

There is always another way

2011

Corporate Social
Responsibility
Report





An underwater scene featuring a school of fish swimming in clear blue water. Sunlight filters through the surface, creating a shimmering effect. In the top left corner, there are two blue circles: a large one containing the text 'Table of Contents' and a smaller one to its right.

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Letter from the General Manager

Welcome to the **aqualia** Corporate Social Responsibility Report for 2011, the sixth such report published by the company.

This report contains information on the main economic, social and environmental achievements of our company in 2011. As an agent with a fundamental role in the management of an asset as important as water, the focus of **aqualia**'s commitment to sustainability is based on the premise that we can contribute most by doing our job properly: managing water in an efficient manner and providing the best possible service to our more than 28 million customers, minimising the negative impacts of our operations on society and on the environment.

The objective of World Water Day 2011 was to focus international attention on the impact factors such as rapid urban population growth (more than half of the world's people now live in cities), industrialisation, uncertainties caused by climate change and natural disasters have on urban water systems. With the theme "Water for Cities: Responding to the Urban Challenge", its aim was to encourage governments, organisations, communities and individuals to play an active role in addressing the challenges of urban water management. Given that **aqualia** does much of its business in urban environments, the company is absolutely aware of these challenges and works in this context based on its commitment to sustainable development.

In a generally difficult economic environment, at aqualia we have continued working to provide our customers with the best technical solutions for the whole water cycle. Thus, R+D+i is key to a business such as that of **aqualia**, allowing us to continue offering a good service and guarantee maximum levels of quality. In 2011, the company invested more than 2.3 million euros in R+D+i (35% more than in 2010) in its 17 projects currently in progress.

This year **aqualia** again achieved good results, participating in 341 tendering processes and securing 149 new contracts worth 1,185.2 million euros. At present, our portfolio stands at 13,135.7 million euros.

In Spain, our most notable achievements in terms of new contracts included the award of integral water management contracts in Baena en Córdoba, Fraga en Huesca, Arico en Santa Cruz and Llagostera en Gerona. In addition, the contract to manage the Algeciras service in Cádiz was expanded to include the new WWTP, while the El Puerto water sanitation and treatment contract in Santa María, in the province of Cádiz, was extended.

In the international market, which has been the strategic focus of the company for a number of years, we have continued to grow. **aqualia** currently operates in 17 countries in Europe, Asia, Africa and the Americas, and has secured contracts such as that for the construction and commissioning of the El Caracol pumping station Mexico; integral water management in Fundao, Portugal; leakage detection and repair services in Riyadh, Saudi Arabia; and the sanitation and treatment service in the East Area of Abu Dhabi, in the United Arab Emirates.

These results have been recognised by prestigious organisations on an international level. While in the 2010 Report we expressed our satisfaction at being named the

world's fourth-largest water management company by Global Water Intelligence, the satisfaction we feel this year is even greater: we have moved up one position on the prestigious Global Water Intelligence scale to become the third-largest water management company in the world.

In the last year, our strategic orientation as a subsidiary of one of the largest service groups in Europe (FCC Group) has been reinforced in the area of corporate social responsibility. At the end of 2011, approval was granted for the CSR Master Plan for the Group for 2011-2014. This plan sets out the goals and guidelines required in order for FCC to be recognised as a company able to address the new challenges of the future, in particular within the framework of urban communities. As a subsidiary of FCC Group, **aqualia** has played a role in formulating these goals and guidelines and, in the next few years, will base its own conduct in terms of CSR on the framework provided in this Plan.

Finally, I wish to emphasise that our team continues to be **aqualia**'s most valuable asset, and that its preparation, effort and commitment are our greatest guarantee of success. Thanks to our team, we continue to move forward and to consolidate a way of doing business whose merit is demonstrated, year after year, in the results and projects described in this report. I believe that this CSR Report 2011 will provide you with a deeper knowledge of **aqualia**'s actions and of our commitment to meeting the challenges in the world around us. Thank you very much.

Fernando Moreno García
Chairman of the CSR Committee.

General Manager of aqualia
Gestión Integral del Agua S.A.



aqualia in 2011.



In 2011, **aqualia**'s focus was on projects to recover waste water, which can be used as a renewable energy source. They included “**All-Gas**”, a project financed by the European Union, and VIDA, a project financed by the Spanish Ministry for Science and Innovation involving **aqualia** and 14 other organisations and institutions. This project is based on the cultivation of biofuels using waste water.

aqualia was also involved in pilot projects, such as the project to recover slurry at the waste water treatment plant in Salamanca, which was inaugurated in February and is being carried out with the collaboration of the Universidad de Salamanca. The aim of this initiative is to generate electricity using sludge produced in the waste water treatment process, allowing it to be used as an agricultural input and to generate biogas.



Representatives of companies involved in the All-Gas project.

2011 also saw the implementation of the Innpronta project through two research programmes: ITACA, which focuses on turning the current waste water treatment process into a strategy for the recovery and use of substances, secondary products and waste; and IISIS, which entails integrated research into sustainable islands in collaboration with the Universidad de Valencia. As a result of its involvement in these programmes, **aqualia** is the only firm involved in two research programmes of this project, which is financed by the Ministry for Science and Technology.

*In 2011, **aqualia** participated in numerous R+D+i initiatives and projects in conjunction with other businesses, research bodies and public institutions aimed at developing the use of using waste water and other waste to generate electricity.*

In Spain, the most notable achievements included the award of important integral water management contracts. The most important of these include Baena (Córdoba), Fraga (Huesca), and Llagostera (Gerona).

Internationalisation

Outside Spain, one of the most important events of 2011 was the opening of the **aqualia** infraestructuras subsidiary in Chile. The first project of this office will consist of work on the desalination plant in Region III. This contract, the first secured by **aqualia** in Chile, is worth 32 million euros. 2011 also saw the start-up of **cartaquá**, a company that manages water supplies in Cartaxo (Portugal) and in which **aqualia** has a shareholding of 60%. Over the 35 years' duration of the agreement, it is expected to generate turnover of close to 300 million euros.

aqualia will also implement the plan for the optimisation, sectorisation and security of the water distribution network in the capital of Saudi Arabia for two years. With this contract, **aqualia** became the first Spanish company to be awarded a water management contract in the Middle East.

*In 2011, **aqualia** became the first Spanish company to be awarded a water management contract in the Middle East (Saudi Arabia) R+D+i.*



Signing of the **aqualia** contract in Saudi Arabia. The Spanish ambassador to Saudi Arabia, Pablo Bravo, congratulates Loay Al-Mussalam. Standing next to the ambassador is Miguel Jurado, the Deputy General Manager for International Development at **aqualia**.

Certifications

The most notable new certification received by **aqualia** in 2011 was SI-0065/2011 information security certification, which demonstrates the compliance of the firm with UNE-ISO/IEC 27001:2007 in Customer Call Centre and Virtual Office Management Systems. In terms of energy management systems, **aqualia** updated its certification by obtaining the recently-approved ISO 50001:2011 certification and received certification from AENOR for its services at La Solana and La Orotava in accordance with UNE-EN 16001:2010.



Certifications received by **aqualia** in 2011.

Meanwhile, one of the most notable events at **aqualia** in 2011 was its participation in the European Benchmarking Cooperation project (EBC), which seeks to compare water supply and sanitation management models used by various international water management companies. **aqualia** is participating in this initiative with its Czech subsidiary **SmVaK**, along with 45 participating companies from 19 countries in Europe and two from outside Europe (Brazil and Singapore). As a result of its participation in the EBC, **aqualia SmVaK** is exceptional in areas such as the efficiency of its distribution network, cost coverage ratios, management of energy consumption, and the quality of its water supplies.

Stakeholders

aqualia's dialogue with its stakeholders was again reflected in **aqualia forums** in 2011, with the main themes in 2011 being the communications of the firm and **aqualia**'s relationship with its suppliers. Under the heading "Communication at a Water Management Company", the first forum brought together top executives from media outlets in Spain and Portugal. At the second forum, "Suppliers in the **aqualia** Value Chain", proposals for decision-making and agreements that could enable the company and its suppliers to optimise their results were discussed.

*"Communication at a Water Management Company" and "Suppliers in the **aqualia** Value Chain" were the first two **aqualia** forums held in 2011.*



The "Communication at a Water Management Company" **aqualia** forum.



Meeting of BEC participants in Oslo.

Education

In 2011, **aqualia** helped organise the 'Technological, Social and Business Networks: Ideas for Innovation, Research and Development' summer course offered in Aranjuez by the Universidad Rey Juan Carlos de Madrid. The main point addressed by the course was the usefulness of networks in the broadest sense of the term, with a particular emphasis on their role in social movements and the search for employment via social networks in the current environment. The course also addressed issues associated with water distribution networks, their professionals, and innovation in this area.

In July, **aqualia** sponsored the "Water Resources on the Canary Islands: Science, Technology, and Management" course offered by the Universidad de Verano de Adeje in Tenerife. At the course, a presentation was given of **aqualia**'s experience in terms of management, highlighting its transparency, efficiency, and respect for the environment.

Furthermore, in November **aqualia** unveiled its energy management model at the LVII DIFUTEC sessions organised by the Universidad Politécnica de Valencia. Under the title "Energy Savings in Municipalities", **aqualia** revealed its results in Albal and Alboraya, where it generated energy savings equivalent to the energy requirements of 200 households for a year.

Last but not least, special mention must be made of the 'Empresa Distinguida' award received by **aqualia** from the Universidad de Extremadura. This accolade is in recognition of the efforts of aqualia in the last four years in its business internship program for students in the Faculty of Economics and Business.

In 2011, aqualia participated in numerous summer courses and other initiatives related to the world of academia, with which it has had close ties for a number of years.



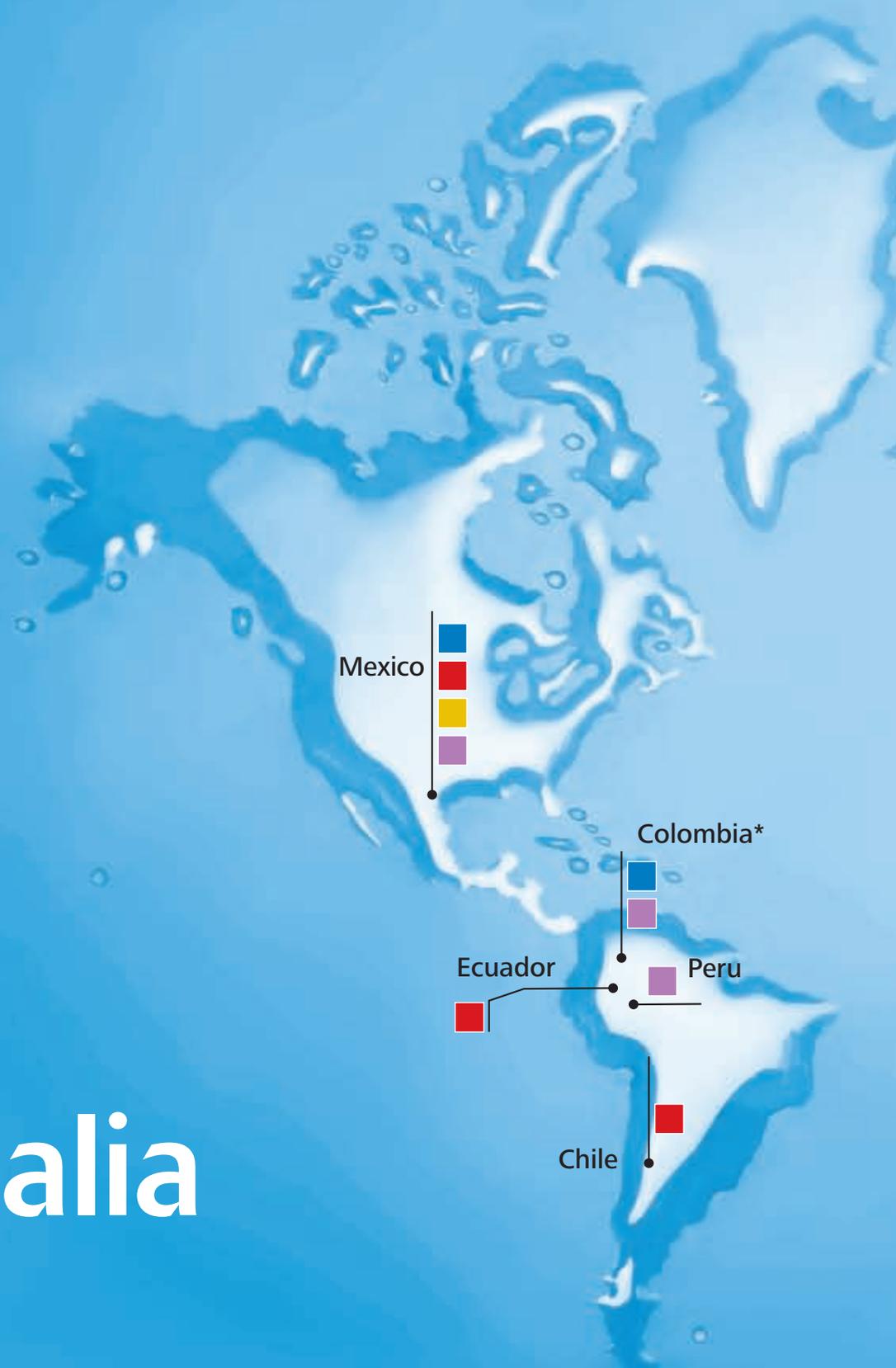
Jesús Rodríguez, Director of Extremadura - Portugal Delegation, receiving the "Distinguished Company" award.



