at 1.1 million euros.
- Île-de-France (France); maintenance, operation and control of facilities contracts for Villa de Sarcelles, SIA de Parmain - Lisle Adam and Communauté Urbaine Grand Paris Sein for a period of 4 years with contracting valued at 0.9 million euros.
- Czech Republic; incorporation of the municipalities of Mošnov (End-to-end cycle), Suchdol (Supply) and Písečná, Řepiště and Vratimov (purification) in the portfolio of contracts of our subsidiary company SMVAK. For 9 years and contracting valued at 4 million euros.
- Saudi Arabia; acquisition of 51% of the capital stock of the companies Qatarat Saqia Desalination Co. LTD and Haji Abdullah Alireza & Company Integrated Services Co. LTD (HAAISCO), the main purpose of which is the operation of a desalination plant to supply water to the Jeddah airport. This represents contracting valued at 175.9 million euros for a period of 9 years.

4. FORESEEABLE DEVELOPMENT

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Expectations for 2021 are for a growing recovery in the levels of activity that have been affected by the Covid-19 pandemic, mainly in regions where demand is more closely linked to tourism and second homes. In this regard, we expect a recovery from the second half of the 2021 business year, which will be reinforced by the new contracts added to the scope during 2020, as well as by the maintenance of the high contract renewal rates that Aqualia consistently achieves at their expiration. This increase in revenues will lead to an improvement in profits, reinforced by the continuation of cost optimisation actions and operational optimisation measures in the contracts included in the management scope.

In Spain in the area of **Service concessions** for the End-to-end Water Cycle, for 2021 it is worth mentioning the expectation of maintaining similar renewal rates in concessions to those of 2020, exceeding 90%, although many new contracting opportunities are not expected due market apathy.

With regard to Europe, in Portugal, prospects of a slight reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, a further increase in the growth of operation and maintenance contracts is expected to be promoted by the public companies belonging to Aguas de Portugal. The competent Administration is expected to continue with the search for solutions to the management of sludge from the wastewater treatment plants in the country

In France new tenders are expected for the assignment of public services due to the termination of the contractual deadline for some of the existing contracts in the country.

In Saudi Arabia the process of modernisation and provision of the country's hydraulic infrastructures will continue, promoted by the Government in the Vision 2030 programme, by means of public-private collaboration. The Infrastructure Concession contracts tendered in 2020 will be definitively awarded and the bid for new BOT projects in the field of desalination and purification will take place. Bids for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided will also begin.

In 2021 Aqualia will consolidate the operation of the new sanitation contract for Abu Dhabi and that for the WWTP in Al Dhakira, in Qatar.

In LATAM, the construction phase of the Guaymas SWDP (Sonora, Mexico), will be completed, giving way to a 20-year period of operation, and of the PTAR Salitre (Colombia). In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the

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states of Baja California and Sonora and for purification within the Bogotá river decontamination programme.

Finally, in Peru the preparation of the significant private initiatives declared in favour of Aqualia will continue (5 treatment plants and 1 desalination plant) and in the USA, there will be a presentation of the projects currently under study to their corresponding clients under the formula of "unsolicited proposals", for their evaluation and, if accepted, for subsequent execution.

5. CUSTOMER MANAGEMENT

A key factor for Aqualia is to broaden the Company's commitment to society, with the aim of providing excellence in customer service. The Company seeks to differentiate itself in the market by developing services adapted to the needs of its users. During 2020, it has continued to make progress in a strategic orientation towards the end customer, with a special emphasis on the quality of the interaction channels with its users, fostering technological investment especially in this year where the world was affected so much by the pandemic.

5.1. Customer Service Channels

The main management indicators for 2020 in our *aqualiacontact* Customer Service channels are the following:

- **Customer service by telephone.** In 2020 the Customer Service Centre received 1,240,219 calls.

Due to the state of alarm, the closure of the on-site offices and other health measures taken, the Customer Service Centre has received 54% more calls than last year.

The specialised customer service provided by our managers, as well as the proactivity and speed with which they provide this service through a remote work system under the Presence solution (Evolutio), has allowed customers to be assisted continuously and without interruptions through various customer service and breakdown communication channels, such as the Customer Service Centre by telephone, the Virtual Office, the App, Twitter and email.

Following the closure of Aqualia's sales offices during the worst months of the pandemic, informative SMS messages and emails were sent out so that all customers were aware of the different channels available, with the Customer Service Centre being the channel preferred by our customers for their communications.



After the gradual opening of the on-site offices and the end of the state of alarm, the sanitary measures of social distancing, use of face masks, disinfection of areas, etc., came into force.

The Telephone Customer Service Centre made the "Appointment Management" service available to customers, so they could avoid waiting and avoid crowds in on-site 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 2020 we managed **163,814** interactions, which was **26%** more compared to 2019. Among them, those for a change of data stand out with 32.34%, 23.77% for e-billing and 19.85% for payment via bank card.
- **Application for mobile devices.** Through the App made available to our customers, in 2020 we managed **62,562** interactions, **50.2%** more compared to 2019, 20.99% of these being for a change of data and 64.08% for payment via bank card.
- **Twitter @aqualiacontact.** This channel also remains active within the omnichannel project, in which Aqualia incorporated Customer Service through the Twitter platform to its channel list. Messages sent by users are handled and managed through the @aqualiacontact account. SMS messages are also managed for the notification of invoices with incidents and warnings regarding network breakdowns.
Through Twitter we managed **51.5%** more interactions in 2020 compared to 2019.
- **E-billing.** In 2020, **15,277** customers have requested the activation of e-billing, increasing this ratio by **85%** over the previous year.

The efficiency of all client relationship channels gave us a **very low complaints rate of 0.41%** to December 2020, with an **average time for response to claims of less than 11 days**. It is also worth mentioning the average installation time for a meter (from the time the request is recorded), established as five days.

In order to respond to the high expectations of our clients with regard to the service offered Aqualia will continue to progress towards providing all our clients with a high-quality omnichannel experience in their interactions with the Company.

The following objectives have been set in this area:

1. **Integration of all channels.** Channels working in unison, interrelated in real time. The new implementation project for **Microsoft Dynamics CRM**, started in 2021 and will enable all

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channels to be interrelated in real time with greater accessibility, availability and integrity in the information corresponding to the interactions. 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 and that provides sufficient flexibility, guarantees availability and access to information in an agile and flexible way through guided processes.

2. More pleasant and higher quality client experience

- Any operation from any channel.
- Unique processes for all channels.

3. More responsive and capable attention

- Cross platform clients.
- Efficient use of resources, development of communication skills by channel.

5.2. Billing and payment management.

The Client Management Department maintains the same strategic vision in the development of management tools, mainly with the finalising of the implementation of the unique tool for invoicing and debt management for non-tariff concepts, and the advancement of new functions for the Business Intelligence tool regarding, for example, the renewal of meters, fraud, adaptation to the procedures for debt statements and client type.

Overall, due to the COVID-19 pandemic situation, billing has varied compared to the previous year, with a -2.24% decrease in m3 consumption, which means a decrease in the amount invoiced of -0.71%, mainly affected by the drop in consumption by non-domestic consumers (-14.76%) and high water consumption (-7.45%). These effects have been offset by the 3.22% increase in domestic consumption as a result of lockdown.

Likewise, in view of the pandemic situation and the closure of the on-site offices, the various customer service channels have been enhanced in order to carry out the necessary procedures and collection management has been made more flexible for vulnerable members of the public

5.2.1 Average period for payment and default

This has led to a continuous improvement of processes to achieve an average collection period in Spain of 2.35 months, which means that the trend of the previous two years has remained constant through the strengthening the proper management of collections despite the impact of the pandemic.

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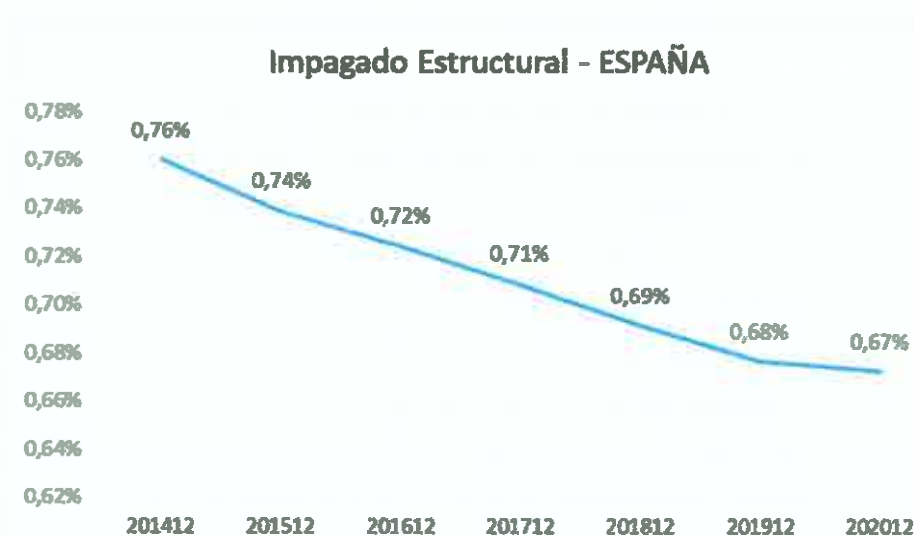


At an overall Aqualia level, there has been a slight upturn in the average collection period due to the increase in activity in the International area over the last two years, with the incorporation in 2020 of the Córdoba Department and Villa del Rosario concessions acquired in Colombia, the acquisition in January 2020 of the companies Qatarat and Haaisco (Saudi Arabia) and the takeover and consolidation beginning in June 2020 of the El Realito Aqueduct (Mexico). This is in addition to the progress of work on the Glina WWTP (Romania) and the application of the advance payments previously collected on the Abu Rawash WWTP (Egypt) and Salitre WWTP (Colombia) projects (EPC).

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In the tariff processes structural default has been improving annually, with greater weight for that of Spain, developing as follows:



Aqualia has continued its campaign to promote the use of e-billing and in this way progressively replace as many invoices issued on paper as possible. This action has enabled an increase over the previous year of 20.4% in the number of electronic invoices issued, reaching

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a global ratio of 14.1%, thus contributing to the fight to preserve the environment, reaching 540,533 clients who opt for receiving this type of invoice.

The task of minimising the difference between the volume of water supplied to the network and the actual amount consumed is a basic aim for any company like Aqualia. To achieve this, in addition to using sophisticated smart network monitoring systems and upgrading those networks that become obsolete in order to avoid leaks as much as possible, plans are designed to detect fraudulent actions or uses of drinking water.

In 2020, despite the pandemic, more than 7,100 cases of fraud were detected for a volume of consumption equivalent to 3.7 million euros. As a complement to these actions, more than 342,000 meters were renewed for different contracts.

5.2.2. Meter Reading Mobility Project

In 2019-2020, an ambitious project in the field of meter reading was developed. The project aims to update the mobility solution implemented for taking meter readings (TPL), providing it with online and offline features with the current DIVERSA commercial system implemented in Aqualia. The solution will be implemented through smartphones, for the purpose of providing functionalities relating to the taking and management of meter readings.

With this project, Aqualia intends to improve the current processes for taking and managing readings, and to achieve efficiency in the shortest possible time and with the least economic impact. The project was developed in 2019, with end user tests in the field finishing with great success December. The pilot scheme scheduled for January 2020 was a success, with the corresponding deployment for other operations taking place gradually.

Deployment to production of the Meter Reading Mobility Project:

- The pilot trial was carried out in Alcalá de Henares with satisfactory results.
- Subsequently, it was implanted in Ávila, Salamanca, Lleida, Llíria, Sant Josep, Écija, Jaén, Sanlúcar and Mérida with satisfactory results, which allowed its mass implementation.
- As at December 2020 it has been implemented in:
 - 439 services implemented (Spain) and 6 (Italy and Portugal)
 - 5,296,171: readings made to date with the new App
 - 20,241: reading routes exported to the App
 - 2,589,927: contracts exported to be read in the App
- Completion of the deployment is scheduled for Q1 2021.

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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 overview of customers, technological innovation as well as improvements in business processes.

- The solution includes a new website for customers that will replace the current virtual office and will be deployed to users of the Call Centre and the new virtual office, covering all operations, with the corresponding adaptations of the CRM currently in progress.
- Testing of the technical team and the business team has been carried out in the last quarter of 2020 with satisfactory results.
- Development is scheduled for completion in February 2021, with testing in March and April and implementation in May 2021.

5.3. 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 new developments established by the Regulation required adjustments to be made in the field of data protection within all the Entities, given that it applies to all the affected Areas in the following aspects:

- 1) Employee Scope
- 2) Client Scope
- 3) Supplier Scope
- 4) FCC Group Contractual Relations Scope
- 5) Public Administrations Contractual Relations Scope
- 6) Documentation and Internal management.
- 7) Information Technology and Information Security scope

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8) Technical and organisational measures.

During the adaptation project, the implementation of the *epprivacy* tool has been managed. In this tool, records of processing activities are kept for all 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 in 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

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- **Situation in December 2020**

Riesgos Probabilidad e Impacto

PROBABILIDAD

May alta - Máxima	9	9	9	9
Alta - Significativa	9	9	9	9
Media - Limitada	11	18	17	9
Baja - Despreciable	124	104	190	9
	Baja - Despreciable	Media - Limitada	Alta - Significativa	May alta - Máxima
	IMPACTO			

- The extension of the adaptation works started in 2020 is planned for 2021: International data transfers between FCC Group entities project
- FCC Group Data Storage Periods Project.
- Aqualia National Security Scheme Adaptation.

5.4. Social action

Although the capacity to set tariffs and regulate the provision of services in the comprehensive water cycle in Spain is the exclusive competence of the Administration, Aqualia actively promotes social action mechanisms in the tariffs and solidarity funds for the most disadvantaged users. The Company has also worked to improve coordination with municipal social services to protect citizens at risk of vulnerability or social exclusion. As an example, Aqualia's CSR policy has included the renewal of its collaboration agreement with Caritas Española since 2015, and with UNHCR since 2019 to support the initiatives of this humanitarian organisation in Spain. Access to water has also been guaranteed to all vulnerable people and payment deadlines have been extended for all customers affected by the pandemic.

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6. EFFICIENT AND SUSTAINABLE MANAGEMENT

6.1. Management Systems

One of Aqualia's priority objectives is the continued support of compliance with the United Nation's Sustainable Development Goals (SDG), concentrating on those that affect the water sector and our stakeholders:

- No. 3. Good Health and Well-Being.
- No. 6 Sustainable Clean Water and Sanitation.
- No. 7. Affordable and Clean Energy.
- No. 8. Promoting Sustained Economic Growth.
- No. 9 Building Resilient Infrastructures.
- No. 11. Achieving Sustainable Cities and Communities.
- No. 12. Guaranteeing Sustainable Production and Consumption.
- No. 13. Adopting Urgent Measures to Tackle Climate Change.
- No. 14. Sustainably Conserving Marine Resources.
- No. 15. Tackling Desertification and Protecting Biodiversity.
- No. 17. Partnerships to Achieve the Goals.

Aqualia also has an ongoing strategy of creating shared value, responding to the expectations of its stakeholders and taking a deeper look at the tools that enable us to understand and measure social and environmental impacts, as a support for the creation of economic value



and the company's increased competitiveness (calculation of the social and environmental footprints). To achieve this, in 2020 we have taken the following steps:

8. **Integration of the new ISO 45001 Standard**, in the Aqualia Management System, reviewing and updating all the procedures and coordinating the internal and external audit processes (AENOR).
 9. **Increased efficiency in the process of Internal Audits**, through the editing of integrated reports, and external ones, with duly qualified auditors, which enable audits to be carried out of the Quality, Environmental, and Energy Management Systems, calculation of the Carbon Footprint and Safety and Health at Work.
 10. **Certification in Asset Management** of an international contract, which allows more efficiency and accuracy in the operation of managed infrastructures.
 11. **Increased scope of the Energy Management and Climate Change strategy.**
 - Follow-up on contracts with energy review.
 - Calculation and verification of the Carbon Footprint for all Aqualia activities in Spain and Portugal.
 - The registration of the Carbon Footprint in the OECC (Spanish Office for Climate Change) of the MITECO (Ministry for Ecological Transition) for all Aqualia's activities in Spain.
 - Review of the Carbon Footprint Reduction Plan for Aqualia's Activities.
 - Verification of the emissions avoided in the MITECO OECC CLIMATE Project, approved in 2018, for the use of alternative fuels corresponding to the company's activity and in cars.
 - Follow-up on the project for the Implementation of the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
 12. **Adaptation of the general procedures for the Management System to the FCC Group's Compliance model** to respond to the designation of process owners and their corresponding controls.
 13. **Participation in AENOR meetings and forums and in AEC work groups.**
 14. **Participation in the Spanish Chamber of Commerce Circular Economy Commission** in which legislative initiatives are analysed and meetings are held with policy makers.
- As a complement to the above, the strategy maintained with the Company's stakeholders consists of incorporating the processing of Aqualia's stakeholders and the contextual analysis

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of the Company into the Management System, as a requirement for the new Standards and as support to other Aqualia departments in their daily work (Clients, Compliance, Reporting, RSC, HR, etc.).

6.2. Energy Management

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 for continuous improvement.

Not surprisingly, the calculation of the company's Carbon Footprint for its holdings in Spain, verified according to UNE-ISO 14064 Standard guidelines by AENOR, shows that the component with the greatest impact on Aqualia's Carbon Footprint is the consumption of electrical energy (Scope 2).

Greenhouse Gas Emissions in Spain (2019):

	t CO ₂	t CH ₄	t N ₂ O	GHG 2019 (t CO ₂ e)	%
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 regard, two projects have been launched in 2020 with the aim of reducing GHGs.

A PPA (Power Purchase Agreement) was signed for 76 GWh/year of renewable energies (photovoltaic), which came into operation in July and will reduce emissions by around 15,200 t CO₂e/year.



Furthermore, the project to install 3.2 MW of peak capacity 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.

Improvements to reduce energy consumption

Since 2016, and every four years, the company undergoes energy audits (in accordance with ISO 50001-Energy Management Systems) to a collection of production facilities that consume more than 85% of the company's total energy consumption. As a follow-up to the improvement opportunities detected in the audits, the functional design of a computer tool was developed, which is promoted under this standard. This tool will be integrated into Aqualia's reporting/technical analysis tool (AqualiaRT / AqualiaBI) enabling follow-up of the actions and the results obtained in them.

In 2020, the office building in Las Tablas, where Aqualia has its headquarters, has been certified in terms of energy management. In this way, consumption of this building is expected to be optimised, that, as is the case with the rest of the offices, have a much lower impact on the company's carbon footprint than the production installations, but which are Aqualia's showcase for its end-clients, so here is where we can demonstrate our environmental commitment.

6.3. Projects for Improved Technical Management

During 2020, as in previous years, we continued with the implementation and development of the activities related to the improvement of management, both at an operational level and regarding deployment of new platforms to standardise best practices at a technical level for the company. The most prominent ones have been:

6.3.1 Energy Management

- Initial operation 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.
- Change of energy billing control platform, from the previous one, *Bempower*, to a new one, *Synergica*, which is much more powerful and has allowed a more immediate and comprehensive control of the energy costs invoiced by the retailer.
- Initial operation of the SILICE platform for the collection of data on gas production and its destination in the WWTPs managed, in order to be able to declare the data for the settlement of the Hydrocarbon Tax in a centralised manner on the Tax Agency's platform.

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6.3.2. Asset Management

The deployment of the new Asset and Maintenance Management software tool has begun, which will allow for the standardisation of maintenance activities, depending on the size and purpose of the service provided. This is in addition to an improved centralised control of the inventory of assets managed, which will facilitate not only awareness of 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.

6.3.3. Technical Reporting

In 2020, centralised monthly technical reporting was achieved, covering 90% of the scope operated by the company.

As a result, centralised monthly technical data is now available for all contracts operated in Europe, Africa and the Middle East.

The aim for the coming business year is to extend the scope to 100% of operations globally.

The platform used is Aqualia RT/BI, which, translated into Spanish, English, French, Italian, Czech and Arabic and with the capacity to adapt to any type of technical operation managed by the company, is a very valuable repository of technical data to support the company's technical and economic operation.

6.3.4. Technology Transfer

During 2020, a new tool has been implemented, complementing the function of the Department of Innovation, which is the Technology Transfer tool.

The main aim is to create products, activities or processes that are commercially exploitable (internal or external market), derived from the results of the different projects of the Department of Innovation, as well as to propose new lines of technological innovation according to the internal needs that are identified or detected from the Production line.

6.3.5. Approved Laboratories

With regard to FCC Aqualia's network of accredited laboratories, several noteworthy events took place in 2020, which have clearly strengthened the company's activity.

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At the beginning of the year, the Badajoz laboratory was accredited by ENAC (National Accreditation Entity), which means that there are now 6 accredited laboratories for water analysis in Spain (Badajoz, Oviedo, Lérida, Ávila, Jerez and Adeje).

In addition, the other five laboratories passed the ENAC audit, renewing their accreditation and achieving an unprecedented increase in the number of parameters in the activity of these laboratories, with an additional 405 parameters in different matrices: drinking and packaged water, inland, swimming pool and sea water

Lastly, in December, the Laboratorio di Acque Potabili di San Giuliano, in Italy, obtained accreditation from the Italian national agency (ACREDIA).

Accreditation of the Aguas de Consumo de Vigo laboratory is also underway, with accreditation expected in 2021.

This will give the company a network of 10 accredited laboratories in Spain, Italy and the Czech Republic.

Also noteworthy is the activity developed by the company in the monitoring of COVID-19, the company's expert staff, in collaboration with the CSIC (Spanish National Research Council), under which, through the signing of an agreement, the wastewater of different municipalities of Castilla León, Galicia and Castilla la Mancha is being analysed.

The agreement also includes the training of company staff and Inter-comparison exercises for the fine-tuning of a PCR technique to complete the Oviedo laboratory's offer.



7. INNOVATION AND TECHNOLOGY

Aqualia's innovation activity is in line with European policies for the transition to a circular economy with a zero carbon footprint, seeking the development of new smart management tools and new proposals for sustainable services. In this way, the Department of Innovation and Technology (DIT) supports the company in achieving the United Nations Sustainable Development Goals (SDGs), towards an affordable and high quality water and sanitation service (SDG 6), optimising its energy balance (SDG 7) and avoiding its impact on the climate (SDG 13) through sustainable production and consumption (SDG 12).

The attached table summarises the projects developed by the DIT during 2020 (and its concluding dates), strengthening Aqualia's technological proposal, organised along four lines of work: Quality, Eco-Efficiency, Smart Management and Sustainability.

During the 2020 business year, five projects were expected to be completed:

- 2 European Life projects: Methamorphosis and Icirbus4Industries
- 1 Interconecta project (Feder): Advisor (extended until March 2021)
- 1 Regional RIS3 Idepa project: ValorAstur
- 1 EU H2020 framework programme project: Mides

The development of ten other ongoing projects has continued:

- 1 Regional RIS3 Idepa project: Recarbon
- 1 Water Joint Project Initiative (ERA-NET) project: MarAdentro
- 1 Marie Skłodowska Curie training project (MSCA): Rewatergy
- 2 of the Life programme: IntExt and Ulises
- two of the Bio-Based Industries (BBI) Initiative: B-Ferst and Deep Purple
- 3 within the H2020 programme: Run4Life, Sabana and Scalibur

And thanks to the public calls for proposals for 2019, six new projects have begun:

- 3 European Life projects: Infusion, Phoenix and Zero Waste Water
- 3 EU H2020 programme projects: Rewaise, Sea4Value and Ultimate

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Quality

- ✓ **LIFE Metamorphosis (2020)**
- ✓ Life Zero Waste Water (2024)
- ✓ Life Infusion (2024)

Smart management

- ✓ **LIFE Iclibus4Industries (2020)**
- ✓ **H2020 Run4Life (2021)**
- ✓ H2020 Rewaise (2025)

Eco-efficiency

- ✓ **RIS3 IDEPA Valorastur (2020)**
- ✓ **H2020 Mildes (2020)**
- ✓ **INTERCONECTA Advisor (2021)**
- ✓ **WATERWORKS Maradentro (2021)**
- ✓ **RIS3 IDEPA Recarbon (2021)**
- ✓ **H2020 Scalibur (2022)**
- ✓ **H2020 MSCA REWATERGY (2023)**
- ✓ **H2020 BBI Deep Purple (2023)**
- ✓ **H2020 BBI B-Ferst (2023)**
- ✓ H2020 Sea4Value (2024)
- ✓ H2020 Ultimate (2024)

Sustainability

- ✓ **H2020 Sabana (2021)**
- ✓ **Life Ulises (2022)**
- ✓ **Life IntExt (2023)**
- ✓ Life Phoenix (2024)

7.1. Projects completed in 2020

The five projects in the final phase in 2020 achieved the following results:

- **RIS3 Valorastur:**

With the aim of achieving eco-efficient wastewater treatment, the RIS-3 programme of the Institute of Economic Development of the Principality of Asturias (IDEPA) has supported Aqualia's collaboration with two large public companies and the SME Ramso. It delivered new drying equipment to the Grado WWTP to confirm that the calorific value (PCI) of the material, obtained in preliminary tests, is almost double that required for energy recovery, allowing waste to be transformed into new resources.



Together with the Institute of Carbon Science and Technology (INCAR, part of the Spanish National Research Council (CSIC) in Oviedo), new low-cost adsorption materials (at less than 500 €/t) have been developed from dried sewage sludge, with activation by pyrolysis.

Adsorbents can be used for deodorisation, or to support aerobic membrane reactors (MBR). In a 15,000 m³/d MBR plant, savings of 10% in energy and chemical consumption (with longer filtration periods and 30% less cleaning products) are estimated, which together reduce annual operating costs by almost €50k, representing a return of the investment in the materials in a few months.

The project also implemented the optimisation of the nutrient removal process at the San Claudio WWTP. The reduction in electricity costs, in the minimisation of the purchase of Iron salts (by optimising the biological elimination of phosphorus), and in mud production, is close to 30k €/year, which means that the costs of improving the automated control system can be amortised in less than a year.

- **Interconecta Advisor:**

Co-financed by the CDTI with FEDER funds, the project has implemented new pre-treatment and co-digestion methodologies for meat waste (Maguisa) at the WWTP managed by Aqualia in Guijuelo, supported by municipality and with the collaboration of AINIA. A new digester control system based on LIDAR (Laser Imaging Detection and Ranging) technology is also being developed to detect foams.

The increase in biogas production has been harnessed with an ABAD Bioenergy biomethane upgrading system, and a dispenser to fuel a specific vehicle at the WWTP followed by EnergyLab, which has already travelled 15,000 km. With the COVID contingency, the project is extended until March 2021.

ADVISOR has been selected as one of 101 business actions of the 2020 #PorElClima (For The Climate) community, and its CO₂ reduction impact has been certified by the Carbon Fund for a Sustainable Economy (FES-CO₂) of the CLIMA Programme of the Ministry for the Ecological Transition (Miteco).

In addition, two demonstration prototypes were installed at the WWTP:

- An anaerobic effluent treatment reactor with a flow rate of 250 l/h using a bio-electrochemical fluidised bed FBBR, developed in the Life Answer project based on the joint patent with the University of Alcalá de Henares (EP2927196A1) and undergoing trademark protection (Elsar: Electro Stimulated Anaerobic Reactor).



- A continuous thermal hydrolysis of the innovative SME teCH4+ that simplifies the process and reduces the installation and operating costs of digestion pre-treatment.

- **Life Icirbus:**

Led by the Intromac technology centre and with six other partners from Extremadura, the project has developed a prototype at the wastewater treatment plant in Lobón (Extremadura), managed by Aqualia, to demonstrate the adsorption of metals contained in some wastewater treatment plant sludge by biomass fly ashes from the company ENCE. The process was protected with a utility model, and the treated ashes are integrated as aggregates in building materials, while the residual sludge reduces its odours, and is added to a compost that was used for different crops.

- **Life Metamorphosis:**

As part of this project led by Aqualia, together with five other entities (Àrea Metropolitana de Barcelona AMB, FCC Medio Ambiente, Naturgy, Icaen and SEAT), two biomethane production demonstration plants were implemented:

- The first one, at Ecoparc2 del Besós (Barcelona), co-managed by FCC MA, integrates three technologies patented by Aqualia (AnMBR for anaerobic membrane treatment, ELAN for ammonia removal, and ABAD Bioenergy biogas scrubbing), to convert the leachates from the digestion of municipal waste into biomethane, which has been used in municipal solid waste collection trucks.
- In the second one, Naturgy has used slurry and other waste to fuel test cars, which have travelled more than 150,000 km, and then been dismantled and analysed to assess the effect of biomethane.

Development continues with the LIFE Infusion project to prepare design parameters for future AMB resource recovery plants, and to evaluate technologies in Asturias with another waste management contractor (Cogersa).

- **H2020 Mides:**

The project, with eleven partners from seven countries, has led to the setting up of two demonstration units of a new biological desalination technology, patented by Aqualia and IMDEA Agua, in plants operated by Aqualia in Denia/Alicante and Guía de Isora/Tenerife. This microbial desalination cell (MDC) reduces the energy cost of desalination by up to ten



times compared to traditional seawater reverse osmosis. Instead of electrical energy, residual organic matter from effluents is used to activate bacteria that generate a difference in power without external energy input, to move salts through ion exchange membranes, at the same time as the treatment of wastewater effluent that serves as fuel.

The project has also contributed to the construction of the Desalination Innovation Centre in Denia, where a platform has been built to evaluate various pre-treatments, with multi-membrane and media filtration pilots. In addition, re-mineralisation post-treatments and alternative disinfection methods without resorting to hypochlorite are optimised. In the search for more efficient membranes, biomimetic modules that reduce nitrates in drinking water have been installed for testing in Santa Cruz de Tenerife, a solution that has proved to be competitive with conventional solutions.

In addition to the technological development projects, it has invested in scientific training, participating as an industrial partner in the **Rewatergy** project of the H2020 Marie Skłodowska Curie programme of European academic networks, led by Rey Juan Carlos University. Two researchers have started their PhDs, to join Aqualia in 2021 for practical work:

- at the University of Cambridge, focused on production of hydrogen from ammonia in wastewater,
- at Ulster University, developing photo- and electro-disinfection processes to remove micropollutants from drinking and waste water.

7.2. Projects scheduled to end in 2021

In 2020, four other projects, one from IDEPA's RIS3 programme in Asturias, one from the JPI WATER co-funded by CDTI, and two within the H2020 programme, are in their final phase of development, with completion expected during 2021:

- **RIS3 Re-Carbon**

Financed by IDEPA with FEDER funds, and led by the engineering company INGEMAS with two SMEs (Biesca and InCo), Aqualia supports the MCAT institutes (Microwaves and Carbons for Technological Applications) of the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre Foundation) in the investigation of methods of adsorption of pollutants by regenerated activated carbon and biochar. The aim is the cost-effective supply of a sustainable adsorbent for water or gas applications.



Together with the Hidrotec laboratory in Oviedo, advanced micropollutant analysis methods are developed to evaluate the innovative activated carbon adsorption units optimised using Biochar. The feasibility of cleaning biogas at the Jerez, Chiclana and Lleida WWTPs and deodorisation at the San Claudio and Luarca WWTPs is being tested. The adsorption of micro-pollutants and new sensors that allow real-time monitoring at the Grado WWTP and the Cabornio DWTP are also being studied.

- **JPI MarAdentro**

The project "Managed Aquifer Recharge: Addressing The Risks of Regenerated Water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks2018 programme, with the participation of partners in France, Italy and Sweden.

A 400 m² infiltration system will be built at the Medina del Campo WWTP for the advanced treatment of treated water and its reuse in recharging aquifers. With the scientific institutes, system design and simulation tools will be developed, optimising the operation and costs of processing contaminant removal compared to conventional tertiary treatment.

- **H2020 Sabana:**

The University of Almeria leads eleven partners from five countries (including the Czech Republic and Hungary) with three large companies: Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project optimises the production of new biofertilisers and biostimulants from algae, and work is nearing completion on two cultivation units totalling five hectares and corresponding biorefineries at the WWTPs of Mérida and Hellín (Albacete).

- **H2020 Run4Life:**

Led by Aqualia, a consortium of fifteen entities in seven countries implements in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsing-borg/Sweden and Vigo/Spain) new concepts of nutrient retrieval from the separation of grey and black waters. In Sneek, new vacuum toilets with minimal water consumption are tested in thirty-two houses by facilitating direct thermophilic digestion of sewage in an innovative bioreactor.