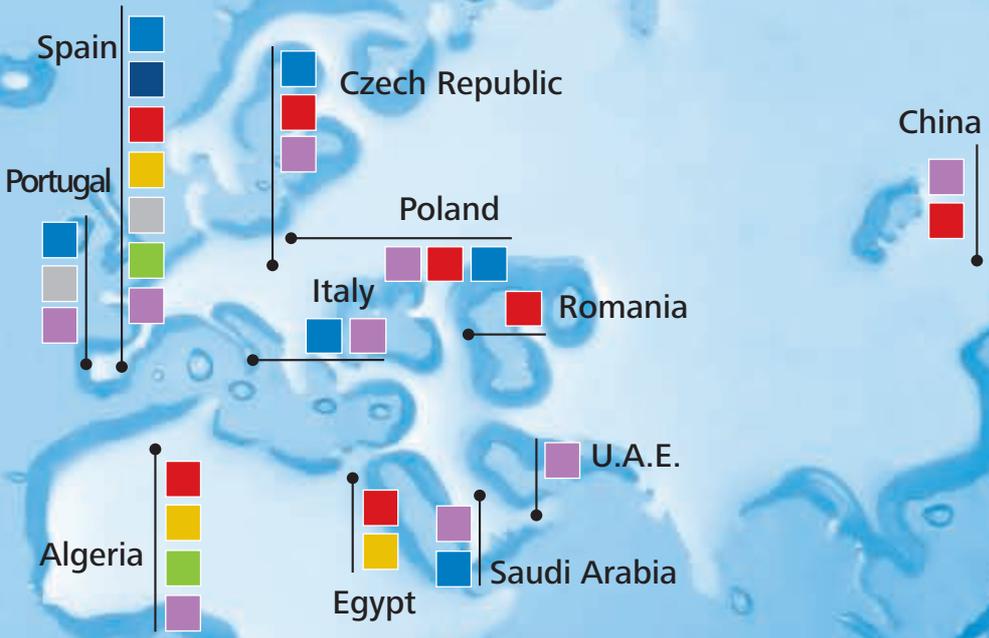


The value of water.





-  Management of public water services.
-  Construction and management of water and sports facilities.
-  Design and construction of treatment plants.
-  Hydraulic infrastructure concessions.
-  Solutions for industrial water use.
-  Irrigation infrastructure.
-  Commercial delegation.



aqualia is the 3rd-largest water management company in the world, according to Global Water Intelligence. The company provides service to more than 28 million customers in the 17 countries where it has a presence, close to 3% more than in 2010.

	2009	2010	2011
Turnover (mill.€)	872.00	867.97	844.95
Distributed economic value (mill.€)	780.13	871.63	836.35
Number of municipalities served	+1,100	+1,100	+1,100
Total length of networks managed (km.)	51,232	54,392	56,890
Investment in infrastructure (mill.€)	47.74	50.78	69.99

Note: Turnover and distributed economic value are for all of **aqualia**'s international operations, as well as subsidiaries through the FCC Group. The number of municipalities, the length of networks managed and investment in infrastructure refer to **aqualia**, gestión integral del agua S.A. in Spain, Portugal, and the Czech Republic.

The business of the FCC Group is divided into four main areas: **infrastructure**, with FCC Construcción as the parent company; **energy**, where the group is developing projects in renewable energy, energy efficiency and the recovery of waste); the **environment**; and **water**. This last area includes **aqualia**, gestión integral del agua S.A., as the parent company of a group of companies in the FCC Group that operate in integral water management. The business of **aqualia** is divided into the following three areas:

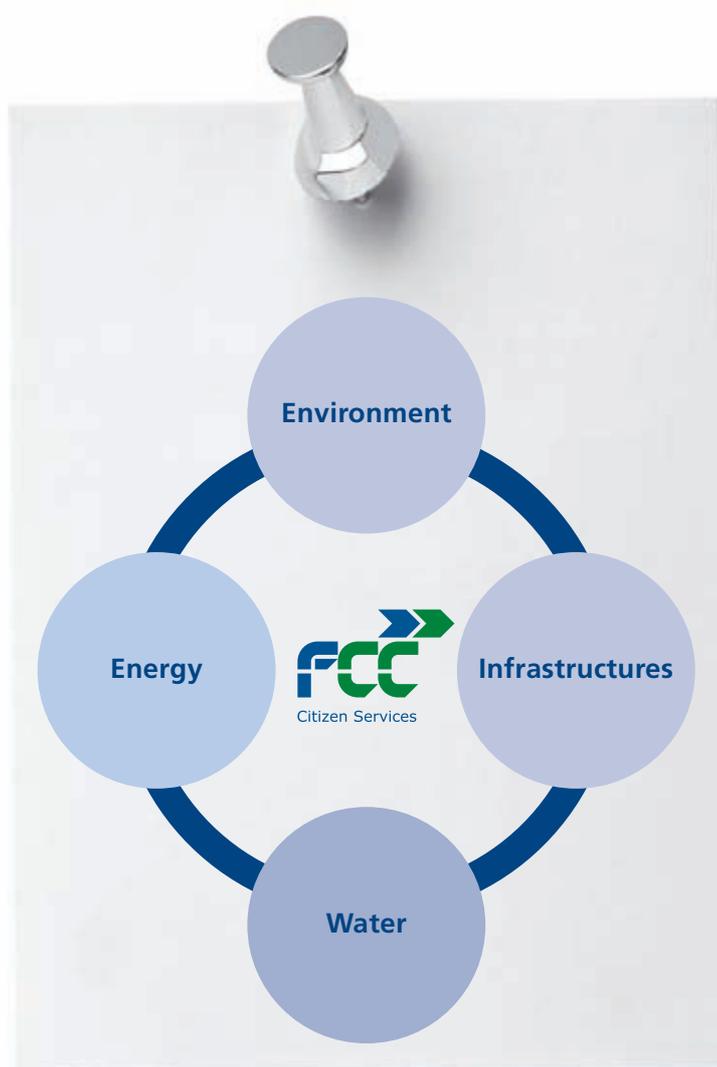
- **aqualia** industrial
- **aqualia** infraestructuras
- **aqualia** management of public water services

At present, **aqualia** has a presence in more than 1,100 municipalities around the world and provides services to close 28 million people. **aqualia** offers a wide range of services and its professionals strive to best meet demand from both the public and private sectors, providing all types of solutions. **aqualia** is seen as an expert in the management of the whole water cycle due to its experience at all phases of the water cycle, whether for human, industrial or agricultural use.

As a result of these distinguishing characteristics, **aqualia** recorded turnover of close to 845 million euros in 2011, becoming the world's third-largest water management company, according to Global Water Intelligence. Thus, **aqualia** is one of the most recognised companies in its sector, an important achievement in the current economic environment, and in particular in view of the fact that the brand was only created a decade ago.

Last year, **aqualia** participated in more than 341 tendering processes and secured 149 new contracts worth 1,185.2 million euros. With these new contracts, the value of **aqualia**'s portfolio now stands at 13,135.7 million euros.

These numbers demonstrate the success of its diversification strategy and its emphasis on overseas markets in recent years (overseas markets currently account for 20% of its production). In view of this success, **aqualia** will continue to seek out new markets in which to continue its expansion. At the same time, it continued to record significant activity in Spain in 2011, as demonstrated by the number of new contracts it secured during the course of the year.



Main contracts, renewals and extensions secured by aqualia in Spain in 2011

- Yepes (**Toledo**): Integrated management of municipal water supply and sewer system.
- Caspe (**Zaragoza**): Management of municipal water supply and sewer system.
- Guía de Isora (**Santa Cruz de Tenerife**): Management of water supply and sewer system.
- Fraga (**Huesca**): Management of public potable water supply and sanitation system.
- Llagostera (**Gerona**): Concession for management of public potable water service and sewer system.
- Eivissa (**Balearic Islands**): Management of water supply and sewer system.
- Santa Eulalia del Río (**Balearic Islands**): Management of water supply and sewer system.
- Comarca del Baix Ebre (**Tarragona**): Management of public sanitation systems.
- Iscar (**Valladolid**): Management of municipal potable water supply service, sewer system and waste water treatment.
- Baena (**Córdoba**): Management of public municipal water supply, sanitation and water treatment service.
- Villa de Arico (**Santa Cruz de Tenerife**): Integrated management of water supply and sanitation services.
- Algeciras (**Cádiz**): Management of new WWTP.
- The port of Santa María (**Cádiz**): Maintenance, conservation and operation of WWTP and sewer system.
- Oleiros (**La Coruña**): Management of municipal indoor swimming pools.
- Garrigues Sud irrigation community (**Lleida**): Maintenance of irrigation facilities in the community.
- Gijón (**Asturias**): Formulation of project and execution of preliminary works and environmental impact study for the project and execution of works on WWTP Este.

International operations

At present, **aqualia** operates in 17 countries (including Italy, Poland, Saudi Arabia, and China), with activities in these countries generating annual turnover of €176.6M, or 20.9% of its total turnover (€844.9M).

One of the most important events of 2011 was the start-up of the **aqualia** infraestructuras subsidiary in Chile, which began operations there with a contract worth 32 million euros. The contract is for the engineering of the plant and the supply, assembly and commissioning of electromechanical equipment for the desalination plant in Copiapó that, when complete, will be able to desalinate 30,000m³ of water each day.



Lucas de Marcos, Production Manager for the Americas at **aqualia** Infraestructuras at the signing of the constitution of the new **aqualia** subsidiary in Chile.

Another international success was the securing of the first water management company by a Spanish firm in the Middle East. For the next two years, **aqualia** will implement a plan for the optimisation, sectorisation and security of the water distribution network in the capital of Saudi Arabia.

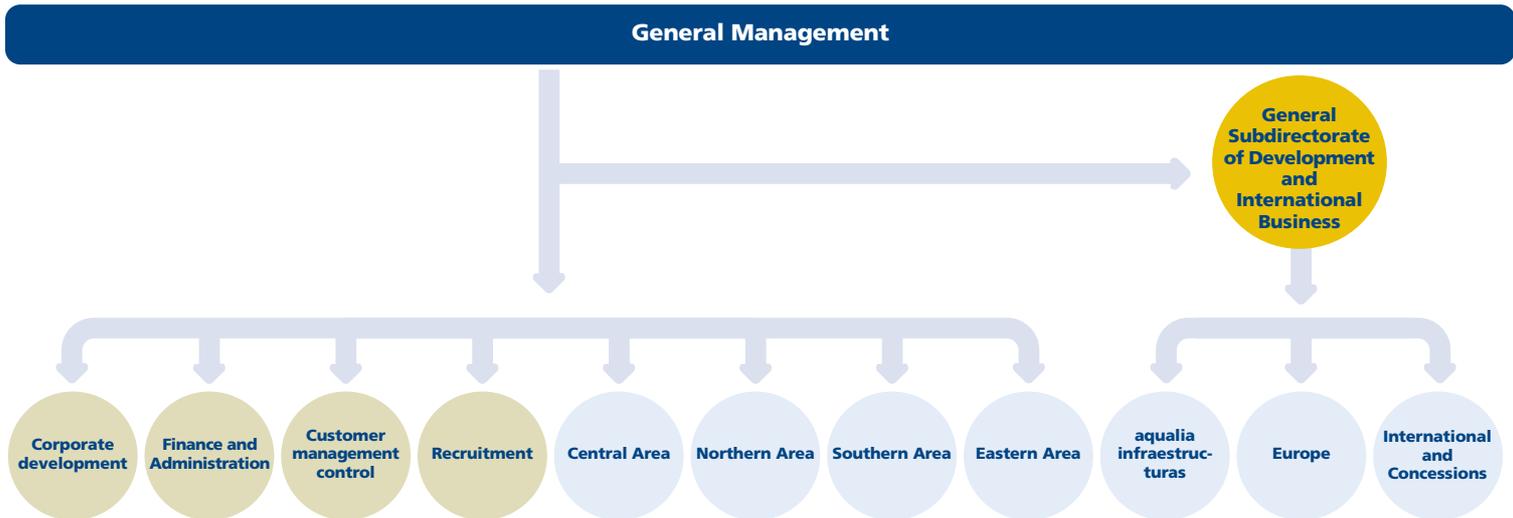
Finally, mention must be made of the **aqualia**'s shareholding in the new water management company in Cartaxo (Portugal). cartagua, which is 60% owned by **aqualia**, will manage the service for the next 35 years, generating turnover of some 300 million euros. **aqualia** has also begun to manage the whole water cycle in Fundao.

With an eye on the future, **aqualia** has based its strategy for international growth on the offer of water management services in countries in the EU and the development of water infrastructure in other areas, such as Latin America, north Africa, and the Near East.

Operating structure

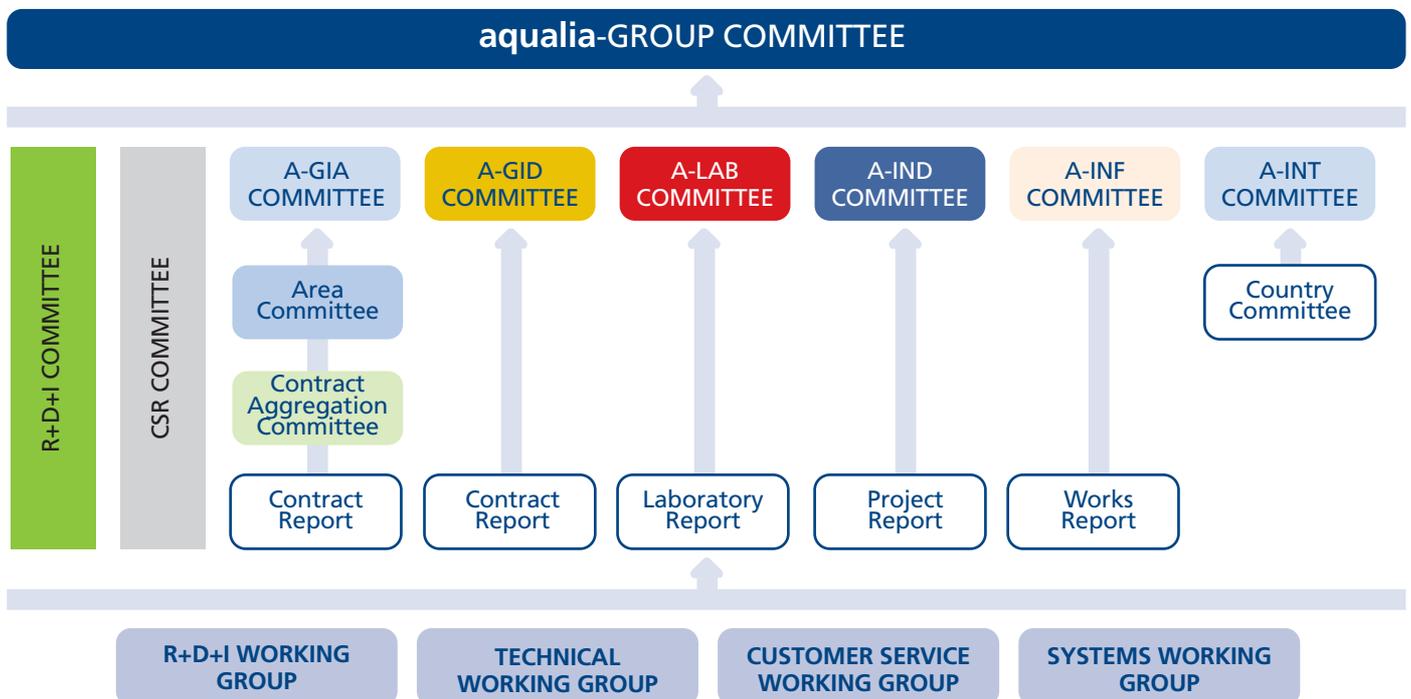
To bring service closer to the customer and increase the ability of the company to respond to their requests, **aqualia** has established a General Management structure to which

all divisions will report, depending on the type of activity or zones in which they operate.



From the point of view of the organisation of priority aspects of the business, in 2011 the company continued to have various executive level committees that facilitate management and decision-making in various areas:

- Gestión Integral del Agua Management System Committee.
- **aqualia** Gestión de Instalaciones Deportivas Committee.
- Laboratories Committee.
- **aqualia** Industrial Committee.
- **aqualia** Infraestructuras Committee.
- **aqualia** Internacional Committee.
- R+D+i Committee.
- CSR Committee.
- Area Committees and Delegation Committees.
- Contract Reports (biannual).
- **aqualia** Group Committee.





Management of public water services

- 28 million customers worldwide*.
- 36.7% market share in Spain**.
- 56,890 km of water systems under management.
- 69.99 million euros invested in infrastructure.
- 79,524 potable water tests conducted (SINAC).
- 99.51% positive tests.

Hydraulic infrastructure concessions

To guarantee efficiency in the use of public resources, **aqualia** offers the following services:

- Consultancy with multidisciplinary groups.
- Construction works and the supply of capital equipment.
- Financial resources.
- The maintenance and operation of infrastructure.

Irrigation systems

aqualia is constantly working on developing innovative and sustainable solutions to modernise irrigation techniques. The main example of this is SISGRE (Sistema de Gestión para Regantes). This system:

- Facilitates access to intelligent mapping
- Allows access to simulations, historical analyses, thematic maps, and infrastructure images.

*Source: GWI, November 2011.

** Obtained through assignment of DBK report and Enviroscope study by French consultancy BYPE (2009).



Design and construction of treatment plants

- 38 facilities designed for tender: 9 domestic, 27 international
- 6 facilities under construction and 10 delivered in Spain.
- 11 facilities under construction and 1 delivered in the international market

aqualia designs and constructs all types of water treatment facilities. Its main areas of activity are:

- Drinking water treatment plants (DWTP).
- Waste water treatment plants (WWTP).
- Waste water reuse plants (WWRP).
- Sea water desalination plants (SWDP).
- Pipelines for transporting water.



Solutions for industrial water consumption

- 31 companies supplied
- 17 facilities managed
- 2,613,424 m³ of water treated

This division implements projects to improve water quality, the reliability of processes, and the services provided that are in continuous operation. This division is comprised of:

- **Chemipur**: Operation and maintenance.
- **Graver**: Solutions for process water.
- **Hidrotec**: Equipment and technology.
- **Nilo**: Effluent treatment solutions.

Desalination

aqualia manages desalination facilities that can supply water to 2,700,000 people each day in countries such as Spain and Algeria.

aqualia is currently building 2 desalination plants and operates 26 such plants, managing production of 690,000 m³ of desalinated water each day. This dedication of the company to water desalination is in response to the important challenge posed by the increase in global demand for water, which requires a stable supply of potable water; this need is particularly urgent in areas affected by a scarcity of water resources. Thus, desalination is becoming an increasingly necessary and valued option.

Desalination plants in operation or under construction in 2011	Number	Capacity (m ³ /day)
SWDP Algeria	3	345,000
SWDP Spain	9	192,000
STF Spain	14	136,000
TTRO Spain	2	17,000
Total	28	690,000

Research and development

aqualia has made a firm commitment to R+D+i. In 2011, the company invested more than 2.3 million euros (35% more than in 2010) in its 17 projects currently in progress.

R+D+i is built in to each level of the company, and its activities cannot be understood without an appropriate capacity for development. This being the case, funding for R+D+i rose 35% in 2011 on a year earlier, in part due to the success of various research projects and initiatives already implemented by **aqualia**, in collaboration with other organisations.

In addition to the team dedicated exclusively to R+D+i, **aqualia** has an innovation work group (IWG) that meets twice a year to evaluate programs in progress, recommend priority action, review the strategic planning and policy of the management system and assist in the dissemination of R+D+i information and technology transfer. The IWG also sets the six criteria used to analyse all proposals.

IWG evaluation criteria

Degree of innovation of the proposal

Technical improvements

Benefits vs. costs

Extent of use of results

Improved competitiveness

Likelihood of success of proposal

Such a strategic activity must be structured in such a way that resources are used as efficiently as possible. **aqualia** is the only company in the sector with UNE 166002:2006 and IDI 084/2010 certification (obtained in 2011), and continues to work to guarantee excellence in the management of its R+D+i projects.

However, R+D+i is not limited to the activities of the company; **aqualia** wants to support efforts to ensure that this knowledge generated is shared by the sector. It is for this reason that, through its participation in national and international organisations, **aqualia** promotes the use of technological innovation applied to water management.

Some of the more important organisations are IWA (International Water Association), EUREAU (European Federation of National Associations of Water and Waste Water Services) AEAS (Spanish Water Supply and Sanitation Association), IMDEA Agua Foundation (Madrid Institute for Advanced Studies), ATTA (Spanish Water Treatment Association), AEDyR (Spanish Association for Water Desalination and Recycling) and BIOPLAT (Spanish Biomass Technology Platform).

Main R&D projects in 2011

Under the coordination of the innovation department, **aqualia** conducts its research and development in three main areas:

Improvements in the quality of treatment

In terms of improvements in the quality of treatment, there is special emphasis on desalination, water supplies and the detection, measurement and reuse of effluent.

MBR Relleno project (Vigo) - **aqualia** is working in collaboration with the Universidad de Santiago de Compostela, 3R and the Centro Superior de Investigaciones Científicas (CSIC) to develop a new membrane bioreactor technology with fill to optimise the treatment and reuse of urban waste water.

Hybacs (Ávila) project - **aqualia** is working on a pilot plant to remove nutrients from urban effluent and to test HYBACS/MBBR technology.

Integrated management

The objective of projects undertaken in this area is to optimise management systems (the detection, measurement and transmission of data).

Development of SIC 2 IT tools project - In 2011, work continued on the formulation of a new billing-CRM solution to manage the trading system of all of **aqualia**'s operations.

Simtar project - The design and construction of a centralised IT application to simulate the impact of hypothetical changes in tariffs on the invoicing of various operations.

Big Customers project - The development of new software for the ongoing monitoring and control of consumption profiles of big customers, allowing decisions to be made on the sizing and type of measuring equipment.

Sustainability

In this area, projects place priority on reducing energy consumption and emissions via the use of waste water and waste as resources.

Pilot slurry recovery project (Salamanca) - The project (in collaboration with the European Union and the Universidad de Salamanca) seeks to generate energy using sludge produced by the purification process, allowing it to be used in agriculture and to obtain biogas.

"Anammox project" (Vigo) - Focus on the sustainable removal of nutrients for the reuse of effluent and waste (in collaboration with the Universidad de Vigo and the Universidad de Santiago de Compostela).

Innpronta "ITACA" project - Focus on research into technologies for treatment, reuse and control for the future sustainability of water purification. Developed by 10 companies within the framework of the Innpronta plan, to which **aqualia** has contributed 2.7 million euros and in which it collaborates with the Universidad de Santiago and with IMDEA.

Innpronta "IISIS" project - this project involves integrated research on sustainable islands with the collaboration of the Universidad de Valencia and other companies. With this second project, **aqualia** is the only company with two Innpronta projects.

"Fangos Atad" project (Loiola - San Sebastián) - In collaboration with CEIT and Aguas de Añarbe, this project is developing new technologies to increase the organic load of anaerobic digesters.

"Microalgas" project (Arcos de la Frontera) - The use of microalgae to remove nutrients and for biofuels production in collaboration with the Universidad de Cádiz, Iberdrola and Bio Oil.

Special mention must be made of the initiatives below, which are associated with two major research programs (one European, one Spanish) and focus on wastewater as a critical element in the production of biofuels. In the next few years these projects aim to generate a valuable resource out of waste, changing the paradigm for wastewater treatment:

- **“All-gas” (Chiclana, Cádiz):** With more than 7 million euros in funds from the European Union and an expected duration of 5 years, the aim of this project is to showcase sustainable biofuel production based on the low-cost cultivation of microalgae on an industrial scale. The project is coordinated by **aqualia**, whose efforts in this role have been recognised by the Centre for the Development of Industrial Technology (CDTI).

- **“VIDA”:** With a budget of more than 8 million euros from the Ministry for Science and Innovation and an expected duration of 4 years (until 2014), the aim of this project is to develop an integrated use of algae and to develop new technologies for microalgae cultivation, collection and transformation. As part of a consortium of 14 companies involved in this project as part of the CENIT program, **aqualia**'s role focuses on the efficient transformation of nutrients in wastewater into biomass and the conversion of algae into high-purity biogas.



Recognition from CDTI for the European project All-Gas. Fernando de la Torre, Head of the Delegation for Cantabria, the Basque Country, Navarra and La Rioja, receiving the prize from Secretary-General for Innovation Juan Tomás Hernani.

Responsibility for aqualia.



According to the United Nations, there are close to 1,600 million people around the world in countries that do not have the infrastructure needed to extract water from rivers and aquifers. Another 1,500 million people - around one-fifth of the world's population - live in areas where water is scarce.

This situation remains an important global challenge in which water management companies, among other parties, have an important role to play. As one of these parties, **aqualia** is aware of this situation and assumes its responsibilities to all groups most affected through its corporate social responsibility policy.

For **aqualia**, the social and environmental consequences of its activities acquire relevance in the decision-making of its businesses. As a starting point, **aqualia** conducts its operations in alignment with the guidelines set out in the corporate responsibility strategy of the FCC Group, which is overseen and approved by the Board of Directors in order to take all of the interests and particular characteristics of each division in this area into account.