In Vigo's Free Trade Zone, Aqualia operates an MBR in an office building for grey waters, which is reused in the toilets, and an AnMBR in black waters to produce bioenergy. Various nutrient recovery options are tested, followed by advanced oxidation to remove viruses

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and processing contaminants, and by evaluating the quality and safety of effluents and by-products as fertilisers through greenhouse cultivation trials.

A larger installation is being prepared at the Balaídos industrial estate with effluent from Citroën, and the bioelectrochemical FBBR technology (Elsar patented process) is being evaluated for the direct treatment of sewage, using the inoculum from the Gujuelo reactor as biomass.

The other two demonstration sites, in hundreds of new flats in Ghent and Helsingborg, include, in addition to grey and black water separation, organic kitchen waste. In 2020, the housing was unveiled and the energy and nutrient recovery facilities came into operation. An important part of the project is the dialogue with the users of new services and by-products to optimise services and water and energy consumption through decentralised management of these systems and to assess the effect of new fertilisers.

- **H2020 Scalibur**

The project led by the Itene technology centre and involving twenty-one partners from ten countries, reached its halfway point in 2020. Since the end of 2018 and with a duration of 4 years, it has focused 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), with improvements in thickening (Orege system) and dual digestion in two stages, and simplifying mud stabilisation without heated concrete structures. The project has facilitated initial innovation activities at SmVaK in the Czech Republic, to convert organic matter into by-products and bioenergy.



7.3. Projects fully under development

Four other EU-funded H2020 projects, which started in 2019, are in full swing during 2020, two in the Bio-Based Industries (BBI) initiative, and two in the LIFE programme:

- **BBI Deep Purple:**

Led by Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

A first Aqualia prototype is operating at Toledo-Estiviel, and a demonstration reactor 10 times larger is planned for the Linares WWTP. Parallel activities are also being prepared at the SmVaK WWTP in the Czech Republic.

BBI B-Ferst:

With Fertiberia as the leader, and with ten partners from six different countries, Aqualia is involved in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of recovered raw materials in the production of fertilisers in three countries (Spain, Italy and the Czech Republic) is analysed, and a struvite precipitation system is developed at the Jerez WWTP to incorporate recovered phosphorus in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.

- **LIFE IntExt:**

The project is led by Aqualia, with the AIMEN and CENTA technology centres and the Aarhus University in Denmark supporting SMEs in Germany, Greece and France to optimise low-cost wastewater treatment technologies in small towns. The aim is to minimise energy costs, carbon footprint and waste, and to provide ecologically and economically sustainable solutions. The construction of a demonstration platform for these technologies at the Talavera WWTP operated by Aqualia is in its final phase.

- **LIFE Ullises:**



The project coordinated by Aqualia is supported by three technology centres, CENTA, EnergyLab and CieSol of the University of Almería. To optimise and transform conventional WWTPs into "energy production factories", eliminating their carbon footprint, anaerobic pretreatment with the PUSH reactor is being implemented at the El Bobar WWTP in Almería, operated by Aqualia, which is also being evaluated at two WWTPs in Portugal. Digestion is improved by hydrolysis and biogas is used as a vehicle fuel with an ABAD BioEnergy refining system and a biomethane dispenser.

7.4. Projects started in 2020

In 2020, six new European projects were launched, with more than ten participants in each of the major European support programmes, Life and H2020:

- **Life Infusion**

After the completion of the Life Methamorphosis project, the Barcelona Metropolitan Area wanted to extend the project to prepare the designs for several new resource recovery plants. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system will be optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonia 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, will optimise tertiary treatment to achieve the most ambitious aims of the new European regulation on water reuse (EU 2020/741). In order to evaluate various effluents, from ADP in Portugal, the Almería Provincial Council and the Guadalquivir Hydrographic Confederation, three mobile plants have been designed, a 50 m³/h physical-chemical treatment plant, a 30 m³/h filtration plant and a 20 m³/h ultrafiltration plant.

In addition, Newland's European subsidiary company Entech is participating with an ozone O₃ and ultraviolet UV disinfection module, and the Dutch SME MicroLan for online microbiological measurements.

- **Life Zero Waste Water**



The project, led by Aqualia, will demonstrate at the Valdebebas WWTP, with Canal Isabel II as a partner, the combined treatment of Urban Wastewater and of Organic Fraction of Municipal Solid Waste (OFMSW) with the AnMBR anaerobic reactor, followed by ELAN in the water line, for 50 m³/d, allowing water treatment with a neutral carbon footprint. The management of OFMSW at a municipal level and the possibility of connection with the sewer system for the transport of the mixture in a single stream.

In addition to the Universities of Valencia (AnMBR) and Santiago (ELAN), the Portuguese SME Simbiente is participating in the development of an advanced management system, combined with online monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).

- **H2020 Sea4Value**

Led by the EureCat technology centre, and with 14 partners from seven countries, the project focuses on recovering resources from concentrated brine in seawater desalination plants (SWDPs), with basic scientific developments funded 100% by the EU. At least eight innovative technological solutions are expected to enrich the most valuable components of seawater (lithium, caesium and rubidium) and the recovery of critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows their exploitation on the market.

At its Desalination Innovation Centre in Denia, Aqualia will continue to develop solutions for the valorisation of brine and new desalination methods, with 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. The implementation of pilot units in the various WWTPs operated by Aqualia will be evaluated, with an analysis of the technical and economic impact.

- **H2020 Ultimate**

In the "Smart Water Economy" call for proposals, Aqualia participates in two of the five selected consortia, which receive up to 15 M€ of support per project. In Ultimate, led by the Dutch technology centre KWR, nine demonstrations of synergies between water utilities and industries are implemented with 27 partners.

At the Mahou WWTP in Lleida, operated by Aqualia, the comparison of the FBBR (Elsar) and AnMBR anaerobic reactors at a 20 m³/h scale is being prepared to recover biomethane and power a fuel cell. The co-digestion of yeast is also being studied, as well as support for Aqualia's other client partner, Aitasa.



- **H2020 Rewaise**

The Rewaise project has the largest business participation of the five projects selected in the "Smart Water Economy" call for proposals, and Aqualia leads the twenty-four partners including water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) and 7 SMEs to implement new circular economy and digital management solutions in nine "living labs" including Aqualia's implementations in Badajoz, Canary Islands, Denia and 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 water quality, processes and networks.

7.5. Patents

In 2020, 4 new patents were granted:

- **Anaerobic Membrane Reactor (AnMBR, together with U. of Valencia and UPV):**
 - US 10,577,266 with grant date 2020-03-03
 - EP 3225596 B1 with publication date 2020-05-20
- **Bioelectrochemical Fluidised Bed Reactor FBBR (Elsar, together with UAH):**
 - EP 2927196 A1 with publication date 2020-04-22
- **Photobioreactor with purple bacteria (ADVANSIST, together with URJC):**
 - EP3546562B1 with publication date of 2020-08-12
- **Microbial Desalination Cell (MDC, together with Imdea Agua):**
 - EP 3336064 A1 with publication date 2020-08-26

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, with the delay and cancellation of many events due to Covid restrictions, the Innovation team participated in only half as many scientific and professional conferences as in previous years. But its work is partially reflected in the documentary "Brave Blue World" (on Netflix: [youtube.com/netflix/BraveBlueWorld trailer](https://www.youtube.com/netflix/BraveBlueWorld/trailer))

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and in over one hundred and fifty press articles, as summarised in the table below, including the front cover of [iAgua | December 2020](#) :

	2017	2018	2019	2020
Scientific articles (*)	11	13	12	5
Sector press	117	131	108	63
Generalist press	113	94	139	93
International events	33	24	24	14
Domestic events	18	31	19	11
Other		2		
TOTAL	292	295	302	185

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8. PEOPLE AND CULTURE

8.1. General lines of action

After the new re-definition of the activities of the Department of People and Culture, our different functions developed around the Be Aqualia project come together under a common focus and motto: **People who work for people.**

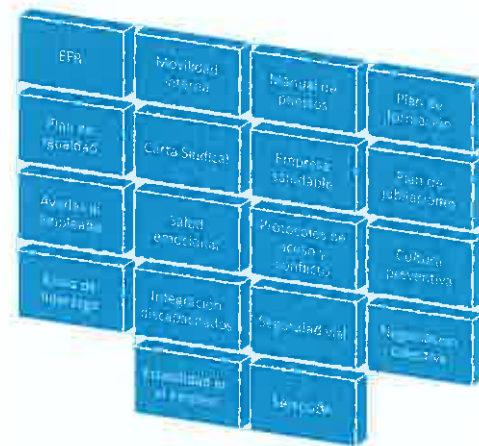
Be Aqualia is the company's cultural transformation project consisting of coherent and consistent involvement from the human resources function. This involvement is in line with the company's strategic plan and business vision and is supported by the management of people who lead the company's managers.



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During this business year, maintaining the key aim of becoming a **Healthy Organisation**, work has continued on the basis of the seven blocks of action identified as "health assets" that constitute the different lines of work that will be described in the different sections that appear below. In addition, in order to set out our roadmap for this purpose and to optimise both the means and resources available for it, during 2020 (prior to the pandemic) we began to work on the design and organisation of a specific, cohesive and interrelated Planning and Quality Strategic Plan, through which to establish synergies and create value, both intradepartmentally and towards the rest of our stakeholders. The plan aims to focus on three key areas: senior management, production and the Be Aqualia community.



However, it cannot be forgotten that 2020 has been marked by the pandemic, and how this has clearly significantly affected the activity of these processes, forcing us to redefine the short-term needs for its management, both in terms of dedication of time and resources and in the establishment of criteria and priorities.

8.2. Work-life balance

Aqualia retains its *efr* (family-responsible company) certification obtained in 2017. In 2020, Aenor conducted the second follow-up audit of the corresponding certificate with satisfactory results. It is currently preparing for the renewal audit of the certificate that will take place in February 2021.

During the 2020 business year Aqualia has continued to promote knowledge and use of the *efr* catalogue measures among employees through different awareness and communication actions.

In this regard, 4,155 people have received awareness-raising training regarding work-life balance in Aqualia through an online course designed to promote knowledge and use of Be Aqualia measures.

The 2020 Employee Voice Survey was launched in September, with the aim of finding out employees' opinions on Aqualia balances work and family life. This survey is a prerequisite for the renewal of the *efr*, or family-responsible company, certificate. It was sent to a representative sample of the organisation taking into account all positions and all personal/family situations as well as different age ranges.



The How have you felt about the performance of your team working from home? Survey was also sent out in order to analyse the impact and results of teleworking experienced during the last months of the pandemic and from the perspective of managers.

The survey was sent to 450 managers in the organisation who had/have teleworking teams and it had a participation rate of 57%. The main conclusion taken from this study was that performance was not affected.

8.3. Diversity and Equality

8.3.1 Diversity and Social Inclusion

Aqualia maintains its collaboration agreements with different associations and foundations and its adherence to the Diversity Charter.

Together with the Adecco Foundation, it continues to develop the Family Plan aimed at the children of employees with a certified disability equal to or greater than 33%. It also maintains the Collaboration Agreement with the Down Syndrome Foundation and with FSC Inserta de la Once.

In 2020, 1,398 employees took the **Diversity and Disability course**, developed by the Adecco Foundation, aimed at raising awareness among Aqualia employees in this area.

8.3.2 Equal opportunities

- **Mentoring / Training**

In 2020, the 4th Mentoring Programme to Boost Female Talent was launched with the aim of continuing to promote the presence, visibility and participation of women in the company's organisation, thereby facilitating the development of their professional careers. Seven mentees, three male mentors and four female mentors will participate in this edition. This programme will continue to progress throughout 2021.

- **Equality Badge**

Aqualia maintains its "Equality in the Company" Emblem. In December 2020, the 3rd Extension was granted for a period of 3 years. The Ministry of Health, Social Services and Equality awarded this badge in recognition of the company's commitment to diversity and equal opportunities for men and women.

- **Equality Plan**



In 2020 Aqualia has continued with the implementation of its second Equality Plan, in which both the company and the majority unions at state level reiterated their commitment to equal opportunities between men and women. This plan was extended and will remain in force until the next one is signed.

In February, the Negotiating Committee for Aqualia's 3rd Equality Plan was set up, carrying out an assessment of the situation required to start negotiations.

Due to recent legislative developments, training on the new Equality legislation has been provided to all members of the Negotiating Committee. The aim of this course, given by an external consultancy firm, was to learn about the regulations in force in Spain regarding equality plans.

Currently, the appropriate adaptations are being made in accordance with the new legal requirements and the negotiation of the 3rd Plan will continue in 2021.

- **Campaigns: Women's Day, Gender Violence, etc.**
The Company continues to show its commitment against gender violence through implementation and participation in the different awareness and sensitivity campaigns organised in different municipalities and with the collaboration of Aqualia staff.
- **Management Development Program for Women**
In 2020, a new edition of the School of Industrial Organisation's (EOI) Management Development Program for Women with High Potential was held with the participation of 5 members of the Aqualia staff. Participation in this programme falls within the framework of the Equal Opportunities Policy for men and women promoted by the Company.
- **Senior Management Women Programme (Promotion)**
A female Aqualia executive participated in the 2020 edition of the Promotion Programme, delivered by ESADE and supported by the CEOE and the Ministry of Health, Social Affairs and Equality. The aim of this programme is to improve women's access to management positions, Management Committees and Boards of Directors of companies, and to therefore make further progress in creating shared leadership.

8.4 Leadership

The seventh edition of the Otto Walter Cycle was held in 2020, this time in a virtual classroom format. The programme is aimed at middle managers, with the aim of continuing with the transformation of Aqualia's leadership style and with the transition towards a more



participative, talent catalyst management model that strengthens team cohesion and is supported by a common language shared by all.

8.5 Development.

8.5.1. Personal and Professional Development

With a view to contributing to the well-being of its employees, Aqualia has maintained the measures set out in the **Be Aqualia Psycopack** initiative in 2020:

- **Psychomet:** Aqualia makes available to all employees this tool that enables them to check their level of mental and emotional well-being, helping employees to make early identification of any problem of a psychological order that they may be experiencing. Instructions for accessing this tool may be found on the individual card delivered with the Psycopack. All information is treated anonymously and confidentially.
- **Employee Aid Programme (PAE):** Psychological care service offered by expert psychologists who will help employees resolve any possible psychological and emotional distress that they are experiencing, both personally and professionally. The psychological care service is available 24 hours a day, 7 days a week, no appointment is necessary and its use is unlimited. Instructions for accessing this tool may be found on the individual card delivered with the Psycopack. All information is treated anonymously and confidentially.
- **Interpersonal Conflict Management Procedure:** this aims to be an effective tool for the management and resolution of conflicts arising in the workplace via mediation (voluntary process in which the parties to a conflict try to reach an agreement by themselves with the assistance of an impartial and neutral third party called a mediator). The present procedure complements the action protocol for bullying situations already adopted by Aqualia.
- **Training:** Training at Aqualia is linked to the Company's strategic objectives, to improving the performance of workers' duties and to ensuring their health and well-being. With this in mind, training is developed that is adapted to the requirements for each of the jobs within the Company.
Against the backdrop of the health crisis that marked 2020, Aqualia launched a **coronavirus training** course for all employees in April.



The training was divided into two modules: an online module for employees working from home and another for employees of Services who were required to go to work in person. The course was imparted via the Be Aqualia app.

The aim of this course is to provide the organisation with specific and updated information about the organisational, hygienic and technical measures implemented by the company, allowing us to create habits that ensure optimum professional performance in times of crisis. In total, 6,285 people took part in this course in 2020.

- The Company has maintained its commitment to the training and professional development of workers in other areas. To this end, it had to adapt the resources and tools available to continue providing training in virtual classroom formats and using online platforms such as the FCC Campus.

With this in mind, in 2020 **460 courses were organised and 6,689 (5,178 men 1,511 women) employees received 68,880 hours of training, of which 59% was taught in an e-learning format.**

A total of **94% of male employees and 97% of female employees** participated in the different training courses. There was 85% attendance at training courses (31,222 participants in 2020), highlighting the commitment and involvement of employees.

Thanks to the use of tools that have fostered virtual and online training, the number of employees who received training has increased by 44% and the number of participants on courses by 215% year on year.

It is worth noting that courses have been imparted on the Office 365 Tools needed as part of the digital transformation process. In total, 7,886 participants attended these courses.

Furthermore, in 2020 training continued to be imparted on the code of conduct and ethics.

- **Accreditation of Professional Skills:** Aqualia also continues to promote and develop accreditation processes for professional skills. In 2020, we launched invitations to participate in the accreditation process, approved under the 2nd Agreement signed with the Catalan Department of Education. Two invitations were launched, in Girona and Tarragona. Workers from Catalonia, Aragon, La Rioja and Navarra responded to these invitations. In total, 55 workers took part, of which 81.82% achieved full certification and 18.18% achieved partial certification.

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The following certificates were awarded:

- Assembly and Maintenance of Water Networks.
- Organisation and Control of assemblies and maintenance of water and sanitation networks and installations.
- Operation of Water Treatment Plants.
- Energy and Water

Furthermore, Aqualia is cooperating with the Valencian regional government to promote the accreditation processes in this region; and as a result, the first call for applications aimed at those responsible for water networks was launched, with 13 workers from Aqualia signing up. This initiative is due to end in the first quarter of 2021.

8.5.2. Selecting and Attracting Talent

Aqualia uses different methods and sources of recruitment to attract talent and ensure objectivity and equal opportunities in the recruitment and selection of diverse people in every way. To this end, applications are also screened based on equal opportunities, analysing the technical and other requirements of the position before proceeding to the interview phase, carried out under a competency selection model, assigning those deemed most relevant for the proper performance of the duties to each position. Likewise, the technical aspect of the positions is analysed in the form of technical tests and/or interviews performed by professionals in each area. This method makes it possible to make objective comparisons, ensure equality and avoid discrimination.

In 2020, Aqualia invested in different job portals and companies specialising in staff recruitment, including InfoJobs, E-Preselec and LinkedIn, in addition to The Key Talent for skills tests via the Cute tool. Consultancy firms specialising in head hunting with which the company has worked in previous years were evaluated, selecting, based on professional profiles and geographical areas, those with the greatest response capacity in terms of time and service quality, with the aim of placing the selection processes that Aqualia decides to outsource in the hands of experts. **1,341 people have joined the company (1,709 in 2019)** including national and international activity.

SDG 8	Men	Women	Total
New recruitment Spain	414	77	491
New international recruitment	708	142	850

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During 2020, work has been undertaken to improve staff selection procedures both in Spain and abroad. The mandatory documents and forms have been amended to guarantee homogeneity and equality, and a new information registration platform, Share Point 365, created for all of Aqualia's selection processes to be registered.

Two training sessions have been held with the staff involved in the selection processes of all areas, to improve the way they publish vacancies and shortlist candidates.

Regarding the recruitment of young talent, this year we have also worked on improving the Professional Internship Procedure with a view to hiring young people with potential and talent who are interested in working in the water industry through different channels.

With this in mind, we have performed the following actions, which, although affected by the COVID 19 crisis, for the most part were able to go ahead successfully:

- All agreements with universities with which Aqualia has collaborated for a number of years have been renewed as new validity periods required approval; also, others have been entered into with new schools, universities and Occupational Training centres in different communities (Francisco de Vitoria University, IES, Erasmus Project - Business Internships).
- For the second year, five students from the La Paloma Institute in Madrid for the 2019-2020 academic year studying the Higher Degree in Water Management and the Intermediate Degree in Water Treatment Networks and Stations as part of the Professional Development promoted by Canal de Isabel II participated in internships.
- Pilot agreement with an Occupational Training Centre in Gijón (Asturias), under which an Erasmus student from Slovakia will work for a month at the Oviedo Laboratory.

In line with the FCC Group's recruitment policy, Aqualia is also committed to internal mobility as a source of recruitment, publishing all the positions required in the company on the Internal Mobility channel to which all workers have access.

Promotions in 2019-2020

FCC AQUALIA-	110
HIDROTEC-	10

A General Protocol for the Design, Implementation and Assessment of an *Anonymous Curriculum Vitae* Project for the selection of personnel, signed with the FCC Group, has been in place since 2017. The aim of this protocol is to establish a general framework for working with the State Secretariat for Social Services and Equality to promote the implementation of

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depersonalised recruitment processes with regard to the managerial group so as to avoid possible gender biases in staff selection processes and, where applicable, employee promotion.

8.6. Safety Health and Well-Being

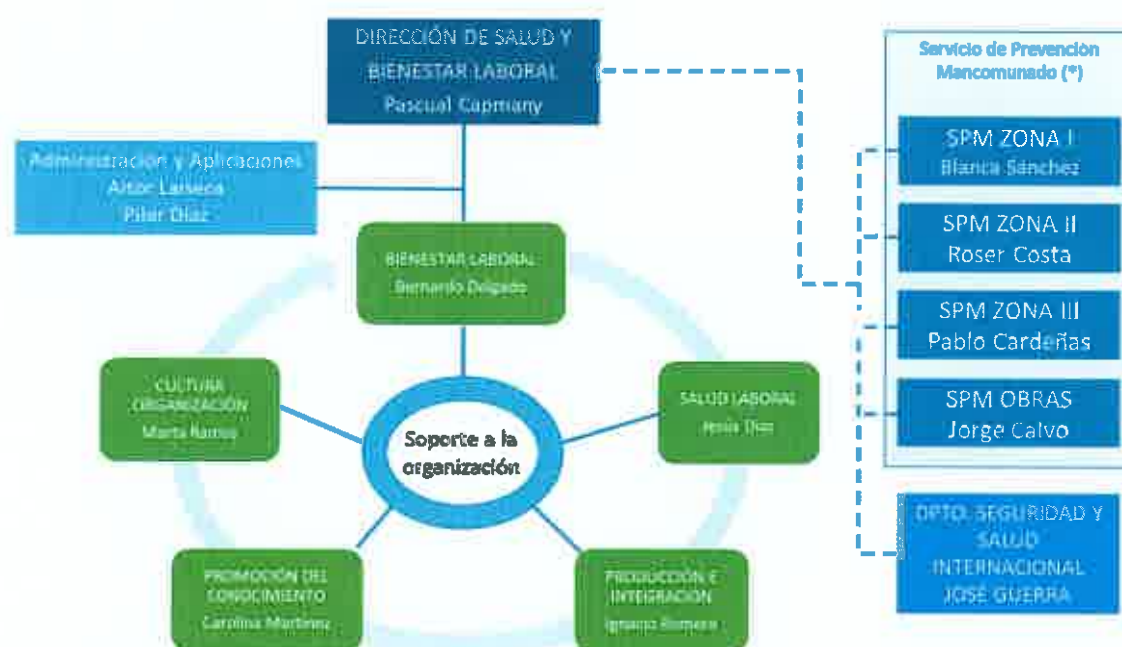
In line with the health and safety targets and guidelines and the permanent need for development and improvement, in 2020 the reorganisation of the Health and Welfare Department continued. The changes respond to the following targets:

- Improve preventive management and specialised assistance at construction sites, including the strengthening of the Health and Welfare team.
- Increase the integration of preventive activity through direct collaboration with the production areas of the Zones and the promotion of coordinated actions against critical risks (asbestos, ATEX, road safety, etc.).
- Promote organisational learning, thus improving the effectiveness of preventive activity through the digitisation of processes, media and technical development.

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The current organisation chart for the department and its composition is as follows:



(*) Servicio de Prevención Mancomunado SPM: organización preventiva legal a nivel nacional

The roadmap continued to be defined by the Strategic Plan for the department for the 2019-21 period, initially hanging on **three axes of action, 9 programmes**, that will contain a battery of **26 projects and 64 actions**. Throughout 2020, other lines of work have also emerged, which have been added to said Strategic Plan.

Each axis is focused on a main player such:

- **PRODUCTION:** Improvement and integration of preventive activity.
- **HEALTH AND WELLNESS DEPARTMENT:** Improvement and modernisation.
- **MANAGEMENT:** Implementation of a Preventive Culture.

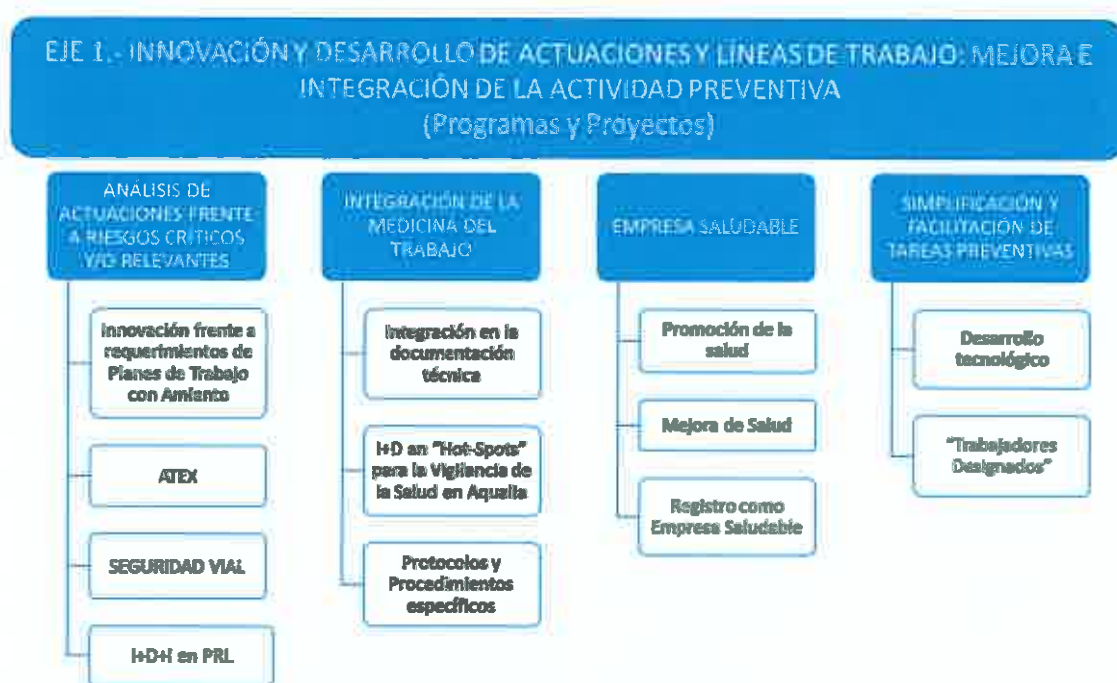
However, we cannot ignore that 2020 was affected by the pandemic and the impact on the department's activity is described below.

The following are the most significant activities undertaken during the business year, ordered by chapter:

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8.6.1. Actions related to the Integration of preventive activity on the production line. (AXIS 1 – Strategic Plan)



The relevant milestones achieved throughout 2020 under AXIS 1 of the Strategic Plan are:

- Asbestos training programme pursuant to UNE 171370**
 Study, proposal and negotiation with the competent authority of the establishment of the methodologies, procedures and scope, in addition to the necessary practices and contents, adjusted to the actual circumstances at Aqualla, for the training of workers in relation to the risk of exposure to asbestos fibres and for the approval of the Work Plans.
- Change in the work system with the presence of fibre cement**
 Based on the new requirements set out by the authorities, we have coordinated with the technical departments of the areas and the Works Department to put the manufacture of deamidation cabins out to tender (Aqualla's own design). Furthermore, work has started to study the different possibilities for reducing the number of workers who may come into contact with fibre cement.
- Road safety: Implementation of geolocation and telemetry systems in vehicles**



Participation in the Negotiation Strategy - "Aqualia Industrial Vehicle Telemetry Services Framework Agreement" involving the establishment and individualised analysis of the needs and specific safety aspects in relation to Road Safety, with particular emphasis on prevention systems.

- **Employee Aid Program (PAE)**

After its launch in 2019, its implementation and use were subject to monitoring in 2020; we have reinforced its usefulness in light of the current COVID context and planned its relaunch and promotion, with a view to promoting its use and usefulness.

- **Health Surveillance Medical Protocols**

A new version of the Medical Protocols was launched, matching productive positions with positions that share occupational risks.

- **Improvement to Health Surveillance**

In this section, several factors are worth specific mention: the process of changing the third-party prevention service has been completed, switching from Quirón Prevention to Cualtis. As a result of this change, in addition to improvements in the HS management process, it has been possible to improve basic general analytics by making them more complete, in addition to performing a PSA test on men aged over 50 to screen for prostate cancer.

- **Pregnancy and breastfeeding management guide**

The list of positions that pose a risk in terms of pregnancy and breastfeeding has been updated, with a view to identifying those free from risk. A Management Guide has been prepared for these conditions to support the organisation.

- **International Health Surveillance**

In this regard, a specific action guide has been prepared for expatriate personnel and frequent travellers, including a dedicated position for health surveillance. At the same time, a study of the HS situation and management approach has begun; this shared and professional contingency in each country in which Aqualia operates seeks to diagnose the situation and promote the homogenisation of these issues throughout the corporation, always within the legislative and governmental remits of each country.

- **Joint Prevention Service support staff**

Over the course of 2020, support staff has been recruited at several Aqualia local offices with a view to reinforcing ORP management in Spain, pursuant to the following criteria:

- Appointment of at least one member of support staff by Local Management.

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- Holder of a qualification equal to or higher than Higher Technician in Occupational Risk Prevention (higher cycle equivalent to intermediate level training).
- At least 80% of their working day dedicated to ORP management.
- Hierarchically reports directly to production (Local Manager, Production Head or Manager), depending on their location.
- Functionally reports to the JPS Health and Welfare Officer assigned to the Local Office.

- **ATEX**

Involvement in the design and definition of the technical conditions for the Guijuelo and Almería gas service stations in collaboration with the Works Department and the Innovation and Technology Department.

- **Chemical pollutants in laboratories**

With a view to defining the possible risk of exposure to chemical pollutants as part of the work at Aqualia laboratories as much as possible, and thus being able to adjust both the medical protocols to be taken into account during medical examinations, as well as the analytics to be performed on all staff at the laboratory, a qualitative analysis has been performed on all the chemical products that are regularly handled by them. The project has not finished yet but a database is already being prepared that will help to ascertain both the degree of danger of each element and the preventive measures to take into account when handling them, in a way fast and intuitive.

- **Health promotion initiatives. Healthy Company Programme.**

Below is a summary of the initiatives undertaken in 2020, the roll-out of which was affected severely by the pandemic.

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Iniciativas saludables 2020 Aqualia

Initiative	Field of action	Notes
Carrera Nalanda por la PRL	Sedentarismo e inactividad física	64 dorsales
Reto alimentación consciente	Alimentación saludable	Departamento de Personas y Cultura
Patrocinio Club Atletismo Las Tablas	Sedentarismo e inactividad física	Coste e Internacional (6.000€)
Reto alimentación consciente	Alimentación saludable	Departamento de Innovación y Tecnología. Coste a I+D
Micro talleres nutrición	Alimentación saludable	Asociados a retos alimentación
Videos APP Be Aqualia	Sedentarismo e inactividad física	Videos estiramientos/calentamiento
Witiness hall laboratorio	Sedentarismo e inactividad física	8 peñetas, coste a cada laboratorio
Camisetas Be aqualia	Sedentarismo e inactividad física	Camisetas infantiles 2020
Botellas y fusete en el CAC	Alimentación saludable	Instalación de fuente con filtro y entrega botellas Beaqualla
Talleres dejar de fumar	Tabaquismo	28 trabajadores
Ruta saludable Beaqualla	Varios	4 Webinars con Saludando
Entrega fruta en centros de trabajo	Alimentación saludable	45 centros de trabajo (primer trimestre, hasta Covid)
Acuerdo fisioterapia	Problemas de salud y enfermedades prevalentes	Asturias

• Health and Welfare Button on the Beaqualla app

The Beaqualla app has been launched, with a section dedicated to Health and Welfare that will serve as a channel of communication in this field with all workers across the company. During 2020, the following options have been implemented:

- Instant communication system for incidents or dangers.
- Covid recommendations.
- Videos with warm-up exercises and stretching, depending on the position.

• Psychosocial Risk Assessment

Throughout 2020, the goal was to finish detailing the overall results of the psychosocial evaluation to define the measures at lower hierarchical levels, such as areas and local offices; although progress has been made, it was not possible to complete this undertaken on account of COVID.