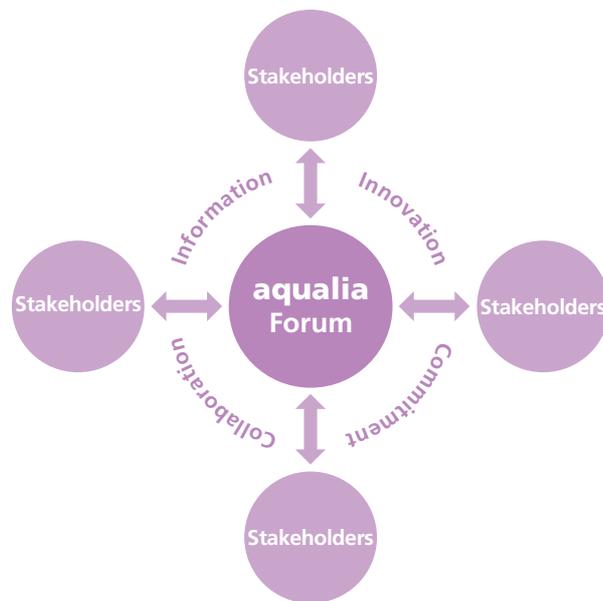
In this regard, it should be pointed out the CSR Master Plan for the Group for 2011-2014 was approved at the end of 2011. Under the title 'Because we want to be involved in the current changes', the plan sets out the different strategic lines of action to be developed by the Group in this area over the next few years, and which involve all of its divisions. Good governance, employees, the dissemination and profile of a socially responsible strategy, corporate citizenship, care for the environment, and responsible innovation are the main lines of action set out in the Plan.

The Group also follows a Code of Ethics, which sets out certain mandatory rules of conduct applicable to all employees of the FCC Group and expressly prohibits unethical practices that influence the decisions of persons outside the company undertaken in order to obtain advantage for the company. These rules are also applicable to contractors and suppliers.

Dialogue with stakeholders

All companies must understand the environment in which they operate in order to prevent risks, capitalise on new opportunities, and establish relationships based on trust with groups that have the greatest effect on their business. To achieve these outcomes, dialogue is the most effective

tool. For **aqualia**, establishing channels for dialogue with its stakeholders is of vital importance in order to implement the initiatives set out in its corporate social responsibility policy.



The main stakeholders of the company are its employees, clients and suppliers, the communities where it operates, media, and other entities in the sector. For these groups, **aqualia** has designed a number of tools that enable it to give these groups a voice, listen to them, and offer them the most appropriate response to each of their needs. At present, **aqualia** has two key tools for this purpose: the Corporate Social Responsibility (CSR) Report, and the aqualia forums.



aqualia's CSR Report 2009.



aqualia's CSR Report 2010.

aqualia has published its annual CSR Report each year since 2006 in accordance with the criteria set out in the Global Reporting Initiative's 'Guide to Preparing Sustainability Reports'. In this report, the company provides relevant periodical information on its social, environmental and commercial activities to all stakeholders close to **aqualia** and to its operations.

Both this edition and the previous edition of the Report were published in accordance with the guidelines established in version G3.1 of the GRI Guide, which this year was voluntary and will be mandatory in 2012. AENOR has audited the **aqualia** CSR Report since 2010, with the report receiving the highest possible GRI score this year and last (A+).

With regards to forums, aqualia organises these meetings on a periodical basis in order to establish a direct, close dialogue with the most important stakeholders, building a stable relationship based on trust that facilitates an understanding with all groups involved. Two forums were held in 2011, with the communication of **aqualia** and the relationship of the company with its suppliers as their main themes.

The first **aqualia** forum of 2011, which was held in January, brought together heads of media outlets in Spain and Portugal under the heading 'Communication at a Water Management Company'. The forum addressed a number of themes:

1. The independence of communication from the local administration.
2. The importance of associating information published with the current social and environmental situation.
3. The need to create a relationship between the company and the media based on trust.
4. The need to educate and inform the public and journalists.
5. The arrival of communication 2.0 at a service company.

The second forum of the year, which had the leitmotiv 'Suppliers in the aqualia Value Chain', discussed proposals for decision-making and reaching agreements that will enable

the company to improve its results. Furthermore, on the issues of sustainability, collaboration and social responsibility, participants at the forum indicated that **aqualia**'s current relationship with its suppliers is conducted with an emphasis on economic efficiency, guarantees, reliability, and transparency.

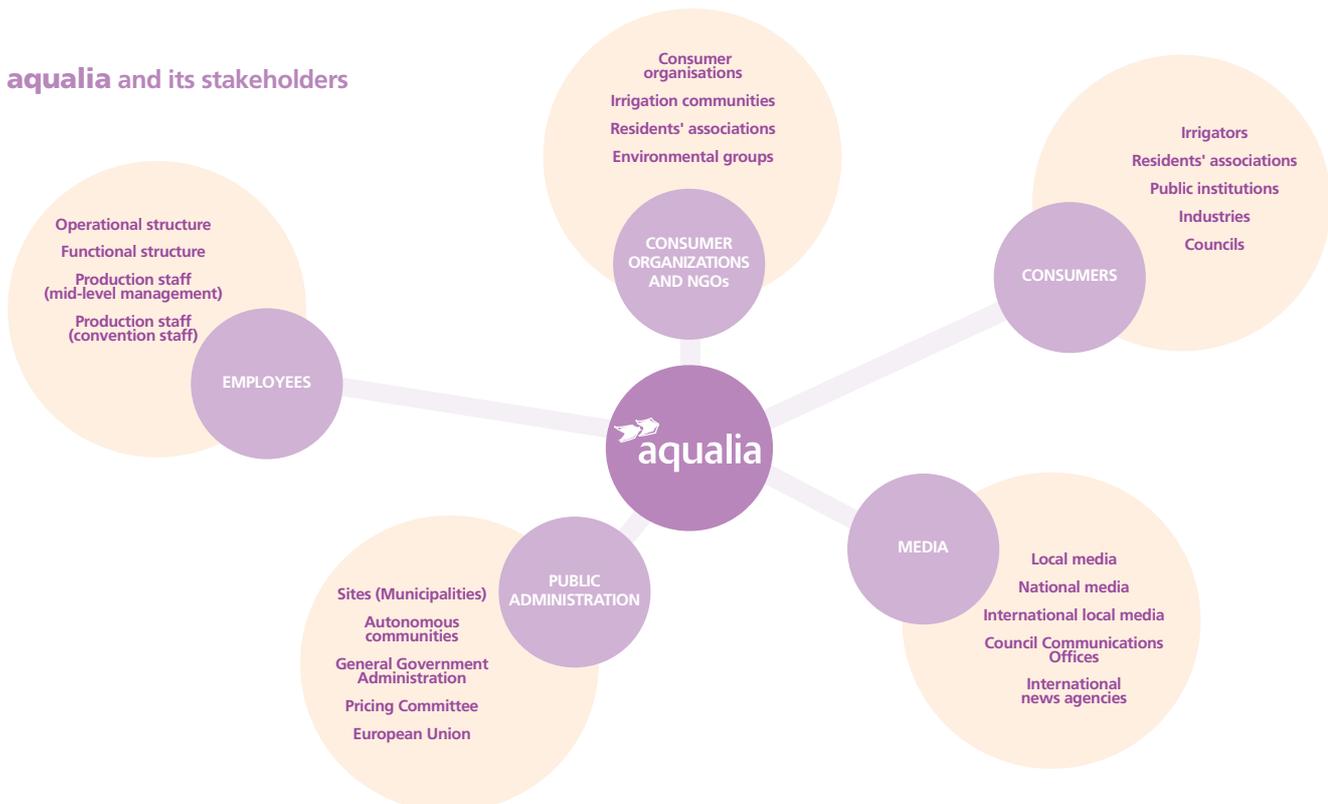


The 'Suppliers in the **aqualia** Value Chain' **aqualia** forum.

Conclusions reached at each forum are later compiled into a document distributed to all parties present and interested and posted on the **aqualia** intranet site. These conclusions are addressed at Quality Committees and forwarded to each production area for consideration.

In addition to these transversal communication initiatives, **aqualia** provides each stakeholder with specific mechanisms for dialogue and communication that are consistent with the nature of its relationship with **aqualia**.

aqualia and its stakeholders



Society

aqualia issued close to 600 press releases and held 45 press conferences over the course of 2011.

For **aqualia**, it is crucial that all communities in which it operates are to a greater or lesser extent familiar with its activities. To achieve this, it uses open days and school visits to its facilities as its main method of establishing contact with communities. In doing so, **aqualia** facilitates an understanding of processes at its plants, while at the same time educating current and future generations on responsible water use.

In 2011, the most important meetings held at the various facilities of **aqualia** included, among others:

- A visit by the Minister for the Environment, Marine and Rural Affairs, Rosa Aguilar, and the inauguration of the Bajo Almanzora desalination plant (Almería).
- Open day at Moguer WWTP (Huelva) for students at IES Juan Ramón Jiménez.
- A visit from residents' associations, the media and members of the Llanera municipal council to works at the Club Deportivo Santi Cazorla (Asturias).
- A visit from the development advisor from the regional government of Castilla- La Mancha to the Valmojado DWTP (Toledo).

- Open day at Valdepeñas (Ciudad Real).
- A visit from the government of the comarcal council to the WWTP in Baix Ebre.
- A visit by the 'Escuelas Viajeras 2011' program from Murcia to the Abarán DWTP.
- A visit by Dutch students in the Science Masters program offered by UNESCO's Institute for Water Education.
- A visit by the National Water Company of Saudi Arabia to **aqualia**'s facilities in Spain.
- A visit from the Mayor of Badajoz to the city's WWTP.
- Open day for schools at the Almansa WWTP (Albacete) and the Berja treatment plant (Almería).
- Open day at Emaser (Ciudad Real).
- The inauguration of the La Caleta desalination plant in Adeje.
- Open day at the caltaqua laboratory in Caltanissetta (Italy).
- Open day with the media at the Medina del Campo WWTP (Valladolid).



Inauguration of Adeje SWTP (Tenerife).

Employees

*The **aqualia** intranet site received 21,300 hits in 2011. Over the course of the year, aqualia employees also received 140 news bulletins.*



Visits by residents' associations to springs in Santander.



World Water Day awareness events at Vigo.



Open day at **aqualia** laboratories in Oviedo.



Visit with the media to Medina del Campo's WWTP.

The main communication tool for exchanging information with employees at aqualia is the **aqualia** intranet site, which can be accessed in Spain, Italy, Portugal, and the Czech Republic. With this internal platform, all **aqualia** employees can be kept informed of all actions undertaken in each area of the company. Content that can be accessed on the site includes:

- Internal policies: The Code of Ethics, the **aqualia** Equality Plan and protocol, and forms for reporting workplace or sexual harassment within the Group.
- News and strategy: News from the water sector, the CSR Report, the FCC Master Plan, and the **aqualia** Action Plan.
- Human resources and internal activity: Internal appointments, information on the international presence of the company, projects and contacts, and the experiences of expatriates.
- Events calendar: Courses, conferences, presentations and trade fairs of interest.
- Communication tools.
- In addition to the intranet, the company also communicates with its personnel via daily press reviews, news bulletins, the suggestion box and the notice board, as well as specific communication campaigns.



News bulletins.

Finally, it should be pointed out that as part of its annual consultation with its main stakeholders, **aqualia** has decided on this occasion to focus exclusively on an awareness and consideration of the demands and expectations of its employees in respect of company policies and actions that affect them most, so as to be able to provide the correct responses from a human resources management perspective and its CSR policy.

The main initiative of this consultation process was an online survey involving different groups of employees (executives, technicians, operatives, administrative personnel, etc.) in Spain and in other countries where **aqualia** has a presence. The consultation produced relevant conclusions and prompted a multitude of proposals, which will be used to guide responsible human resources management in the years to come. However, the initiative was also useful in that it enabled the participants to get to know each other and assess the range of current activities at **aqualia** in the areas of equality, diversity, conciliation, training, etc., and which affect them directly.

In 2012, **aqualia** plans to continue deepening this employee consultation through face-to-face activities that allow a direct dialogue between the company and its employees, and which allow the latter to become more involved in **aqualia**'s CSR policies.

Collaboration within the water sector

For **aqualia**, existing collaboration with other organisations in the water sector opens up doors to dialogue, the quest for solutions, learning, and the detection of trends that allow social demands to be met and equity in access to resources. This commitment of **aqualia** to the evolution and sustainability of the sector have made the company an active and participatory member of forums and associations, together with other water management companies. The main opportunities provided by this type of relationship can be described thus:

- The ability to defend and promote shared interests.
- Communication between all parties involved in the whole water cycle.
- The opportunity to exchange knowledge of research, training and management of any aspect of the business.
- It allows collaboration with government departments in research, technological progress, legislation, regulation, and technical updates.