8.6.2. Actions related to the Improvement and modernisation of the Health and Welfare Department. (AXIS 2 – Strategic Plan):



The relevant milestones achieved throughout 2020 under AXIS 2 of the Strategic Plan are:

- **Assessment of the quality of preventive activity**

The preventive quality assessment project has been designed and launched, as well as the guide and the self-assessment mechanism for all the department's officers. Although this point has been stopped and postponed on account of COVID, it will be resumed once the situation returns to normal.

- **Training Actions for Technicians**

- **Establishment of an Induction training programme for new Technicians.** Practical face-to-face training for new technicians (before COVID) in a very practical manner



and with the participation of production staff with a view to conveying the real needs of the services

- **Video tutorials for technicians.** Strictly technical training webinars have been held on a regular basis (intended for H&W Technicians) to perform an in-depth analysis of the specific aspects and characteristics of our activities.
- **Development of "Informative Modules" for our different stakeholders:** Another initiative launched involved the preparation and distribution, both periodically and whenever a specific need arises, of informative content of interest on H&W matters for each of the different target audiences: Technicians, Heads of Service and Employees.
- **"Improving documentation and generating H&W content" project**
In 2020, this project has been designed, approved and rolled out. It has been established as a necessary mechanism for launching the renewed information and awareness strategy in H&W (up-to-date, appealing and well structured); it also allows the use of all technological means to offer information in an accessible, clear and focused way to all stakeholders across the company in a plural and visual way in digital multi-device format (app, PC, Tablet, employee station, etc.).

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8.6.3. Actions related to the Implementation of a Preventive Culture across the Organisation. (AXIS 3 – Strategic Plan):



The relevant milestones achieved throughout 2020 under AXIS 3 of the Strategic Plan are:

- **Senior management suppliers and contractors workshop**

In September, a workshop was held with the Management Committee to work on how to improve the health and safety performance of subcontractors.

As a result of the workshop, a series of decisions were made that can be summarised below:

- Participation of the Health and Welfare Area in the selection of new subcontractors for certain special activities during procurement processes.
- Subcontractors currently hired will also be assessed by the Health and Welfare area.
- All subcontractors, both in the selection phase and in the contracting and execution phase, must be registered on the Nalanda platform (or similar for International subcontracting) and must have fitness certificates issued on the platform itself.



- The control activities performed by Health and Welfare technicians will extend (inspections, training, talks, etc.) to the subcontractors of special activities.

- **Preventive Culture and Leadership**

The planned actions included under this item were clearly affected by the limitations placed on mobility and meetings (safety walks and safety talks). This fact has been subject to analysis and the design and implementation of the Action Plan (together with a Health and Welfare Communication Plan) to reinforce the image of Management in relation to preventive leadership and commitment has been established as an opportunity for improvement, when the situation so allows.

- **System for the recognition of performance in the area of prevention**

The 2019 surveys have been completed, with those corresponding to 2020 on hold due to the pandemic. The system is expected to resume in 2021. The contracts selected have been awarded a diploma.

8.6.4. Actions resulting from the Covid 19 crisis

In a schematic and simplified way, the list of the different actions carried out and resulting from the pandemic can be divided into:

- **Preparation and continuous revision of Technical Guidelines on:**
 - **Organisational measures:** Selection of recommendations and adequate and up-to-date containment measures throughout the crisis, to guarantee the protection of the workers' health against exposure to SARS-CoV-2 at Aqualia and with the involvement of various departments across the company.
 - **Cleaning, disinfection and ventilation:** Technical documents with guidelines on cleaning, disinfection and ventilation of equipment and workplaces have been designed throughout the crisis.
 - **Case management and monitoring:** Since the start of the pandemic, a monitoring chart of each COVID incident at the company has been kept, fed by the areas and supervised by our occupational doctor. To this end, an information circuit has been established including an editable Teams box. In addition, a document has been established to establish protocols for COVID actions entitled: Definitions and Guide for managing cases of COVID.
- **Establishment of contingency plans:** Since the start of the crisis, contingency plans have been prepared that have been updated in line with regulatory changes and the



development of the pandemic. We continue to adjust our plans based on the needs of the organisation and the current situation, adapting them to the different activities performed by the company.

- **Training and Information Actions: Development and Implementation of:**
 - Informative dossier
 - Posters
 - Remote working guide
 - COVID-19 do's and don'ts
 - Specific COVID training
 - Remote work training
- **Remote work measures:** Throughout these exceptional circumstances and in particular during the months of lockdown, a series of informative and in many cases interactive materials were generated with guidelines for helping with remote work during these periods:
 - Posture and ergonomic recommendations.
 - Promotion of physical activity at home.
 - Management emotions during lockdown.
 - Nutritional guidelines.
- **Acquisition and management of Covid protection equipment:** Review in collaboration with the procurement department of all the protection products and safety elements necessary to be able to work in the context of COVID. To this end, we have:
 - Checked the documents of more than 400 manufacturers and distributors, conducting specific tests, managing the approval of other technical references to cover market gaps with suppliers.
 - Been involved and collaborated in the procurement of screens, gels, etc.
 - Analysed the feasibility of countless possible technical solutions for screens, disinfection systems, thermometers, mats, etc.
 - Met with trade unions and public bodies to collaborate in the management of PPEs in general



8.6.5. Other Significant Actions

In addition to the activities mentioned above, and the lines of work under the Strategic Plan of the H&W Department, over the course of the year, other significant milestones have been achieved or set, including those set out below.

- **ISO 45000 certification**
Throughout 2020, the Health and Welfare management system has been subject to a complete review, to adapt it to ISO 45001:2018 and incorporate it into Aqualia's management systems.

Furthermore, after passing the corresponding AENOR external audit, we already been issued the Occupational Health and Safety Management System Certificate pursuant to ISO 45001:2018.

- **Approach to emotional health and welfare: Challenge: COVID-19**
Presentation and launch of a new line of work as a result of the social and health situation under the prism of the possible impact on the emotional welfare of people at Aqualia: Impact of COVID.



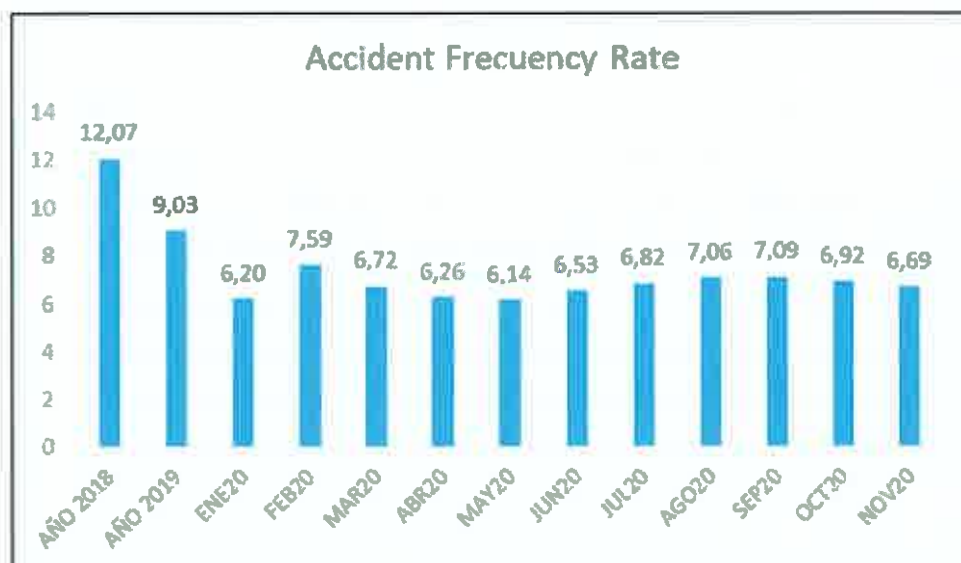
The aim is to try generate a true Culture of Emotional Welfare, based on the synergies required for the analysis and approach to these exceptional circumstances. By achieving these, the goal is to analyse and establish the necessary bases and mechanisms to employ the necessary approach to minimise the effects that these circumstances may be generating.

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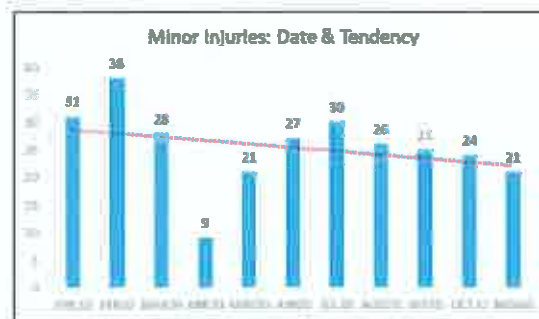


8.6.6 Absenteeism

In relation to the accident rate, in 2020 (data as at November) it dropped year on year by just over 2 points in the frequency index (in relation to the number of accidents resulting in sick leave based on the number of hours worked); the figure currently stands at around 7.



The number of accidents causing personal injury, differentiated between those that caused leave from work (Lost Time Injuries) and accidents without leave from work (Minor Injuries) are shown below:



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During 2020, there were no serious accidents involving own staff. As for subcontracted staff, there were two serious accidents and regrettably one resulting in death.

8.6.6. Preventive Management

The results for preventive management (up to November) according to the balanced scorecard (Follow-Up and Assessment of Preventive Efforts) were as follows:

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SEGUIMIENTO Y EVALUACIÓN DEL ESFUERZO PREVENTIVO

Líder de Gestión: todas
Desde Fecha: 01/01/2020

Delegación: todas
Hasta Fecha: 30/11/2020

Zona: todas

1 - Absentismo

Incidentes Acreditados		
ACD	ASD	Resto
128	208	454
Medidas derivadas		
Prev	Real	% Cto
555	565	102

Días Feridos: 3513

In Incidentes	
Accid. Tráfico	52
Sobresfuerzos	76
Caídas	192
Golpes	210
Otros	247

2 - Vigilancia de la Salud

Actuaciones		
Prev	Real	% Cto
225	297	86

Nº Trabajadores: 7640

Aptos.	
Licenciados	64
No Aptos.	0

3 - Formación

Actuaciones		
Prev	Real	% Cto
873	772	88

4 - Actuaciones Correctivas

Actuaciones		
Prev	Real	% Cto
11338	9263	81

5 - Reuniones de PRL

Reuniones		
Prev	Real	% Cto
2232	1920	86
Acuerdos		
Prev	Real	% Cto
0	0	100

6 - Plan de Inspecciones

Actuaciones		
Prev	Real	% Cto
1361	2763	82
Medidas derivadas		
Prev	Real	% Cto
1124	1186	105

7 - Valoración Estado General

Apertado	% Cto
Documentación	0,94
Seg. Planificac.	1,04
Estado Gral.	0,96
Instalaciones	

Media	
	7

8 - Percepción de Seguridad y Valoración

AP	Med	% Med/AP	1	2	3	4
56	13	56%	1	2	31	12

Calidad:

1	2	3
25	49	36

Visto de Medidas:

Vigilancia Salud	0	Correctivos	25
Formación	2	Reuniones	0
Inspecciones	6		

9 - Conversaciones de Seguridad y Valoración

AP	Med	% Med/AP	1	2	3	4
3 607	267	7%	10	627	913	0

Tipos de Charlas:

1	2	3	4
0	0	0	0

Calidad:

1	2	3
2.220	384	516

Visto de Medidas:

Vigilancia Salud	5	Correctivos	62
Formación	11	Reuniones	15
Inspecciones	11		

10 - Aprendizaje sobre Conductas Inseguras (Observaciones)

AP	Med	% Med/AP	1	2
20	7	35%	5	6

Metodología:

1	2	3
9	3	8

Visto de Medidas:

Vigilancia Salud	0	Correctivos	4
Formación	0	Reuniones	1
Inspecciones	0		

11 - Sesiones Formativas

Actuación		%	hrs
Riesgos Específicos con Módulo refresco		11	30

Legislación:

Resolución de Seguridad - Orden

1. Se han cumplido todos los requisitos
2. Se han cumplido todos los requisitos
3. Se han cumplido todos los requisitos

Resolución de Seguridad - Tipo de Charlas

1. Aprendizaje de los riesgos
2. Valoración de los riesgos
3. Medidas preventivas de los riesgos
4. Consecuencias de los riesgos

Aprendizaje sobre los riesgos - Metodología

1. Se han cumplido todos los requisitos
2. Se han cumplido todos los requisitos
3. Se han cumplido todos los requisitos

1. Metodología
2. Valoración de los riesgos
3. Medidas preventivas de los riesgos
4. Consecuencias de los riesgos

1. Se han cumplido todos los requisitos
2. Se han cumplido todos los requisitos
3. Se han cumplido todos los requisitos

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In relation to the indicators, worth particular note is the strong performance of traditional preventive management indicators (from 1 to 6) and the expected negative impact that the pandemic has had on preventive culture indicators (from 8 to 11), which, on account of mobility and presence restrictions, would not be as expected.

The effort made by the organisation to improve the reporting and follow-up of the indicators deserves special mention. Analysis and control has been reinforced at all hierarchical levels, increasing meetings and regular reports. In this regard work has been done on a monthly Management report of the Directorate that has cascaded down throughout the organisation.

8.7. Employment Quality: Collective bargaining, Labour Relations and Personnel Administration

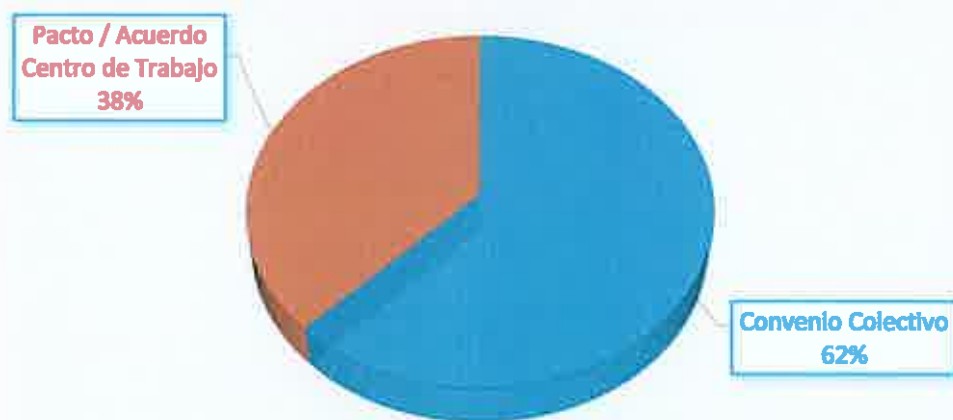
In terms of collective bargaining, worth particular mention is the agreement reached in December 2020 between the signatories of the 6th State Water Agreement amending the expected increase for 2021 by 50% as a result of the impact of the pandemic on the economy and industry. This agreement reflects the stability and fluid collaboration between the most representative trade union organisations (UGT and CC.OO.) and the companies involved in the representation of the sector at the lever of employers (AGA) and trade unions, extending the duration of the 6th Agreement for another year; this extension ensures and demonstrates the stability of the sector in relation to trade unions and companies and further strengthens occupational relations between workers and companies in the sector, keeping the conflict at the work centres at which it applies to a minimum.

As in 2019, the consolidation and extension of the State Water Agreement was one of the most important successes concerning Labour Relations and maintained the adhesion of work centres to individual and collective agreements, obtaining as a result acceptance of the 6th State Water Agreement through 19 work centre agreements or collective agreements more in 2020

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AGREEMENTS AND PACTS IN FORCE 2020



Labour conflict has been residual, with no strikes declared in 2020, and a substantial reduction in court cases and employment inspections compared to the previous year and the total incident ratio standing at 0.92%.