Main outcomes of online consultation 2011-2012

· The issues most important to employees consulted (in order of importance) were 'Opportunities for professional career development', 'Occupational health and safety', 'Equality of opportunity', 'Training', and 'Internal communication'.

· The areas in which **aqualia**'s performance is rated most highly are (in order) 'Occupational health and safety', 'Internal communication', 'International professional development', 'Training', and 'Equality of opportunity'.

· Based on opinions expressed by the employees consulted, **aqualia** must focus its efforts in the next few years on continuing its efforts to provide its employees with real opportunities for professional development, continuing to guarantee equality of opportunity, and improving opportunities to achieve a sound work-life balance.

· In this regard, participants contributed a number of proposals and ideas that are currently being evaluated by **aqualia**, and on which it will base its actions in these areas in the future.

Associations and forums of which **aqualia** is a member

- The Spanish Water Supply and Sanitation Association (AEAS).
- The Spanish Association for Water Desalination and Recycling (AEDyR).
- The Association of Water Supply and Treatment of Andalucía.
- The Water Treatment Technology Association (ATTA).
- The Catalan Water Services Grouping (ASAC).
- The PPP Infrastructure forum.
- The Spanish Association of Residential Water Supply Management Companies (AGA).
- The Advisory Council for the Water and Sanitation Cooperation Fund.
- The Water Environment Federation.
- The International Desalination Association.
- The Association of Wastewater Treatment Experts of the Czech Republic.
- The Czech Trenchless Technologies Society.
- The Czech-Polish Chamber of Commerce.
- The Association for the Development of Moravia-Silesia.
- The Water Management Association of the Czech Republic.

Trade fairs and events

aqualia participates in a variety of events, trade fairs and forums each year in an effort to be close to trends and debates in the sector, providing it with an opportunity to lead technical conferences and promote its brand.

Also of note is **aqualia**'s participation at domestic and international meetings of particular importance to the water sector in 2011, such as the 1st Water Leakage Summit held in Dubai, where it presented its experience in network and leakage management. **aqualia** also attended the 'Transformation of the water sector in Saudi Arabia' roundtable at the 'Saudi Water and Power Forum' sessions in Jeddah, reinforcing its strategy for growth in the Middle East in the process.

aqualia also had a corporate stand and gave three presentations at the technical sessions at the IDA World Congress in Perth (Australia) under the leitmotiv 'Desalination: Sustainable Solutions for a Thirsty Planet'.



Saudi Water and Power Forum (Saudi Arabia). José Enrique Bofill, Director of **aqualia** in the Middle East, during the conference.



From left to right: Carlos Massa, General Manager of Acuamed; Marta Morén, General Manager of Agua del Ministerio; Susanna Floth, Director of **aqualia** infraestructuras in the Asia-Pacific; Ángel Garcia, from the Department of Marketing and Communications at **aqualia**; Josep Puxeu, Secretary of State for the Environment, Rural Affairs and Water; and Bartolomé Marín, Head of the Desalination Department at **aqualia** infraestructuras, at the **aqualia** stand at the IDA World Congress.



In the image, first from the right: Fernando Jaraiz, **aqualia** Project Manager in the Middle East, during his intervention at the 1st Water Leakage Summit in Dubai.

Water sector events attended by **aqualia** in 2011

- 'Challenges for Spanish cooperation in water and sanitation' session of the AECID.
- SOMACYL trade fair and 'Ávila WWTP: An example of Innovation' technical session in Ávila.
- 'ASA: 25 Years Innovating Towards the Future' technical session of the Water Companies Association of Andalucía.
- Sessions on workplace reform and harassment in the workplace, organized by Water and Services.
- 'Efficiency in Water Management' technical sessions in Sanlúcar de Barrameda (Cádiz).
- The technical session for water companies and services in Catalonia, organised by ASAC, Igualada (Barcelona).
- 'Specific modalities and areas for cooperation for Spanish companies' Smallwat11 session (Seville).
- Global Water Summit 2011 technical sessions (Berlin).
- AEAS technical sessions in Cartagena (Murcia).
- II AEAS National Conference on innovation in customer relations (Córdoba).
- IDA World Congress 2011, Perth (Australia).
- 'Water Pricing and Roles of Public and Private Sectors in Efficient Urban Water Management' forum (Granada).
- Saudi Water and Power Forum (Saudi Arabia).
- IX Spain-Brazil Binational Seminar on Public Municipal Management (Santander).
- First sectoral summit on network and leakage management (Dubai).
- Hispano-British meeting on biofuel (Madrid).
- 'Water Quality' technical sessions in Madrid, where **aqualia** received energy efficiency certification for the service at La Solana.
- AENOR-**aqualia** technical session, with energy certification for the La Orotava WWTP (Puerto de la Cruz, Tenerife).
- Smart City World Congress. Presentation of the **aqualia** smart management model.



Eastern Zone manager Juan Luis Castillo with Kofi Annan at the presentation of the award to Aigües del Ter del Llobregat executives at the Global Water Summit 2011 in Berlin.



aqualia Corporate Development Manager Pedro Rodríguez; José Juan Díaz, Minister for the Environment in the Autonomous Region of Andalucía; Irene García, Mayor of Sanlúcar de Barrameda; and José A. Mallou, Managing Director of Publicaciones del Sur, at the end of the sessions.



Lucas Díaz (middle), head of the South Zone at **aqualia**, at the 'ASA and R+D+i, University and Technological Centres' roundtable.



Enrique Hernández, Service Management Director, during the awareness-raising day on energy management.

Customers: Our commitment to quality
and transparency.



*In 2011, **aqualia** provided potable water to 7,122,166 customers (38,540 km. of networks managed) and sanitation services to 2,756,902 customers (18,350 km. of networks managed).*

aqualia works with its customers to consolidate trust invested and guarantee unhindered access to water, while at the same time fostering its prudent and responsible water use. **aqualia** is aware of its role in the management of a basic resource as important as water and, in view of this awareness, strives to fulfil the following commitments to its customers on a day-to-day basis:

- Guarantee water supplies and ensure the quality of its services at all times.
- Manage pricing for its services in a transparent manner that also meets the technical requirements of these services.
- Maintain ongoing communication with its customers in order to make its services more accessible, find out what their interests are and, finally, gauge their satisfaction.

Customer communication

*In 2011, **aqualia** issued 328,660 electronic invoices, due to 400 businesses opting for this invoicing method.*

Customer and user satisfaction is a priority for **aqualia**. As a result, the company sees the need to establish ongoing communication with these groups that foster the trust, stability and durability required for the best possible relationship with them as fundamental. To do this, **aqualia** has two basic tools:

aqualiaOnline

This online service, which is available to all users via **aqualia**'s 20 local websites, allows access to a virtual office 24 hours a day, 365 days a year where customers can:

- Consult tariffs.
- Request and pay electronic invoices.
- Facilitate meter readings.
- Submit claims or request disconnection.
- Amend personal details.
- Receive a personal response from **aqualia** to questions, requests and claims.

32,425 customers used **aqualiaOnline** in 2011. Furthermore, **aqualia** saved 329 tonnes of paper during the year as a result of the fact that 400 municipalities received their invoices electronically.

aqualia contact

This is a customer call centre made up of expert managers with vast knowledge of the water sector. As such, they are trained to address customer service issues and problems, and to provide assistance in meter-reading by consumers.

Reading and measurement systems for the self-management of consumption have been notable in recent years due to the significant innovations in said systems: with these systems, consumption can now be measured in a comfortable and accurate manner without having to access users' premises. To date, more than 42,000 units that allow this type of measurement have been installed.

In addition to the channels cited above, **aqualia** also used direct marketing (brochures, letters, posters, etc.) in 2011, remaining in regular contact with its clients to disseminate communication from **aqualia** on water management in their municipality, water quality, and water responsible use. In this regard, it should be pointed out that its main initiative during 2011 was 'Channels of Communication'. This campaign was aimed at all of **aqualia**'s end users in the form of an information brochure that set out the different ways available to them to communicate with the company, as well as posters in the customer service offices and graphics for printed media.

- Brochures on the inauguration of new offices, such as those in Adeje and Arico.
- Different communication tools to present the activities of sports centres, as well as new tariffs, promotions, openings (Villena and Llanera), anniversaries (Denia), etc.



Poster for the 'Channels of Communication' campaign.



Other local actions included:

- Quality Charter in the community of La Serena.
- Household oil collection campaign in Santa Eulalia (Ibiza).
- Presentation brochures for new services in Camarnilla, Casarrubios, Soto del Real, Frigiliana, Fundao, and Cartaxo.
- Brochures to explain invoicing in municipalities such as Frigiliana, Raquera, etc.



Marketing and communication tools.

aqualia conducted 79,524 quality controls in 2011, recording a compliance rate of 99.5%.

The health and well-being of the population served by **aqualia** are directly linked to the quality of water it supplies. To provide an adequate response to this important challenge, the company has a Strategic Quality Plan designed to provide quality and efficiency of the highest order at all phases of water management. To achieve this objective, follow-up indicators must be measured constantly in a number of areas:

- Quality of service.
- Technical performance of the network.
- Level of customer service.
- Quality of water supplied and treated.

To manage the last of these factors (water quality) in a satisfactory manner, **aqualia** conducts a series of working dynamics that help it comply with regulations and controls stipulated by government departments. In terms of quality, **aqualia** has secured ISO 9001-2008 certification for 93.76% of its production, including its laboratories for water for human consumption and wastewater. Similarly, **aqualia**'s five main laboratories (Ávila, Oviedo, Lleida, the Canary Islands, and Jerez de la Frontera) have UNE-EN- ISO 17025:2005 accreditation.

Operating under the name **aqualiaLab**, **aqualia**'s water analysis laboratories guarantee water quality with the dynamics of monitoring and controls derived from the more than 588,362 analyses of potable water and 85,865 analyses of wastewater conducted each year.

In terms of quality management, the most notable event of 2011 was the investment of considerable effort in the review of the management system to integrate all applicable standards and activities of the **aqualia** Group (including overseas activity). Furthermore, during the year **aqualia** Gestión Integral del Agua, S.A. introduced an information security management system according to UNE-ISO/IE 27001:2007 for the operations of the 'Customer Call Centre and Virtual Office', a very important step forward for a services company.



At present, 100% of the activity of **aqualia** infraestructuras España and SmVak, 94.1% of the activity of **aqualia** España and 78.31% of the activity of **aqualia** industrial España are certified under ISO 9001.

In 2012, **aqualia** plans to continue with this effort to extend and integrate its activities into its management system, in particular its international activities.

aqualia's commitment to quality continues in its annual reporting of all information on water management to the National Information on Potable Water System (SINAC), which aims to provide access to all information on infrastructure for the sampling, treatment and supply of water. With all of the information provided by parties involved in water management, potential breaches and risks to the population derived from the intake of water for human consumption can be detected.

Information on supply areas and the quality of water in these areas, as well as information on controls conducted, is available to the public on the SINAC website (<http://sinac.msn.es>) and on local websites where **aqualia** offers its services (www.aqualia.es and www.SmVak.cz in the Czech Republic).

European Benchmarking Cooperation (EBC)

In 2011 **aqualia** participated in EBC, whose objective is to compare water supply and sanitation management models used by various international water management companies. **aqualia** participates in this initiative with Czech firm SmVak, along with 45 participating companies from 19 countries in Europe and two from outside Europe (Brazil and Singapore).

During benchmarking analysis, a predetermined series of variables and indicators that calibrate the efficiency of one management system compared with another is used. In this regard, SmVak reported 300 variables that generated another 200 management indicators, revealing strengths and weaknesses, contrasting the know-how of the company, and laying the foundations for an internal program of improvements.

Said comparison revealed that **aqualia** SmVak is exceptional in areas such as the efficiency of its distribution network, cost coverage ratios, management of energy consumption, and the quality of its water supplies.

Furthermore, **aqualia**'s relationship with SINAC is significant: **aqualia** leads the working group responsible for improving the transparency of information on water quality for users within this ministerial body.

Apart from stipulations by the authorities in relation to water quality, **aqualia** has undertaken a more ambitious commitment of its own. Thus, if it fails to comply with one or more of the indicators during the course of its day-to-day operations, **aqualia** promises to pay its customers a stipulated amount based on the applicable tariff.

Security of supply

aqualia invested 69.99 million euros in maintenance of its infrastructure and produced 660,436,459m³ of potable water in 2011.

Approval for the Water Framework Directive brought with it a change in how water is perceived: it is now a resource that is fundamental to maintaining a good quality environment, and no longer merely a resource. **aqualia** has focussed its business strategy accordingly and is working to provide a response to the challenges posed by this new scenario, the main such challenge being to ensure a correct and regular distribution of water that is suitable for human consumption.

Thus, **aqualia** is focusing its efforts on ensuring a rational, efficient and sustainable use of resources so that it can ensure water supplies in the long-term. To achieve this aim, the company updates and maintains water management infrastructure, which requires substantial investment and advanced control systems to manage and maintain extensive water pipeline networks.