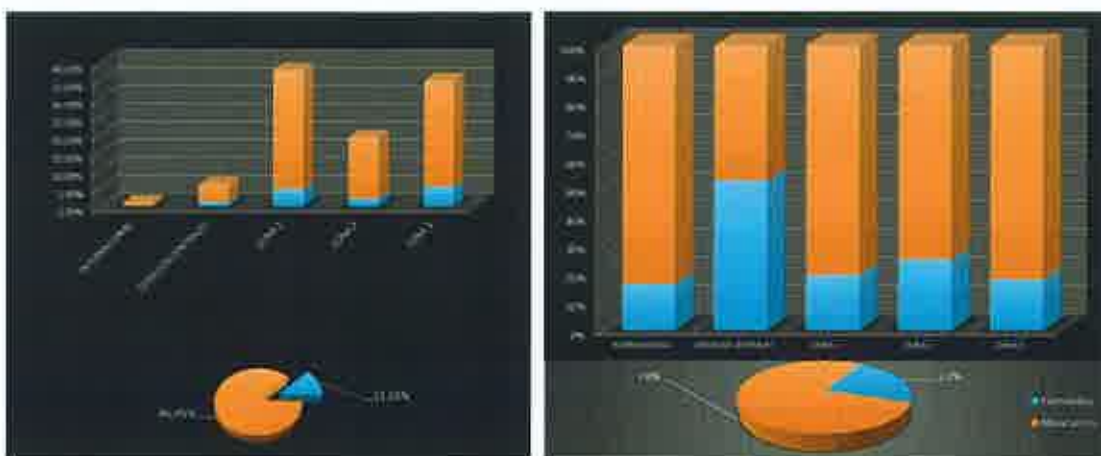


Regarding quantitative data, in 2020 the employment stability policy was maintained, with 86.45% permanent contracts compared to 86.31% permanent contracts in 2019; in gender

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matters, the percentage of women employed increased compared to 2019, with the distribution of employees by gender standing at 78% men (79% in 2019) and 22% women (21% in 2019).



In relation to compliance with the regulations regarding staff with different capacities, the Aqualia group fully complies with these regulations, maintaining the required 2% of personnel with different skills in companies employing more than 50 workers and in the cases of FCC Aqualia S.A. and Aguas de Alcalá UTE, through the corresponding alternative measures as they have not reached the necessary 2%, obtaining approval of the alternative measures for FCC Aqualia S.A. for 2020-2023 in August 2020.

Finally, in 2020, as a result of COVID 19 and the restrictive measures initially implemented by the government and then by the autonomous regions and city councils, the Sports Facilities Management activities have been directly affected, with closures and a reduction of activities across all the Sports Centres.

This has meant that the company has had to apply different furlough schemes (known as ERTes in Spanish) across all facilities, affecting both the number of workers and the different measures of application (reduction of working hours and complete suspension of activity) depending on the restrictions indicated by the authorities.

Facilities affected: 21

People affected 31 March: 409

People affected at 31 December: 127

9. COMMUNICATION, MARKETING AND CSR

9.1. Communication



9.1.1. Covid Communication

Public services are one of the foundations of the welfare state in modern societies. These include urban services (supply and sanitation of water, electricity, gas or waste collection), which are most identifiable to the public and necessary to maintain the level of quality of life and daily routine.

The health emergency generated by SARS-CoV-2 (Covid-19) in March represented a radical change in the habits of the entire population, with people's personal, professional and economic lives all affected. However, the high efficiency of services associated with the management of the urban water cycle have been unaffected, and offered under the same conditions as before the outbreak.

In light of the State of Alarm decreed by the Spanish government, Aqualia activated a Contingency Plan on 13 March, in coordination with the public administrations and health authorities. The aim was to limit and minimise the impact generated by the coronavirus crisis on the company's activities, guarantee the maintenance of services to the highest quality standards and protect employees.

From the moment that the contingency plans and the measures they contained were activated, the company launched a Communication Plan to relay all the information available at all times. Therefore, the measures were relayed to convey as much peace of mind and normality as possible to the different target audiences: work teams, citizens, public administrations and the media.

The communication of the measures adopted by the company involved the preparation of informative content, adapted to both general media and information agencies as well as regional and local media and the water management sector itself.

Aqualia's website played a leading role in relaying information, with banners designed both for Aqualia's local websites and on digital media with which the company has collaboration agreements.

Social media now represents an essential channel for the dissemination of information in real time. Aware of this, Aqualia used its Twitter, LinkedIn and YouTube profiles to disseminate information from the very onset of the crisis. In terms of WhatsApp, computer graphics adapted to the channel were designed for dissemination among very specific groups, including but not limited to the teams dedicated to certain services or journalists.

9.1.2. Communication Plan

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The sudden outbreak of the coronavirus crisis affected the activities provided for in the Communication Plan during March and April. To this end, a number of actions contemplated by the Communication Department before the pandemic had to be cancelled, such as the inauguration of the gas service station at the Lleida treatment plant, as well as the series of activities traditionally held every 22 March to commemorate World Water Day (open days, visits to facilities, technical conferences and a wide variety of festivities). The usual inserts were published in the media, with Aqualia information occupying 53 pages of informative content and advertising inserts occupying 64 pages in printed media including *El Mundo*, *El País*, *Expansión*, and the main newspapers of the towns where the company operates.

Against this backdrop, the most relevant initiative undertaken in 2020 was the corporate campaign *"Who is behind the water we use at home?"* The campaign was created with a view to showing the important work that, despite the COVID-19 crisis, Aqualia has performed so that no home is left without water and, once used, it continues returning to the natural environment in ideal condition. Furthermore, the initiative aimed to make the people aware of the importance of staying at home during the State of Alarm, promoting the use of remote channels among customers and informing people of the action plans implemented by the company to deal with the coronavirus and ensure water quality.

The campaign focused directly on the media in their dual role as reporters/prescribers and also considering that journalists are citizens who use the public services provided by Aqualia. The efforts carried out in this sense have led to different achievements, reflected in the more than 67,000 views of the [central campaign video](#) published on YouTube and nearly 15 million impressions in banners inserted in digital media.

From an associative point of view, one of the company's major milestones was its adhesion to and promotion of the Spanish StepbyWater alliance. This network of companies, institutions and social organisations combine forces to address the responsible management of water and contribute to the achievement of the goals and targets of the 2030 Agenda, especially SDG 6 (Clean water and sanitation) and SDG 17 (Partnerships to achieve the Goal).

Loyal to its commitment to the sustainable management of water services and to all initiatives that guarantee their future, Aqualia has joined this alliance to exclusively represent companies specialising in the management of the integral water cycle. The alliance also boasts more than twenty leading organisations in the field of sustainability, including but not limited to Coca Cola, Unilever, L'Oréal, Cosentino, Mahou-San Miguel or Capsa Food, with ambassadors including Olympic champion Carolina Marín and natural scientist, professional explorer and promoter of the Earth Nacho Dean. In this sense, the impact of StepbyWater has taken on a global dimension, with a potential network of more than 150,000 professionals and 850 million users and consumers across more than 190 countries.

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After months of work on the project, the alliance was presented in June in digital format and included speeches by Hugo Morán, Secretary of State for the Environment at MITECO, Fernando Miranda, General Secretary of Agriculture and Food, Carlos Daniel Casares, General Secretary of the Spanish Federation of Municipalities and Provinces, and Félix Parra, CEO and chief executive of Aqualia. Aqualia will chair the alliance during its first year.

Aqualia's performance regarding the strengthening of relations with the media, following the strategic lines of the PCOM, was reflected in different acts of collaboration with local, regional and national media. In this sense, the work carried out to explain the contingency measures implemented by the company in response to the health crisis are worth particular mention. Executives and heads of Aqualia local offices and services were interviewed by the media, who asked the company to expand upon the information provided. This can be seen, for example, in the interview offered by Santiago Lafuente to iAgua, the interview of the director of the Andalusia I Local Office by Canalcosta TV (Huelva), the interview of the head of the Bajo Andarax service by Candil Radio (Almería), or the interview of the Head of Linaqua Clients by Cadena SER (Jaén).

The gradual reopening of offices in the months of May and June was the subject of intense communication activity in local and regional media. In many locations, the messages were adapted to radio in the form of spots with information from commercial offices and online customer service channels to carry out procedures. The exceptional nature of the situation allowed messages to be adapted to less common formats, such as opinion columns in the daily press. This was the case of the [**"Wash your hands thoroughly!"**](#) platform published in each of the seventeen provincial newspapers in the Prensa Ibérica Editorial Group, signed off by the Aqualia Local Manager for each territory.

Another very significant event that took place in 2020 was the young talent festival, *Sondersland*, which virtually brought together thousands of young people from around the world to discover the latest trends that will mark their professional careers, at a decisive moment for a generation that has seen its future subject to even more uncertain due to the COVID-19 pandemic. Aqualia supported and participated in the event through the presentation *"Water, not magic"*, in which it underlined its commitment to service and the work of all water management professionals who, through their work, make the daily life of citizens much more comfortable.

At an international level, the launch of the management of the integral water cycle in 13 Colombian towns and cities in the regions of Córdoba and Nuevo Santander has required the definition of an extensive *ad hoc* Communication Plan.

Also in Colombia, the construction of the El Salitre WWTP in Bogotá, led by Aqualia, has attracted the attention of the international media, which have demonstrated a particular

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interest in the tasks undertaken during the Covid-19 crisis. The plan developed at the El Salitre site to keep the project moving forward despite the pandemic sparked particular interest. This initiative attracted the attention of the Efe Agency in Colombia, which drew up an extensive report on the matter.

In 2020, the Company launched the fifth call for the Aqualia Journalism Award "Water management in towns and cities". This year, the Award went to the article "En el coche eco y sin olores que anda con la caca de Chiclana" ("In the environmentally-friendly, odourless car powered by muck from Chiclana") published by Paco Rego in El Mundo about the All-gas innovation project. Different works published in La Vanguardia, Diario de Ávila, Europa Press and El País also received recognition. An award ceremony was organised at the company's corporate headquarters in Madrid, with a small audience in attendance, to guarantee the health and safety measures established by the health authorities.

9.1.3. Digital Communication

The specific circumstances in 2020 have led to an increase in the consumption of online information. This trend peaked during lockdown, with 208 minutes of online activity recorded per person per day over the course of these weeks. (Source: "Estudio de tendencias en consumo digital en España" ["Study of digital consumption trends in Spain"] by IPMark).

Aware of this phenomenon, Aqualia's Communication and CSR Department has opted for a constant, useful and responsible communication strategy with citizens through its digital channels. On social media, the number of people following Aqualia accounts grew significantly during 2020. On Twitter (@aqualia), the company has experienced growth of 26%, reaching 6,100 followers. This growth trend is much more visible on LinkedIn, where there has been a 90% increase in followers over the past year, coming to 17,500 by the end of the year. Regarding the consumption of audiovisual content via the YouTube channel (<https://www.youtube.com/user/aqualiaGestion>), the number of Aqualia video views (close to 500,000) has grown by 49% over the past year.

In relation to the corporate website (www.aqualia.com), the page received a total of 2.6 million visits in 2020, mainly for matters relating to Customer Service management. The average duration of the connections exceeded 2 minutes.

After months of collaborating with FCC's IT department, in November all Aqualia websites (corporate and local) were migrated to the latest version of Liferay 7.2 technology.

Furthermore, the website of joint venture Emalgesa (Aqualia and Algeciras City Council) has been adapted to the image of the local Aqualia websites after the portal was migrated to its

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own servers. The improvements were announced at a press conference, at which the Aqualia Contact app, in use for customers in Algeciras (Cádiz), was also promoted.

At an international level, three new websites have been launched: the Aqualia website in Colombia (<https://www.aqualia.com.co/>) and those of the French subsidiaries SEFO (<https://sefo-eau.com/>) and CEG (<https://ceg-eau.com/>).

The Colombia website has been created as a space accessible from all devices, allowing the 450,000 Colombian users served by Aqualia to undertake procedures relating to the water service online, thus reducing trips to the customer service office. The website, adapted to the country's terminology and idiosyncrasies, is updated with news of interest to users; provides details on improvement projects that the company performs for the improvement of services; and offers information on grid maintenance and repair notices or social and environmental activities. Furthermore, the website also has further information on other projects that Aqualia is undertaking in the country, such as the expansion of the Salitre WWTP in Bogotá.

In turn, the new websites in France are fully integrated into the parent company structure and reflect the added value that the experience of an international company like Aqualia has to offer in relation to its understanding of the field and know-how of local companies. Furthermore, the social commitment and values shared by Aqualia and its subsidiaries play a leading role. The new websites maintain all the functionalities of the old versions (including corporate content, virtual office and practical information) and feature the look and feel of Aqualia, helping visitors to associate them at first sight with their parent company.

9.1.4. Internal communication

The situation caused by the pandemic has raised internal communication to a status of utmost importance, given the need to convey all kinds of information to the entire Aqualia workforce through the different channels and formats available, both online and offline.

These messages include the one issued on 16 April 16 by Félix Parra, the company's CEO. In the [video](#), the chief executive officer expressed his gratitude to the company's employees for their excellent work and support for those who had contracted the virus. In the communication, Parra explained the measures implemented by Aqualia to preserve the health of workers and citizens alike, and guarantee the continuity of the service. The video, aimed solely at staff in Spanish and subtitled in five languages (English, Italian, French, Portuguese and Czech), received 3,600 views on the YouTube channel. It was also disseminated via email, WhatsApp and on the Be Aqualia app.

One of the most significant milestones this year in terms of internal communication was the launch of the Be Aqualia app in March. This application for mobile devices is intended for all

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company employees, especially deskless employees who do not have a corporate email account and, therefore, until now received less information. Using the new app, employees can keep up to date with current affairs at Aqualia, participate in surveys, offer their opinion and join new campaigns and challenges organised by the company.

The Communication and CSR Department coordinated the launch of the app among the employees by creating a video-tutorial containing all the steps and information necessary to download the app and access its content <https://www.youtube.com/watch?v=PELI5NHjU9k>. The launch of Be Aqualia was supported by *ad hoc* information included in *Tu flash* (informative communication delivered monthly to offline workers with the paper payslip). Promotions and other initiatives have also been organised to encourage employees to download the app. At the end of 2020, the application had 6,593 active users.

Given the current importance of communication on social media and Aqualia's growing presence, during 2020 the company launched a new communication tool to enhance the visibility of the company's impact on the digital environment and the level of interaction between Aqualia and its stakeholders (administrations, citizens, the media and employees). "Aqualia en redes" ("Aqualia on social media") is a newsletter distributed every Monday and Thursday since 6 April with a selection of the main content published on social media (Twitter, LinkedIn, YouTube, Facebook and Instagram). This publication is sent via email to a distribution list made up of middle managers and executives.

Also during 2020, in coordination with the Regulatory Compliance team, the Communication team launched a series of informative modules in email format, under the title "Compliance Tips". The first of these was launched on 12 March with a video starring the CEO of Aqualia, Félix Parra: <https://www.youtube.com/watch?v=MzwJ1aeKths&>

The department has coordinated the submission of projects for IFM scholarships. This initiative forms part of IFM Investors, an ethical fund and one Aqualia's shareholders. The aim is to support the growth of local communities through environmental and social collaborations between non-profit organisations and companies. Two of the scholarships awarded by the organisers have gone to projects submitted by Aqualia: the project submitted by NGO SEO Birdlife for the creation of habitats for migratory birds in the Medina del Campo treatment plant (Valladolid); and the initiative of Czech association Trianon to promote the employment of people with disabilities as part of its activities in Ostrava (Czech Republic). Each of the projects, to be carried out in collaboration with Aqualia through the Medina del Campo service and Czech subsidiary SmVaK, will receive support of more than €20,000.

Furthermore, in coordination with the Department of People and Culture, Aqualia participated in the study on "the communication of Corporate Social Responsibility (CSR) at the company via social media and its impact on the identification and welfare of employees" in October. The

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study, performed by the University of Warwick (United Kingdom), saw 250 workers from different areas and departments of Aqualia participate, responding to the survey and offering their views as part of the study.

To round off the year, with the Christmas holidays looming and given the difficulties overcome during the year, Aqualia CEO Félix Parra addressed employees in the form of a letter of thanks for their efforts. The Communications and CSR Department organised the design, production and distribution of the letter, distributed to all employees in seven different languages (Spanish, Portuguese, Italian, Czech, English, French and Arabic).

9.1.5. Recognitions

The company's activity has resulted in several accolades being received during 2020. For example, iAgua, the leading online publication in the water industry in Spain and LATAM awarded Aqualia the title of "Best Company of the Year (2019)". According to iAgua ranking data, the company outperformed competitors such as Acciona, Global Omnium and Gestagua. The 32,185 points received in this edition of the awards represent the best historical score achieved by any company or institution in the six editions held and reflect the informational efforts made by the company in the pursuit of transparent management.

Beyond Spain, British publication, Global Water Intelligence (GWI), a world leader in information on the water industry awarded the company its Global Water Awards. This year, the El Alamein desalination plant, led by Aqualia in Egypt, was chosen as one of the three most important desalination projects of the year.

At the end of 2020, the company was a winner at the thirteenth edition of the European Excellence Awards (EEA) for its communication campaign "¿Quién hay detrás del agua que usamos en casa?" ("Who is behind the water we use at home?"). The EEA jury, made up of communication managers from companies such as Pfizer, BMW, EDP or HSBC, recognised outstanding campaigns and projects in the field of public relations and corporate communications at a European level. Aqualia's initiative beat other interesting proposals from brands like Audi, Levi Strauss or Naturgy in the category of *Purpose Driven Communications, (Covid-19)*.

9.2. Marketing

The Communication Plan (PCOM) for 2020 was articulated around the "Water for Sustainable Development" decade for action, structured around the Sustainable Development Goals (SDGs). Getting citizens to perceive Aqualia as a company that adds value to their towns and cities was one of the goals established in the PCOM 2020 and that has marked the actions developed over the course of the year.

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During lockdown, Aqualia activated a wide-reaching campaign to promote its educational platforms with a twofold objective: help parents to combine working from home with caring for their little ones and offer them the opportunity to learn about the value of water.

Aqualia's online educational channel aqualiaeduca.com was visited by 12,358 users. This figure shot up during lockdown, between March and April, when 141% more users registered compared to the same months last year. This increase is similar when looking at the number of sessions. In 2020, they increased by 112% compared to 2019, to 15,664. In terms of page views, they were up by 113% this year, to a total of 39,135. These details confirm the consolidation of the channel as an educational source of reference by teachers and families. In addition to Spain, the visits received in Latin American countries are worth particular mention, topped by Mexico and followed by Peru, Colombia and Argentina.

Once again, and with the aim of highlighting the daily work involved in bringing water from nature to the tap, Aqualia launched a new edition of its children's drawing contest around the www.aqualiayods6.com microsite. The contest, in its 18th edition in 2020, aimed to introduce children to the universe of the SDGs in a fun way. In addition to Spain, the contest is held in Portugal, Italy and the Czech Republic. Aqualia invites 3rd and 4th grade children from primary schools in the municipalities in which Aqualia operates to participate in the contest. To promote the contest, Aqualia produced the following video: <https://youtu.be/mofDjKPZv80>.

Furthermore, following the deadline of 31 July for submitting entries to the Children's Digital Contest organised by Aqualia, www.aqualiayods6.com participation in the contest continues to increase. More than 6,600 entries have been registered for the Contest, launched at the beginning of the year. More than half of the drawings were received in the months of March and April. The contest website obtained significant data such as 11,670 users, 22,149 sessions and 192,300 page views. The participants, mostly young people and children, dedicated 3,800 hours to digital training on the comprehensive water cycle.

These initiatives are a reflection of Aqualia's contribution to the education and support of academic institutions and public administrations to ensure quality education is within everybody's reach. SDG 4, "Quality education" is of particular 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.

Aqualia also managed to involve the family members of employees in this training and Informative action. So 177 children, grandchildren and nephews of Company workers took part in the 11th edition of the "Little Artists" internal drawing contest, an activity that took place entirely online. The website, pequeaqualiayods6.com, was visited by 2,020 users since its launch in March. This figure soared during lockdown, between April and May, with 27% more participants compared to last year. In addition to Spain, the participation of Latin American

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countries, including Colombia, Mexico and Chile, is worth particular note. In Spain, the towns and cities with the highest participation rates were Madrid, Seville, Lleida, Puerto de la Cruz and Dénia.

In 2020 different campaigns were conducted in different territories linked to commercial and awareness objectives that supported communications with the aim of citizens understanding and appraising the Company's activity. For example, Aqualia launched a campaign to promote tap water in Rota (Cádiz) that revolved around organising a contest for designing the campaign's logo/image. The campaign is an invitation for the responsible consumption of water. Furthermore, in Badajoz, Aqualia collaborated with the El Progreso Community Health Commission as part of a programme aimed at society in general, and children in particular, to encourage the consumption of tap water. The company provided schoolchildren with 300 reusable water bottles and Cristina Gómez, Aqualia's Quality Manager in Extremadura, imparted workshops at schools in the area explaining the quality controls to which tap water is subject and the benefits of its consumption.

Also to value tap water, since October we have worked with the Dénia (Alicante) city council in the "100% healthy" campaign.

Furthermore, this year the [#NoLoTires](#) campaign was adapted to offer practical advice for citizens to refrain from using toilets as a litter bin.

As part of Aqualia's commitment to offering a public service to its users, Vigo's 360º image campaign continued in 2020. Under the title "El agua de Vigo es de alta calidad" ("Vigo's water is high quality"), the campaign was run in print and digital media, radio, television and billboards.

At a corporate level, the start of the year saw the continuation of the [#Connectionsaqualia](#) corporate campaign launched in 2019 and run online at www.conexionesaqualia.com, including a selection of the company's impacts and connections and its contribution to the 17 United Nations Sustainable Development Goals (SDGs). Since the onset of the coronavirus, the campaign has remained in stand by to focus efforts on promoting other messages, along the same lines, adapted to the current circumstances.

In 2020, work was also done to strengthen Aqualia's perception as a global company (global management with strong local commitment), an approachable Company that contributes local and international value, open to new cultures. The company was present at strategic events and forums of international importance with a view to solidifying its position as a sector benchmark for innovative solutions that meet the challenges of the future and respond to new public-private collaboration models. Since March, all these events have been held in a digital format in the form of webinars via different platforms (Teams, Zoom, etc.). This was the case

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of the participation of José Enrique Bofill, Aqualia's MENA Regional Manager, at a virtual meeting with Spain's Minister of Foreign Affairs and Minister of Industry, Commerce and Tourism; the *Corporate Water Leaders* panel, organised by Global Water; a webinar developed in collaboration with ALADYR, "A day at the Salitre WWTP", etc.

In Colombia, during October, the first Andesco Congress (Asociación Gremial de Servicios Públicos Domiciliarios de Colombia) was held in a 100% virtual format in light of the circumstances caused by the coronavirus. The conference was opened by Iván Duque, President of the Republic of Colombia, coinciding with the 25th anniversary of the Association and saw Aqualia collaborate as a joint sponsor.

Under the slogan "Spain, a world leader in the management and use of water", ICEX has presented a catalogue highlighting the leadership of Spanish companies in the industry worldwide. Aqualia, through the Mostaganem (Algeria) and Djerba (Tunisia) desalination plants, as well as the New Cairo (Egypt) and El Salitre (Colombia) treatment plants, is one of the leading companies involved in the document. The successful model of public-private collaboration in the projects in Algeria and Egypt, the well-proven contribution to social and economic growth (in Tunisia), or the size and significant environmental value in Colombia were the arguments used to position these projects in the catalogue. The catalogue can be consulted [here](#) in Spanish and [here](#) in English.

Also at an international level, during the last quarter of the year, final customer satisfaction surveys were carried out for French companies SEFO and CEG (Aqualia France).

Finally, it is worth noting the collaboration of the department with Innovation and Technology in the candidacies for the 2nd BASF awards for the Best Circular Economy practices in Spain for the Sabana and Advisor projects; or Advisor's candidacy for the 101 Best PorElClima business initiatives.

9.3. Corporate Social Responsibility (CSR)

Aqualia understands CSR as a transversal element in its business model. So economic profitability and competitiveness are integrated with our environment's social and environmental aspects that are so important for the future of our business and for contributing to sustainable development.

9.3.1. Sustainability Report

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In 2020 a further step was taken in Aqualia in reporting on sustainability and in the challenge involve in following up, measuring and controlling all the Corporate Social Responsibility actions performed by the company. All these actions were implemented taking into account the 2018-2020 CSR Plan (PRSC) and the three strategic lines defined:

- Connecting with citizens.
- Smart services
- Exemplary performance

Aqualia intends to be accountable and develop actions globally regarding its commitments in matters of sustainability under an economic, social and environmental approach. The ten principles of the United Nations Global Compact were taken into account, as well as the Sustainable Development Goals that represent a feasible opportunity to exercise sustainable leadership. "53% of the major companies that report on CSR in Spain connect the SDGs to their corporate responsibility initiatives, according to a KPMG Study on Corporate Responsibility Reporting 2018".

Talking about SDG is synonymous with reliability and the long term. With regard to the SDGs, in 2020 we worked with all the Aqualia team's interested parties on the company's Value Chain to identify the areas of impact and in accordance with each of them, to identify the inputs, the results and Current and potential impacts achieved during the year, with the establishment of positive and negative, current and potential impacts.

These were established as SDG 6 (Clean water and sanitation), SDG 17 (Partnerships to achieve objectives) and SDG 12 (Responsible production and consumption).

In December 2019, the company decided to take a qualitative step forward and embark upon an ambitious project in relation to Strategic Materiality. This involved Aqualia undertaking a methodologically rigorous process of social intelligence and discourse analysis, reviewing its brand purpose, identifying the strategic lines of responsible business and determining the communication guidelines for each of the interest groups related to the company from the perspective of ethics and sustainability.

The Materiality Study identified the aspects that reflected the significant social, environmental and economic impacts of the organisation or those that can have a substantial influence on the assessments and decisions of interest groups.

This Materiality study set out with a double objective, firstly, to focus the content of Aqualia's Sustainability Report regarding the most significant issues, taking into account the features and specific nature of the company and the sector in which it operates, as well as the

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economic and social environment. And secondly, to prioritise the significant issues in the company's strategic plan and the position of the stakeholders.

Social contribution as the creator of sustainable value enables Aqualia to show the capacity for innovation, differentiation and the contribution of its companies to a better society for everyone.

The result of this work was the preparation of the current 2020 Strategic Materiality that has highlighted all the variables for the management of communication and social responsibility across the company. It has entailed actively listening to more than 18,000 people.

The research phase consisted of:

- An internal analysis to ascertain the perception of employees. The methodology used for the development of this phase included:
 - Analysis of the information and corporate context of the company.
 - Qualitative active listening through 5 in-depth interviews with managers + 1 Focus Group involving employees of Aqualia Spain together with 4 in-depth interviews with staff working outside of Spain.
 - Active listening through an online survey taken by 1,087 Aqualia Spain employees and 19 from the MENA region.
- An external analysis with a view to establishing the perception of Aqualia from the perspective of stakeholders and assessing material issues, SDGs and expectations of the company together. The methodology used for the development of this phase included:
 - Analysis of the information from 15 competitors and 7 in depth to analyse relevant aspects, market trends and communication strategies.
 - Active listening through 13 interviews with representatives of the following interest groups: public associations, users, suppliers, the media, NGOs and shareholders.
 - Active listening through an online survey completed by representatives of the following stakeholders: Public Associations (sample = 46), domestic end customers (16,167), non-domestic end customers (772), Suppliers (189), Media (33) and NGOs (2).

In total, more than 18,000 interviews and surveys. The entire multi-stakeholder active listening process served as the basis for the development of the 2019 Aqualia Sustainability Report, presented in 2020, proposed as a response to the active listening carried out.

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Under the title #Escucha, the document integrates Aqualia's response in the face of the climate emergency, water scarcity and inequalities in water access, the three fields of action that encompass the main concerns and expectations of all the audiences involved in its operational business, to which Aqualia responds through its commitment to the circularity of water and a collaborative perspective. It should be noted that the research ended when the social impact of COVID-19 could still only be envisaged; however, issues such as water quality, safety and health were already considered very relevant material issues at this time.

The same questions appear in the interview with Aqualia CEO, Félix Parra, which features at the start of the Report. "At Aqualia, we have long understood the interdependence between environmental balance and social welfare. If we apply our capacity for innovation and transformation to comprehensive water management, we will have a direct impact on people's lives," he says, going on to review the company's challenges in the face of the 20-30 Agenda.

Also, for the first time, in the preparation of the report Aqualia has employed the methodology proposed by the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, standard-setters, accounting professionals and NGOs, whose objective is to help steer corporate *reporting* towards value creation: improving the information available to financial capital providers, promoting a sustainability approach, through the company's accountability based on financial, intellectual, human, natural, and social capital, and supporting integrated thinking for decision making that focuses on creating value in the short, medium and long term.

Through its 2019 Sustainability Report, Aqualia aspires to read the present to transform the future and lead the responsible and efficient management of water, "a challenge that requires public-private partnerships", says Aqualia's CEO.

With a view to going one step further in sustainability communication, Aqualia has prepared an interactive version of the executive summary this year, both in English and Spanish, available at aqualia.com. This is an easy-to-read and attractive document, adapted to ensure it can be checked at any time and so it can be inserted in web pages, intranets or shared through more informal channels, ensuring that the information reaches all stakeholders and beyond the usual scope. This new format will also make it possible to measure the interest aroused by the different topics covered in the Report via Google Analytics.

In addition, audiovisual material has become one of the most sought after and consumed elements by users of different types of services. This has long ceased to be a distinguishing feature and become a necessity in the strategic communication plans of all companies. Audiovisual consumption has grown in recent years, especially during the COVID crisis. Following this trend, Aqualia is gradually adapting its content to this format. This is the case of

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the [2019 Sustainability Report](#), which, for the first time, also boasts a [video summary](#) with the most important social, economic and environmental events undertaken by the company during the past year.

These efforts have been recognised by the jury of the 2020 Digital Communication Awards (DCA), which has ranked Aqualia's 2019 Sustainability Report as the fourth best digital annual report in the world, in the CSR and Annual Reports category, ahead of leading international brands. Every year, the DCA receive hundreds of applications from the world's most prestigious companies and institutions. The awards were created in 2011 by the Quadriga University of Applied Sciences (Germany) with the aim of recognising the digital communication campaigns and initiatives of public entities, companies, agencies, associations and NGOs.

9.3.2 Connecting with citizens

Sustainability and awareness are two key factors for the company. Aqualia believes that the efficient management of natural resources, and especially of water, is essential. In 2020 the company developed campaigns both for the responsible consumption of drinking water and correct use of the sanitation network.

In March, in response to the state of alert in Spain triggered by the coronavirus crisis, Aqualia launched a campaign throughout the country inviting its customers to manage their procedures and enquiries through digital communication channels, thus avoiding travel. The campaign had a particular impact on adhesion to the free e-invoice service. This tool allows them to receive their water bill directly in their email inbox the same day it is issued, in addition to being able to consult it at any time. Aqualia produced this [promotional video](#) in which it explains the many benefits that the service offers citizens, especially during lockdown. The campaign was rolled out via messages on social media, a general press release adapted to the towns and cities where the company provides services, banners and advertising graphics. Furthermore, in April, a recruitment campaign was launched via SMS involving 850,000 customers. As a result of these actions, contracts using e-invoices from December 2019 to May 2020 increased by 31,229. By August, 449,231 customers had opted to receive this type of invoice. Of these, 97.4% are from Spain, and 2.6%, International: Italy, Portugal and the Czech Republic.

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Throughout the summer and in collaboration with the municipalities, the company disseminated information and awareness messages via all the company's own channels: flyers, posters, banners, e-mailing, SMS messages, press releases, Twitter campaign. The campaign had a particular impact on Twitter and YouTube, where a series of short videos featuring small gestures has been shared to create social awareness regarding the importance of responsible water consumption at home.

In 2020, Aqualia's positioning as an omnichannel company led to numerous actions being undertaken. For example, Aqualia continued with its plan to roll out new cash points to offer better customer service. Citizens can consult and pay their water bill quickly and easily, avoiding unnecessary waiting and queues. In Vélez-Málaga, a promotional video was produced explaining how the cash machine works and was disseminated to the city's residents on social media.

Finally, to commemorate the 5th anniversary of the SDGs (25 September), Aqualia issued a call to action to speed up commitments to the Sustainable Development Goals, with these challenges having assumed greater urgency as a result of the Covid-19 pandemic. With the dual objective of highlighting the importance of shared responsibility and spreading knowledge about the 2030 Agenda, the company launched the video entitled ["The SDGs as they've never been explained to you before"](#).

Each of the goals of SDG 6 (clean water and sanitation) has a positive impact on other SDGs, such as responsible production and consumption, access to health or the construction of sustainable cities and communities.

9.3.3. Smart services

Different studies have revealed the existence of genetic material (RNA) of the SARS-CoV-2 virus in wastewater, traced to biological fluids and faeces of people infected by the virus, whose early identification in wastewater can serve as a warning of recurrences of the COVID-19 disease in the population. In other words, to demonstrate the capacity of the WWTP as safe facilities and "sentinels" for the control of Public Health.