To optimise supplies and minimise the risk of a collapse or breakdown in transport infrastructure, **aqualia** invested 32.73 million euros in maintenance in 2011.

As a result of the modernisation of water supply systems, **aqualia** has a digitalisation system (**aqualiaGIS**) that provides direct, fast access to all necessary information. It also has a leakage search program in supply network management contracts, enabling it to use water in a rational, efficient and sustainable manner via the

application of measures to monitor minimal nocturnal flows and the identification of the sound of water, for example.

In terms of the maintenance of sanitation networks, **aqualia** is making good progress on the design and construction of the necessary infrastructure and the management of wastewater, thanks to the experience of professionals at **aqualia**. **aqualia** manages and monitors 18,350 km of sanitation networks, and invested 5.05 million euros in their maintenance during 2011.



aqualia operative locating leakages.

Management of tariffs and responsible use

According to the Water Framework Directive, and from the perspective of water as an economic good that is scarce and can be put to a number of different uses, a price must be put on the service provided by any water management company. Based on numerous cost-benefit analyses of all uses for water and demand for this resource, **aqualia** has set a tariff that incorporates the social and environmental costs associated with water consumption. Under this premise, the company fosters a responsible attitude towards water consumption and separates tariffs from the political cycle.

Transparency is the main guiding principle in the relationship between the company and its customers. This being the case, invoices issued by **aqualia** reflect real costs and discourage excessive water consumption among users. To this end, the total cost of services provided is divided into three components: a usage charge, a service charge, and a charge for investment in the maintenance of, and improvements to, infrastructure.

Thus, **aqualia** is engaged in a major effort to educate its customers about the real value of water, and endeavours to provide access to this resource for persons with the greatest difficulties, a priority for the company. To this end, **aqualia** is also involved in research and innovation to improve meter reading and measurement systems, while at the same time promoting a message to use less water and to use water responsibly. The aim is to foster the awareness and capacity necessary among customers to manage their water consumption in an efficient manner.

Finally, **aqualia** has reduced tariffs for sectors of the population with special needs, such as NGOs, large families, young people, retirees, and persons on low incomes.

Customer satisfaction

As a service provider, one of the main driving forces behind **aqualia**'s day-to-day activities is customer satisfaction. To achieve this objective, it measures customer satisfaction levels in order to take the measures necessary to improve the quality of service provided.

One of the most important tools for achieving this objective is **aqualia**'s customer satisfaction measurement system, which consists of surveys that assess perceptions of the service provided, analyse changes in the excellence of said service, and provide an understanding of customers' specific needs. Once areas for improvement have been identified, the company can strengthen its relationship with its customers and help improve the quality of its service.

Other services provided by **aqualia** are also assessed specifically by **aqualia** customers. In satisfaction surveys conducted in 2010 (the results of which are valid for two years), 87.55% of respondents described the customer service received at **aqualiaContact** as satisfactory. In customer retention studies among sports centres conducted in 2011, the overall score for customer satisfaction was 8.17 out of 10.



Relevant indicators

Water management indicators

	2009*	2010*	2011*
People served	6,878,763	6,995,849	7,122,166
Total volume of water produced (m ³)	656,152,667	667,813,080	660,436,459
m ³ /inhabitant	95.4	95.5	92.7
Length of water supply network (km)	34,979	37,595	38.540
Potable water production capacity (m ³ /day)	4,593,160	6,533,640	6,074,820
Number of drinking water treatment plants (DWTP)	176	174	201
Number of drinking water pumping stations	825	888	886
Number of drinking water reservoirs	2,482	2,491	2,515
Number of sea water desalination plants	7	9	9

* including SmVak

Drinking water quality

	2009*	2010*	2011*
Number of tests at production sites	597,314	446,023	467,734
Number of non-compliant tests at production sites	2,517	1,473	896
Percentage of non-compliance	0.42%	0.33%	0.19%
Number of tests for distributed drinking water	474,647	721,381	888,724
Number of non-compliant tests for drinking water	4,408	2,025	1,561
Percentage of non-compliance	0.93%	0.28%	0.18%

* including SmVak

Volume of water intake by type of intake

	2009	2010	2011
Sea water (m ³)	10,382,401	6,848,871	12,139,697
Brackish water (m ³)	0	0	0
Reservoir or similar (m ³)	340,215,669	318,891,223	311,605,289
Water filtration gallery (m ³)	1,061,743	925,102	958,545
Spring (m ³)	55,345,450	57,222,550	61,394,235
Tube-well (m ³)	156,101,333	151,093,725	167,322,956
Dug well (m ³)	24,164,278	21,733,173	25,997,710
River or similar (m ³)	77,002,960	71,436,374	78,242,975
Not specified (m ³)	21,515,846	18,524,792	18,915,106
Total (m ³)	685,789,679	646,675,810	676,576,513

Note - The figures in the table correspond to **aqualia** España, **aqualia** Infraestructuras in Spain and Algeria, **aqualia** Industrial in Spain and Smvak. The figures for 2009 have been corrected in respect of those contained in the report for 2009, since they relate exclusively to **aqualia** España.

Security of supply

	2009*	2010*	2011*
Infrastructure maintenance (€)	62,485,118	70,444,028	69,986,065
Incidents in the supply network (n°/km)	1.67	1.58	1.51
Incidents in the purifications network (n°/km)	2.14	0.77	0.81
Spills of the purification networks (m ³ /day/km)	13.80	13.87	12.60
Linear meters cleaned in the purification network(mL)	4,422,562	4,198,126	4,898,041
Percentage of network cleaned (%)	27.2%	25.0%	26.7%

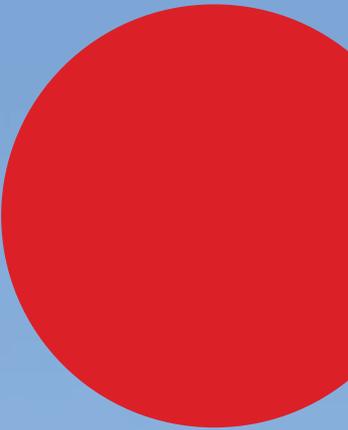
***aqualia** España, SmVaK y Portugal.

Customer evaluation

	2009*	2010*	2011*
Customer complaints	11,780	12,084	12,234
Customer satisfaction (*)	15.0%	15.0%	15.0%

*% of "very good" or "excellent" responses. This index is calculated in the basis of the customer satisfaction regarding different aspects of each of the evaluated services. Each result depends on the importance given to it by the customers (this evaluation corresponds to 2009 and is valid until 2011, as the evaluation is carried out every two years).

Employees: Our greatest asset.



The main driving force of operations at **aqualia** is its team of professionals; it is due to their efforts that the company has been able to obtain the economic, social and environmental results described in this report. The rigorous work done in the area of human resources management has created an environment at **aqualia** that is secure, motivating, and human for everyone who works there, while at the same time turning the company into an attractive place of employment for future candidates.

The lines of action set out in the Corporate Social Responsibility Master Plan for the FCC Group serve as a guide for **aqualia** in this area:

- Talent management
- Workplace health and safety
- Diversity and equality
- Conciliation
- Internal communication

Talent management

The abilities and professional potential of the team at **aqualia** is one of the main current and future assets of the company. For this reason, **aqualia** wants to encourage the professional development of its personnel as much as possible and build strong, versatile teams to address the important challenges posed by markets.

Investment in ongoing training and fostering equality and diversity in personnel management are two factors that make this possible.

Training

*The €449,202 invested in training at **aqualia** in 2011 (20% more than in 2010) was spent on more than 52,500 hours of training provided to 5,181 employees who participated in close to 400 courses.*

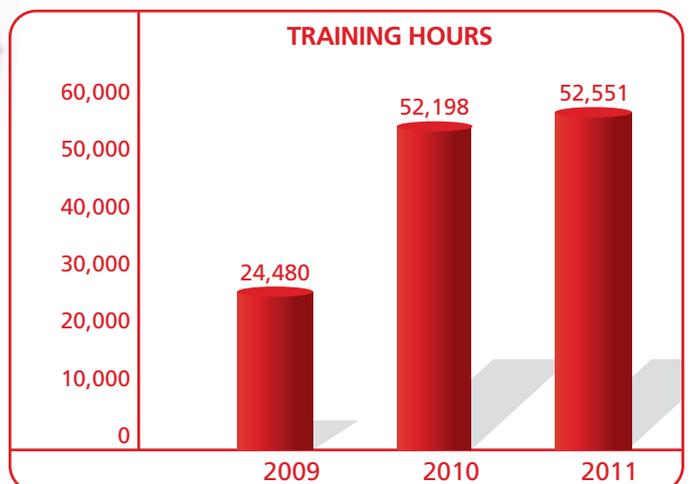
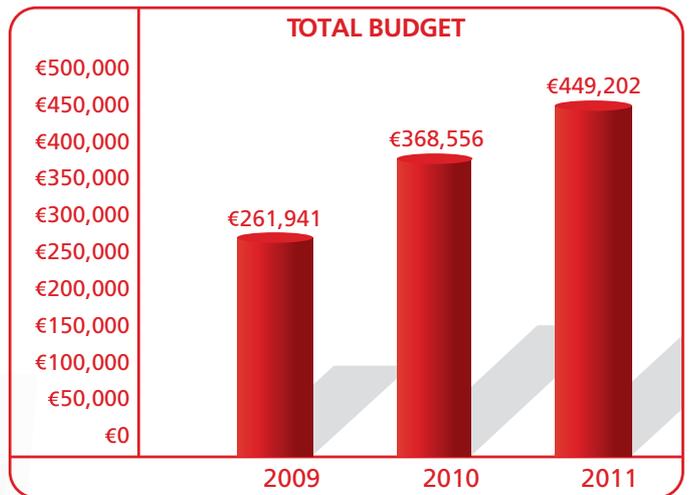
Ongoing training is a fundamental pillar in the professional growth of employees at **aqualia**, and is a factor in the success of the company meeting its business objectives. It is also a source of qualifications and motivation for professionals in the company. To provide opportunities for future professional development, **aqualia** offers its employees professional development plans that are in line with the profile and expectations of each employee.

The main areas in which training is provided are quality, communication, management skills, customer management, workplace risk prevention, laboratory work, and technical training related to water management. Furthermore, as a result of its collaboration with business schools and universities, in 2011 **aqualia** was able to provide courses in skills for use in technical areas or areas linked to marketing and corporate social responsibility.

In this area, for example, **aqualia** collaborates with the Water Technology Institute (ITA) of the Universidad Politécnica de Valencia, so that the heads of department and expert professors of the latter can train **aqualia** employees on technical issues related to innovation.



Pedro Ruiz, Technical Director of the Central Zone (2nd from the right), during his intervention in courses of the Universidad Politécnica de Valencia.



Internationalisation

aqualia invites its employees to participate in programs that offer them the opportunity to develop their professional careers through international mobility within the company. To do this, **aqualia** last year continued the International Mobility project, which aims to identify the profile and potential of all candidates to work in other countries where the Group operates. In 2011, 35 employees were posted to work in countries such as Algeria, the Czech Republic, and Mexico.

Equality and diversity

*In 2011, **aqualia** had a workforce of 7,136 employees* (1.6% more than in 2010). Of this number, 21% were women.*

*This number is for all employees of **aqualia** as a Group, including companies from countries where it operates.

The formation of teams characterised by diversity, equality and non-discrimination is one of the most important sources of talent for **aqualia**. This characteristic is complemented by ongoing efforts to promote a culture of equality among its employees, with its own Equality Plan as the main benchmark in this regard.

Thanks to progress made in the implementation of the Equality Plan, **aqualia** received the Equality in Business Award from the Ministry for Health, Social Policy and Equality in 2011 for a period of three years. This important award acknowledges companies that are notable for their application of plans and policies to promote equality of opportunity within their organisations.



aqualia General Manager Fernando Moreno receiving the Equality in Business Award from Bibiana Aído and Leire Pajín.

Equality Plan

The **aqualia** Equality Plan, which was approved in 2010 and will remain in force until the end of 2013, has seen the introduction of a series of measures to promote a business culture based on respect among employees, the inclusion of diversity, and equality of opportunity for men and women. To date, the company is satisfied with progress made since the introduction of the Plan.

Areas of action affected by the **aqualia** Equality Plan

- Access to employment
- Training
- Promotion
- Remuneration
- Conciliation and joint responsibility
- Measures to prevent and correct discrimination
- Prevention of sexual harassment
- Gender-based violence
- Communications

The most notable of these include measures implemented by the company since 2010 to avoid gender discrimination when selecting candidates for a position. On the other hand, remuneration policies are designed according to levels for each position, so as to avoid possible discrimination in their application. **aqualia** also has separate records for each gender for applying conciliation measures currently in use at the company.

aqualia also has training modules that, using practical cases inspired by real-life events, help facilitate the dissemination and awareness of the Code of Ethics, the Equality Plans and protocols on harassment. These modules continued to be applied in 2011, including content on issues such as equality of access to employment, promotion and training, policies on flexibility and conciliation, an introduction to and decalogue on harassment prevention, and conflict resolution procedures.

In terms of harassment prevention, **aqualia** has established channels for confidential reporting and various awareness campaigns have been conducted via the intranet sites of FCC and **aqualia** to ensure that they are known to all employees.

Finally, in terms of disabled persons, **aqualia** guaranteed equality of access through the implementation of its plan to recruit persons with disabilities, which continued in 2011. This year, **aqualia** recruited 5 disabled persons, increasing its number of disabled employees by 5.9% on the number for 2010.

Workplace health and safety

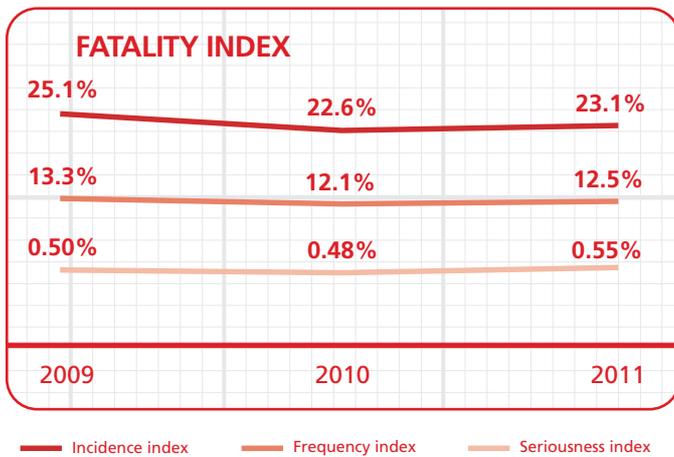
The **aqualia** workplace health and safety training plan consisted of 96 courses given to a total of 1,374 employees in 2011. 30.2% of the total number of hours of instruction given in 2011 was on workplace risk prevention.

At present, 20 health and safety committees represent 2,312 employees.

aqualia has a health and safety policy that is in line with objectives set by FCC and is compulsory for all **aqualia** employees, applicable to all activities undertaken in collaboration with business partners and joint venture partners. In 2011, €2,950,000 was invested in workplace health and safety across all divisions of **aqualia**.



Posters for WRP communication campaign, 2011.



This commitment to health and safety is not confined to Spain. **aqualia** has a guide for the introduction of measures to manage workplace risk prevention (WRP) in its overseas contracts, and continues in its efforts to guarantee the health and safety of its employees through greater investment in WRP management in most countries where it is present.

To secure the involvement of employees and foster the internal dissemination of WRP initiatives **aqualia** continues to develop dissemination and communications campaigns, including the preparation of materials and the publication of these materials on notice boards at each facility, as well as the issue of monthly notices containing information on the most significant incidents within the company and measures that could be adopted to avoid a repetition of such events.

aqualia at VI edition of Laboralia

In 2011 **aqualia** participated in the VI edition of Laboralia, an integrated trade fair on workplace prevention, protection, health and safety in Valencia, with an address at the 'R+D+i in WRP and New Business at EPIS' session alongside companies such as Iberia, Iberdrola, and FISO. At this fair, the company also had a space at the Spanish Association of Labour Prevention Services (AESPLA) stand.

A total of 155 exhibitors attended this edition of the event, with leading experts participating in the various technical sessions held. The organisation opted for internationalisation, with the main objective of boosting the growth of businesses overseas.



César Fernández, Coordinator of Prevention and Development and International Business at **aqualia** at the 'R+D+i in WRP and New Business in EPIS' session at the VI edition of Laboralia.

In 2011, the **aqualia** training plan on workplace health and safety consisted of 96 courses given to a total of 1,374 employees. This training addressed issues such as emergency plans, electric risk safety, works at altitude and in confined spaces, and preventive management. On average, each participant received 6.69 hours of training on workplace health and safety.

In the last three years, around 20% of **aqualia** sites have been audited internally to ensure compliance with its management system. The company has also been audited by an external expert for more than five years, thanks to its OSHAS 18000 certification.



Employees in front of **aqualia** office.



aqualia employees .

Relevant indicators

Number of employees

	2009		2010		2011	
	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN
aqualia España	5,482.4	1,104.6	5,690.6	1,213.0	5,803.0	1,205.0
aqualia Internacional	1,274.0	332.5	1,330.5	339.0	1,333.5	329.0
Total	6,756.4	1,437.1	7,021.1	1,552.0	7,136.5	1,534.0

Note: Decimal points refer to consolidated employees from invested companies.

Health and safety

	aqualia en España			aqualia Infraestructuras		
	2009	2010	2011	2009	2010	2011
Total working hours	9,922,461	10,290,035	10,283,421	255,611	241,689	3,358,969
Working days lost	67,544	67,972	62,179	1,190	684	953
Number of fatalities resulting from an occupational accident	0	0	0	0	0	0
Number of sick leaves due to occupational accidents	132	124	128	1	1	1
Number of major sick leaves due to occupational accidents	2	2	3	0	0	0
Total number of major accidents	3	4	3	0	0	0
Working days lost due to occupational accidents	5,006	4,960	5,676	15	7	24
Working days lost due to common sickness	62,538	63,012	56,503	1,175	662	929

Health and safety

	aqualia Industrial			SmVaK		
	2009	2010	2011	2009	2010	2011
Total working hours	234,457	222,524	204,822	1,624,700	1,644,062	1,635,376
Working days lost	852	1,236	777	8,598	7,440	7,684
Number of fatalities resulting from an occupational accident	0	1	0	0	0	0
Number of sick leaves due to occupational accidents	0	4	1	2	4	8
Number of major sick leaves due to occupational accidents	0	0	0	0	0	0
Total number of major accidents	0	0	0	0	0	0
Working days lost due to occupational accidents	0	153	10	30	81	522
Working days lost due to common sickness	852	1,083	767	8,568	7,359	7,162

Training development

	2009	2010	2011
Total participants	2,149	5.710	5.181
Number of trainings	206	406	393
Total budget (€)	261,940.56	368,556.00	449,202.00
Forfeited amount (€)	235,834.94	380,605.30	459,007.10
Bonuses S.S. (€)	165,843.08	275,914.92	343,589.69
Bonuses/forfeited amount relation	70.3%	67.8%	74.9%
Forfeited amount by participant (€)	109.75	66.66	88.59
Forfeited amount by employee (€)	49.83	77.87	74.54
Number of training hours	24,480	52,198	52,551

Information refers to *aqualia* España.

Workforce composition

aqualia in España

	2009		2010		2011	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Category 1	91.4	173.5	84.2	159.5	86.4	166.5
Category 2	99.8	345.6	115.5	333.2	109.5	339.2
Category 3	683.7	381.8	628.3	339.2	597.8	332.2
Category 4	199.9	3,449.0	326.0	3,479.0	359.8	3,481.0
Total employees	1,074.8	4,349.9	1,154.0	4,310.9	1,154.0	4,318.0
Total % Women	19.8%		21.1%		21.1%	

aqualia Infraestructuras

	2009		2010		2011	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Category 1	14.5	39.0	12.5	39.5	14.5	43.0
Category 2	9.5	41.5	9.0	38.5	5.5	42.0
Category 3	20.6	37.1	22.5	36.6	14.5	29.0
Category 4	5.5	81.7	5.0	48.5	3.0	164.0
Total employees	50.1	199.3	49.0	163.1	37.5	278.0
Total % Women	20.1%		23.1%		11.9%	

aqualia Industrial

	2009		2010		2011	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Category 1	4.0	18.0	3.0	14.0	4.0	12.0
Category 2	3.0	17.0	3.0	16.0	2.0	14.0
Category 3	15.0	15.0	12.0	11.0	9.0	9.0
Category 4	2.0	22.0	2.0	21.0	3.0	23.0
Total employees	24.0	72.0	20.0	62.0	18.0	58.0
Total % Women	21.4%		25.0%		31.0%	

SmVaK

	2009		2010		2011	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Category 1	10.0	95.0	10.0	29.0	10.0	29.0
Category 2	169.0	133.0	176.0	135.0	171.0	133.0
Category 3	15.0	0.0	15.0	0.0	15.0	0.0
Category 4	95.0	536.0	90.0	531.0	87.0	534.0
Total employees	289.0	764.0	291.0	695.0	283.0	696.0
Total % Women	27.4%		29.5%		28.9%	

Category 1 - Managers, Directors, heads of departments, heads of service and works directors.

Category 2 - Master's degree holders, heads of division, heads of negotiation, foremen and graduates.

Category 3 - Assistants and technical assistants, administrative staff and mid-level managers.

Category 4 - operators and junior employees.

The environment: Thinking of the future.



In 2011, 470,730,669 kWh was consumed in integral water management. 28,400,154 kg of reagents were used, while 27,168,545 kWh of renewable energy was produced.

To achieve its mission, **aqualia** has implemented a number of measures within the framework of the environmental policy of FCC and established criteria that are relevant to an efficient management of natural resources, more rational energy consumption, and the identification of risks associated with the activities of the company.

However, in the area of environmental protection, **aqualia**'s main achievement is its investment in research and development through the line of work on sustainability. Through this work, it aims to reduce its environmental impact and reduce energy costs, using wastewater sludge as a resource and creating alternative treatments.

In this way, and bearing in mind the belief that development that is more sustainable is both necessary and possible, the obtaining of water and its subsequent preparation for human consumption and distribution and treatment in order to return it to the environment in an efficient manner is guaranteed.

Management of environmental impacts

*87.77% of production generated by the entities that comprise **aqualia** is ISO 14001 certified.*

Despite the fact that most of **aqualia**'s activity does not have a substantial effect on bodies of water, the company tries to use the most advanced technological systems to remove contaminants and reduce the danger posed by spills.

However, the source of the water can have a significant impact on the environment. In this section, **aqualia** puts special emphasis on and works towards a responsible use of water resources in areas where it is present. All of **aqualia**'s operative divisions must draft environmental plans as a tool to prevent the risks derived from their own activities. Each plan identifies the environmental aspects to be taken into account, as well as legislation applicable in each case. Criteria are then set to assess said impacts and measures adopted and to be adopted to meet the objectives set.

Improvements to the Comillas network (Cantabria)

In 2011, **aqualia**, together with the Comillas municipal council, unveiled the works completed in order to ensure a better use and conservation of water resources available in this district of Cantabria.

As a result of this intervention, the loss of 338 million litres of water has been avoided over the last two years, for which sectorisation works have been carried out on the general water supply network. In addition, the remote control system and advances in technology, IT and management, such as the program for the systematic detection of hidden leakages, have been introduced.



Iván Arce, Service Manager for **aqualia** in Comillas; Fernando de la Torre, Director of the Resto Norte delegation; Javier Presa, Production Manager for **aqualia** in Cantabria; María Teresa Noceda, Mayor of Comillas; José Luis Rivas, Councilor for Works; and Pedro González and María Remedios Llano, members of the municipal corporation.



Cap Djinet (Algeria) - 100,000 m³/d, exterior and interior.

aqualia has ISO 9001 and ISO 14001 certified environmental management systems for all of its activities, allowing environmental plans to be implemented correctly. When the company expands the scope of said certifications, it allows plans to be standardised and quality standards to be maintained.

Meanwhile, certain processes related to the water management system (e.g. energy consumption, the production and consumption of waste from wastewater treatment, the construction of new facilities, and the brine produced by obtaining water from seawater or brackish water) generate environmental impacts, such as greenhouse gas emissions. To offset these effects of its activities, in particular its desalination processes, the company conducts various studies to identify, standardise and assess the impacts of its plants and establishes the measures necessary to reduce their negative impacts on flora and fauna.

*A substantial percentage of water produced by **aqualia** comes from desalination plants, which have a total capacity of 690,000 m³/day. This capacity is equivalent to the consumption of more than 2,700,000 inhabitants in urban areas.*

*The project developed by **aqualia** to restore the ecosystem of the lagoons of Medina del Campo (Valladolid) was incorporated in 2011 in the 'Innovating for Development' report published by the Institute for Family Businesses. This report includes the 25 business initiatives that best link its strategy to sustainable development.*

Waste management

*In 2011, **aqualia** produced 284,686 tonnes of sludge and cleaned 4,898,041 metres of network.*

aqualia is constantly innovating to find new ways to reduce waste from the integral management of the water cycle.

To this end, the company dedicates extensive effort to the introduction of new technologies via investment in R+D+I, in particular in two areas:

- The generation of biogas from organic wastewater digested by bacteria in the digester. This biogas can be used as fuel for boilers that feed the digester, as well as for electrical energy.
- The reuse and recovery of sludge produced in wastewater treatment processes at WWTPs for subsequent use as compost for agricultural purposes. For its part, **aqualia** infraestructuras reduces and reuses waste from the construction and demolition of plants, such as earth and rubble, thanks to its own waste management systems.



Sustainable use of sludge from WWTP at Salamanca II.