Aqualia, in collaboration with Centro Hispano-Luso de Investigaciones Agrarias (CIALE) and Centro de Investigación y Desarrollo Tecnológico del Agua (CIDTA), launched a study at the Salamanca WWTP where the best conditions for taking analysis samples were defined (points and times of sampling, conservation of samples, method calibration). This type of study was also extended to other cities such as Dénia and Novelda (Alicante), Morón de la Frontera (Seville) and Chipiona, where Aqualia will collaborate with city councils in the development of a wastewater microbiological surveillance plan as an epidemiological indicator for an early warning system for the early detection of SARS-CoV-2.



Closely linked to its daily activities, Aqualia implemented a number of awareness-raising initiatives on the responsible use of water and caring for the environment. On World Sanitation Day, Aqualia joined the call for the European Union to enshrine the human right to water and sanitation in EU legislation. The company was one of the organisations that signed an appeal on 21 October for the European Union to guarantee better access to sanitation for the 10 million Europeans who still lack a decent sanitation service. By signing up to this document, Aqualia has once again demonstrated its staunch commitment to achieving the human rights to water and sanitation and adhering to SDG 6, which requires public-private collaboration, research and investment to optimise available resources and ensure clean sanitation without leaving anyone behind.

In relation to the dissemination of the company's innovative actions, Aqualia has participated in the documentary *Brave Blue World*, which presents the All-gas project among the 12 solutions for overcoming water scarcity. *Brave Blue World* is an impressive documentary that, in a hopeful tone, aims to promote a positive change in the culture of water and sanitation worldwide. It was released yesterday on Netflix, meaning it has a potential audience of 193 million people worldwide. Recorded across five continents, *Brave Blue World* looks at how mankind is developing innovations and new technologies to rethink water management in the face of an uncertain scenario of water stress and the unequal distribution of drinking water.

With the ultimate goal of improving citizens' quality of life, Aqualia presented the LIFE Intext project in Talavera de la Reina, Toledo at the start of the year. Only 65% of the towns with between 2,000 and 10,000 inhabitants have adequate water treatment. The problem particularly affects Castilla-La Mancha, where 1,300 new adequate sanitation facilities are needed. This project addresses the problem of wastewater in small towns, with the development of new technologies and the improvement and optimisation of existing ones. As part of its presentation, a media event was held, attended by a number of regional, local and business figures from the autonomous community.

Other projects on which emphasis has been placed in 2020 include Life Phoenix, which will be developed in Almería to address the reuse of wastewater at a European level, in addition to the growing threat posed by emerging pollutants and microplastics in our waters. In Mérida, the R&D project "H2020 SABANA" was presented at the end of December in collaboration with the city council. The company will build one of the largest microalgae-based wastewater treatment plants in the world in the city of Mérida. The aim is to study the possibility of cultivating microalgae from nutrients contained in wastewater to obtain biomass and subsequently use this as a biofertiliser, biostimulant and/or biopesticide of high agronomic value. Furthermore, the Esquilón II Deposit in Puerto de la Cruz (Tenerife) hosted the presentation of an experimental pilot against nitrates in water, which seeks to resolve a historical problem in the city, which had been restricting the recommendation of consuming of tap water among pregnant women and babies aged under 6 months.

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In relation to its commitment to offering citizens a smart service, worth particular mention was Aqualia's intervention at event "Water management in the future: sustainability, investment and CSR ", organised by El Correo Vasco together with the Consorcio de Aguas Bilbao Bizkaia (CABB).

9.3.4. Exemplary performance

In May, the jury of the DIRCOM 2020 awards acknowledged [Aqualia's 2018 Corporate Social Responsibility Report, #RealImpact](#), as one of the finalists of the third edition of the awards, in the "Sustainability Report" category. Aqualia has been the only brand in the water management sector to receive recognition at the "Ramón del Corral" awards granted by the association encompassing the communication directors of more than one thousand Spanish companies.

The principles for action that appear in the Code of Ethics are organised around three axes: honesty and respect; rigour and professionalism; loyalty and commitment, with regard to the CSR and strategic line of exemplary performance, Aqualia undertook numerous actions in 2020.

In this context, special mention should be made of the awareness campaigns organised to celebrate International Women's Day (8 March). In 2020, Aqualia signed up to the United Nations Generation Equality campaign, giving a voice to three company workers from different generations to analyse the progress and changes experienced around equal opportunities first-hand. These three testimonies can be consulted at www.aqualiaigualdad.com. The video produced by Aqualia to vindicate women's rights and an equal future, regardless of gender or age, without leaving anyone behind, was published on the same website: https://www.youtube.com/watch?v=asz_isZNAJ8&.

Furthermore, with a view to raising awareness and involving all citizens in the change towards real equality, Aqualia coordinated "Intergenerational Dialogues" in various towns and cities where it manages the integral water cycle. Santander, Lleida and Almería hosted different workshops to enhance the visibility of the different realities that women face in our society and promote the creation of more inclusive work systems, share experiences and discuss how to eliminate barriers and accelerate progress towards gender equality. Representatives of city councils, local authorities and institutions and women working at Aqualia participated in these intergenerational Dialogues, also available at www.aqualiaigualdad.com.

Specifically in Almería, Aqualia organised a working breakfast in the city in collaboration with the Diario de Almería, at which 6 women participated, including Carmen López, Head of the Aqualia Customer Management Area in the city. Their participation captured the reality of both yesteryear and today in terms of equality, as well as the road travelled and progress over

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the past 40 years. A summary of the main ideas debated at the breakfast was published on a double-page spread in the *Diario de Almería*, to coincide with 8 March.

Additionally, once again Aqualia collaborated with the Adecco Foundation in the preparation of the #EmpleoParaTodas report, entitled "Women at risk of exclusion 2020". The analysis places women in senior management at the heart of the new labour market, with women over 55 acquiring greater representation in all occupational indicators. For the first time in Spain, more than 1.5 million women over this age are in work. Through the spot entitled "[The Social Elevator](#)", the Adecco Foundation reflected on the reality of more than 4 million women in Spain who are at risk of exclusion.

The company has disseminated its commitment to real equality through a press release, internal communication tools and its digital channels.

To promote full and equal access and participation of women and girls in science, in 2015 the United Nations declared 11 February as the International Day of Women and Girls in Science. Coinciding with this occasion, Aqualia highlighted the figure of women in science by sharing the experience of one of its employees: Patricia Zamora, project manager in the Eco-efficiency area at the Innovation and Technology Department. In a video interview <https://youtu.be/z8RFndvSI5Y>, Patricia addresses the path that a girl must follow to become a woman in science, her points of references and pending challenges.

The International Day for the Elimination of Violence against Women was held this year against an unprecedented context marked by Covid-19. The pandemic has limited the organisation of commemorative events normally held at a local level and in which Aqualia traditionally collaborates with city councils. Despite the situation, certain actions are worth specific mention, such as the event held by Ávila city council, with a central ceremony on 25 November at which the manifesto rejecting this form of violence was read.

In any case, there was huge support for the #AqualiaContigo campaign proposed by the company. Different administrations, mayors and councillors formed part of a huge virtual chain that encouraged people to upload their photos on social media "with open arms." Also worth mention is the involvement of sports centres, where monitors, users and staff participated. In total, more than 1,000 people contributed to forming a chain measuring more than 2,000 metres.

In Services, hundreds of citizens and professionals from the sector supported the Aqualia initiative by sharing it on social media. The campaign went international. In Caltanissetta (Sicily, Italy), the Caltaqua team held a special awareness campaign aimed at citizens. This support, combined with the support of the Aqualia team, has ensured that the aqualiacontigo.com campaign was a success once again.

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Furthermore, Aqualia has collaborated with the Adecco foundation in the preparation of the report it produces every year to commemorate the International Day for the Elimination of Violence against Women. The document, entitled "A job against violence", seeks to enhance the visibility of women who have suffered gender violence, leading to the completion of initiatives aimed at their inclusion in the workplace.

With a view to raising awareness and involving all employees in contributing to improving the lives of people with disabilities, Aqualia organised Diversity Week. From 30 to 4 December, the company organised different activities: an interactive game, "Rosco de la Inclusión" #PorLaInclusiónJugamosTodos; the dissemination of the "Vulnerables" campaign video organised by the Adecco Foundation; and a virtual meeting with María Petit, a young woman with visual impairment.

In 2020 Aqualia and Caritas maintained their alliance against poverty and social exclusion. Beyond their commitment to responding to the social needs of the most vulnerable groups, the agreement with Caritas is another example of the importance of public-private sector collaboration and the company's efforts to be more in line with institutions for the benefit of people.

In 2020 we also launched a number of initiatives to guarantee access to the drinking water and sanitation service for those citizens who are unable to pay their water bills for economic or social exclusion reasons. To this end, services such as Cassà de la Selva (Girona) or Albal (Valencia) are examples of this initiative that Aqualia intends to transfer to practically all the locations in which it operates. The goal is to ensure that no citizen lacks a domestic water service for financial reasons and always in partnership with the service owner (local government) and relevant social services.

In the Talavera de la Reina (Toledo) service, Aqualia has joined forces with the Red Cross to support people at risk of exclusion due to energy poverty. To this end, the company participated in a project that included home economics workshops, payment of supplies, delivery of micro energy efficiency kits for the home, the purchase of electrical appliances or small renovations in homes.

10. REGULATORY COMPLIANCE

Regulatory compliance

The aims of the Regulatory Compliance Department for 2020 included the international expansion of the Crime Prevention Model, mainly to countries in which Aqualia has a presence

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with the participation of all or practically all of its shareholders. The COVID-19 pandemic has hindered its implementation to some degree, although progress has still been made.

Another important milestone in 2020 were the due diligence activities with third parties in the field of Compliance that help to establish the background and alignment with Aqualia's ethical principles and values of its business partners, how they can be unique partners, agents, suppliers, etc.

10.1 Compliance policies and procedures

During 2020, the Aqualia Board of Directors approved the Tender Policy that sets out the principles of action for tendering processes. Furthermore, the Board of Directors also approved the amendment of the Crime Prevention Manual, the Agent Policy, the FCC Group Compliance Committee Regulations, the Whistleblowing Channel Procedure and the Investigation and Response Procedure to include the disciplinary measures applicable to variable remuneration in the event of non-compliance with the Code of Ethics and Conduct, as well as current legislation or internal regulations. It also approved the Protocol for the prevention and eradication of harassment that was updated to establish the different types of harassment in the workplace, in addition to reinforcing the need to provide training to employees by the company, as well as the establishment of disciplinary measures in the event of committing harassment at the company.

Regarding procedures with implications for the Compliance Model, the following procedures were approved by the corresponding heads of area:

- Procedure for the management and control of sponsorships, donations and collaborations (Communication and CSR Department)
- Procedure for the payment of expenses, allowances and mileage (Economic Department)
- Cash management procedures for both national and international activity (Economic Department).
- Procedure for hiring external lawyers (Legal Advice Department)
- Procedure for due diligence with third parties regarding compliance (Regulatory Compliance Department).

Furthermore, the Tender Management Procedure has been updated to adapt it to the principles and values set out in the Code of Ethics and Conduct and the Tender Policy.

10.2 Training and awareness raising

As a core part of the development of the Crime Prevention Model, a training plan has been established that during 2020 consisted of different actions, including those organised before

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the onset of the pandemic, in person, and, later, online (via FCC Campus) or via digital platforms for training (Teams) imparted directly to key employees.

All new recruits who have joined Aqualia (in Spain), who had online access, have been invited to attend Code of Ethics and Conduct training that can be taken via FCC Campus.

The Regulatory Compliance Department also provided training on the Code of Ethics and Conduct to Aqualia México staff at the Querétaro offices and at the execution of the works in Querétaro.

For key employees at the company who are already directly involved in tender processes, training was held in which the principles set out in the Tender Policy were explained in detail, as well as the best way to put the provisions of the Tender management procedure into practice.

For employees in Spain who may come into contact with public officials as part of their duties, training was imparted on the basic regulatory principles collected (Criminal Code and International standards: FCPA, UK Bribery Act, World Bank Integrity Guidelines) to combat corruption and bribery.

The new process and control owners have been provided with anti-corruption training, which explained the Crime Prevention Model adopted by the company.

Furthermore, explanatory training on the operation and implementation of the Due Diligence Procedure with third parties in relation to compliance was imparted for all employees who are part of production departments that may be related to business parties, since they must be aware of the measures to take to ascertain the alignment of third parties with Aqualia's ethical principles and values before establishing relationships with them.

As part of the awareness raising activities among employees regarding Compliance, Compliance Tips emails have been disseminated, containing the advice used as a basis for preparing the main Compliance policies, what a conflict of interest is or how to use the Ethics Channel, in addition to other topics.

The aim has also been to reach offline staff in Spain through a dissemination campaign at Aqualia work centres where a video was projected in which the company's commitment against corruption was emphasised as was a summary of the principles and values included in the Code of Ethics and Conduct.

10.3 Risk assessment and controls

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Based on the risk assessment undertaken and the controls established to mitigate these risks, during 2020 two certifications were carried out in March/April and October/November on the implementation of controls by their control and process owners. As part of both of these certifications, all control owners have assessed the execution of their controls, compiling evidence that the activity has been carried out and, therefore, the corresponding risk is being mitigated. Furthermore, all 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 the control and process owners as part of the certification, the Regulatory Compliance Department carried out an analysis that was sent to the corresponding process owners for them to work on the improvements detected.

At the same time as the certification process, the Regulatory Compliance Department monitored the evidence presented by the control owners (on a sample of controls for each certification period), analysing whether the risks are covered and highlighting the gaps detected that have also been reflected in meetings held with the process owners.

10.4 Due diligence with third parties regarding Compliance

During 2020, due diligence activities have been launched by the Regulatory Compliance Department (due diligence) with third parties on Compliance matters, consisting of performing an analysis with a focus on the risk of Aqualia business parties (partners, agents, unique suppliers, etc.). Depending on the level of the initial risk identified using the basic information provided by the requesting department, subsequent actions are determined to better understand the third party, ranging from the completion of a survey by the third party to the request for a background check from the FCC Safety Department.

In 2020, due diligence was requested for 72 projects involving 180 business partners, as in some projects several partners or several unique suppliers are involved or several companies are analysed (as is the case of M&A projects). From the 180 business partners, 63% obtained a final assessment report in which their risk level was defined, 22% corresponded to projects that have been cancelled and, therefore, the due diligence has not been completed and 15% are still in the analysis phase (delays in the project, the third party has not sent the necessary documentation, they are being analysed, etc.)

10.5 Whistleblowing Channel

In 2020, a total of 34 alerts were received via the Whistleblowing Channel on matters related to customer management (26%), occupational disputes between employees (23%), breaches of internal regulations (9%), matters that may affect to public or environmental health (3%)

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and considered as irrelevant as they involves queries, complaints or claims from customers managed through AqualiaContact (38%).

This year, there was an increase in alerts in relation to customer management or considered irrelevant that should have been presented via AqualiaContact customer service. This increase may be due to the effects of the COVID-19 pandemic, since the inability of customers to visit offices has led them to seeking online communication channels for their complaints and/or claims.

10.6 Various

The Company is included in the consolidated Statement of Non-Financial Information that is part of the Consolidated Management Report of Fomento de Construcciones y Contratas S.A. and subsidiaries. This Statement of Non-Financial Information has been prepared pursuant to the requirements established in Law 11/2018, of December 28, amending the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, on Accounts Auditing, in relation to non-financial information and diversity. The consolidated Management Report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries was filed in the Barcelona Mercantile Registry.

11. OTHER DISCLOSURES

Regarding the Group's exposure to financial risks, this is detailed in the attached review in Note 23.

With regard to own equity operations, the Group has not purchased any of its own shares, nor does it intend to do so in the future.

Any events that may have occurred since 31 December 2020 are detailed in Note 24 of the attached review.

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The Financial Statements and Directors' Report of FCC Aqualia, S.A., corresponding to the business year ending 31 December 2020, were prepared by the Company's directors, on March 2021, and are identified as consisting of 111 double-sided sheets of stamp-impressed State paper corresponding to series ON numbers 9683601 to 9683714 both inclusive, being signed as proof of conformity, on stamp-impressed State paper corresponding to series ON number 9683714.

Chairman

Alejandro Aboumrad González

Vice-president

Voting member

Mr. Nicolás Villén Jiménez

Mr. Lars Bespolka

Voting member

Voting member

Mr. Pablo Colio Abril

Mr. Scott Longhurst

Voting member

Voting member

Mr. Gerardo Kuri Kaufmann

Mr. Juan Rodríguez Torres