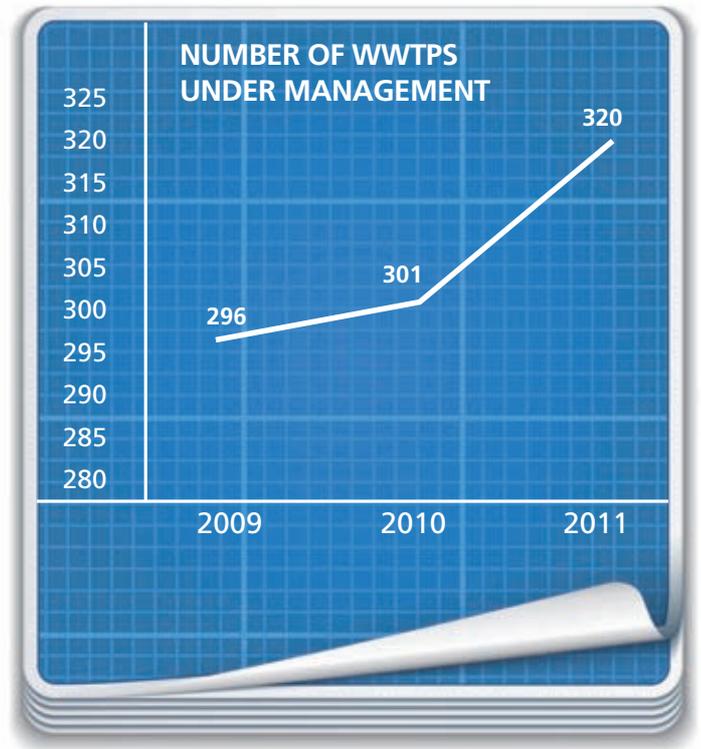


Project to restore Medina del Campo (Valladolid).

New water treatment plant in Badajoz

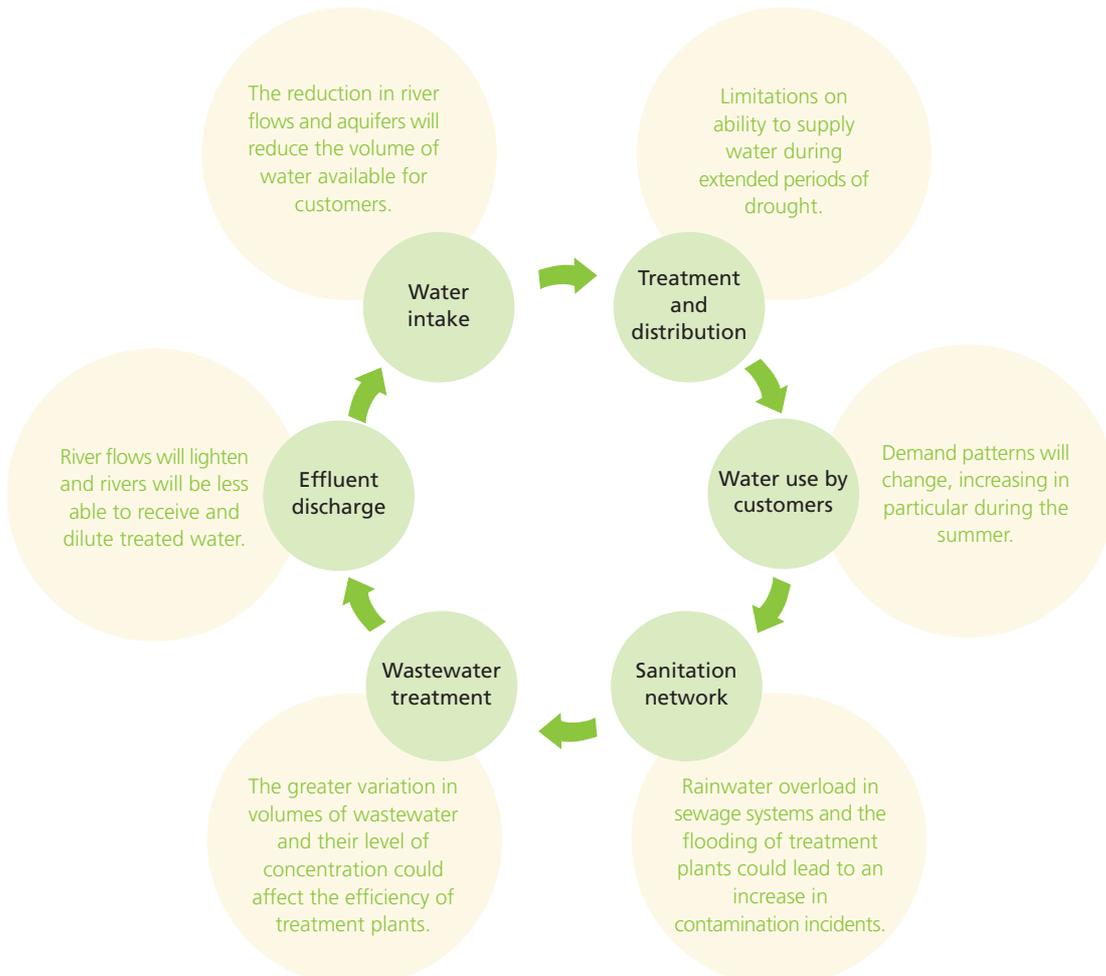
Carried out as part of the Sanitation Master Plan, works by **aqualia** on the new WWTP in 2011 had a budget of one million euros.

This effort at improvement consisted of removing septic cavities and the construction of a WWTP with an innovative biological treatment called SBR (Sequential Batch Reactor) designed by **aqualia** industrial, a new sanitation network, and 17 manholes. This intervention has enabled the company to remain within the strictest limits for spills in accordance with Community Directive 91/271, efficiently handling a flow of 125 m³/day.



Climate change

The impact of climate change on **aqualia's** business



470,730,669 kWh of energy was consumed during 2011. Of this amount 27,168,545 kWh came from renewable energy sources, 142.9% more than in 2010.

The battle against climate change has become a priority for the FCC Group, with its CSR Master Plan being one of the main tools with which it plans to address this challenge. As a subsidiary of the FCC Group, **aqualia** measures the direct and indirect CO₂ emissions of all of its businesses and activities on a monthly basis, both in Spain and overseas. In doing so, the company assumes responsibility for the use of energy it needs for water production in storage and treatment processes.

aqualia also advises its customers on energy efficiency. **aqualia** Infraestructuras offers its customers the options that would maximise energy efficiency during the drafting of the project and during the execution of the works, with the final decision on whether or not to put these improvements in place left to the customer.

Energy management systems

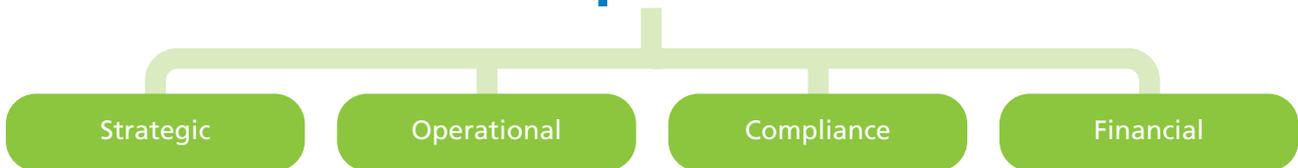
In 2011, **aqualia** updated its energy management systems certificate by securing recently-approved ISO 50001:2011 certification. In addition, AENOR issued the certificates in accordance with UNE-EN 16001:2010 for the energy management systems of its services at La Solana and La Orotava.



Félix Parra, Director of the Central Zone at **aqualia** and Director of Development at AENOR (José Luis Tejera).

Risk management

Risk map



The FCC Group has a corporate risk map. Completed in 2010, this map identifies and describes in detail each of the risks to which companies in the Group are exposed, and highlights mechanisms for control and tools so that they are managed in an optimal manner in each of these companies. Furthermore, during 2011 the Group developed an action plan for all risks described as "critics".

In the specific case of **aqualia**, said map points out the following operational, financial and strategic risks produced by the effects of climate change:

- Changes associated with natural and human systems:
 - Hydro-hazards associated with existing infrastructure.
 - A reduction in the availability of fresh water.
 - An increase in the cost of water treatment.
- Changes associated with public policy:
 - Increases in energy costs.

In particular, the company is working on ways to reduce energy costs, given the sharp increase in the cost of energy in recent times as a result of fluctuations in the cost of electricity. In this regard, as described throughout this document, **aqualia** is constantly researching methods that will enable it to offset these effects, such as greater use of biogas and other methods referred to in the research and development section.

Relevant indicators

Environmental impacts

	2009*	2010*	2011*
Drinking water treatment plants (DWTP) managed	296	301	320
Treated volume (m ³)	487,374,286	522,413,972	510,872,935
Treatment network (km)	14,704	16,797	18,350
Tests	107,912	102,032	101,008
Non-compliance	5,288	5,188	3,640
sludge production (Tn)	265,464	241,887	284,686
Solid waste produced (m ³)	89,845	43,963	118,542

* including **aqualia** España, SmVaK and Portugal.

Waste management

	2009**	2010***	2011***
Hazardous waste (Tn)	-*	-*	5.3*
Non-hazardous waste (Tn)	224,581	338,845	476,660
Total waste produced (Tn)	229,565	346,219	476,665
Sludge produced (Tn)	265,464	241,887	284,686
Solid waste produced (m ³)	89,845	43,963	118,542

*There's no figures for **aqualia** España as its current information management systems make it impossible to obtain reliable data. **aqualia** is working in order to be able to report this information in future reports. **including **aqualia** España and SmVaK *** including all **aqualia** divisions.

Energy consumption and emissions

	2009 GJ	2010 GJ	2011 GJ
DIRECT			
FUEL			
aqualia		113,614	141,591
aqualia infraestructuras		134,147	32,367
aqualia industrial			2,742
SmVaK		2,411	1,480
NATURAL GAS			
aqualia			
aqualia infraestructuras			
aqualia industrial			
SmVaK		27,667	25,945
COAL			
aqualia			
aqualia infraestructuras			
aqualia industrial			
SmVaK		4,026	3,434
RENEWABLE			
aqualia		40,266	97,807
aqualia infraestructuras			
aqualia industrial			
SmVaK		89,699	102,578
Sub-total	1,488,207	411,830	407,944
INDIRECT			
aqualia	1,601,957	1,594,982	1,565,040
aqualia infraestructuras	108	0	0
aqualia industrial	464	464	409
SmVaK	118,543	108,489	115,775
Sub-total	1,721,072	1,703,935	1,681,224
TOTAL	3,209,279	2,115,765	2,089,168
	2009 TnCO ₂	2010 TnCO ₂	2011 TnCO ₂
DIRECT			
aqualia	7,414	8,410	10,481
aqualia infraestructuras	92,772	9,940	2,398
aqualia industrial	0	0	203
SmVaK	9,982	2,134	1,908
Sub-total	110,168	20,484	14,990
INDIRECT			
aqualia	175,458	179,878	176,501
aqualia infraestructuras	12	0	0
aqualia industrial	51	52	46
SmVaK	12,874	16,391	17,492
Sub-total	188,395	196,321	194,039

Suppliers: Chain responsibility.



aqualia paid its suppliers 479,079 euros in 2011.

83% of suppliers evaluated by aqualia in 2011 have some form of certification, mainly ISO 9001 and/or ISO 14001.

aqualia's criteria and rules for hiring suppliers and contractors are in accordance with standards set by the FCC Group, which has a long and solvent chain of suppliers suited to its operational requirements. Due to its international expansion and its performance in different segments of the market, the Group has in the last three years reinforced its procurement function in order to take greater advantage of future opportunities.

Much of FCC's efforts have focussed on consolidating an efficient procurement system and reinforcing the information systems designed to mitigate environmental, reputational and operational risks to the supplier chain.

To this end, contracts entered into by FCC and its subsidiaries with their suppliers and contractors contain certain clauses, such as that which refers to the Code of Ethics and where they can find it. Thus, all suppliers are required to sign and comply with the conditions of the agreement according to the obligations imposed by workplace regulations, social security and workplace risk prevention.

In this regard, **aqualia** has a catalogue of suppliers (mostly domestic) which are required to comply with standards approved in all of its divisions. However, this relationship is based not only on economic efficiency; it also aims to promote good governance, integrity, transparency, and compliance with the Code of Ethics. Thus, suppliers, together with aqualia, promise to adhere to the ten principles of the United Nations Global Compact.

Health and safety

aqualia applies its health and safety policy not only to its employees, but also to its chain of suppliers and contractors. To do this, it extends its knowledge of workplace health and safety via the dissemination of safety regulations and procedures to be followed in the event of an emergency, ensuring that these instructions are correctly understood by its contractors and suppliers.

Employees of subcontractors must be trained at the start of each project. Occasionally, presentations that address issues related to the safety conditions of works to be carried out, among other issues, are also given.



Society: We contribute to progress.



For **aqualia**, the social environment in which it operates is a forum for learning and exchange in which beneficial collaboration can and does materialise as part of a long-term vision. In addition to the activities and services provided by **aqualia**, there are many highly diverse forums in which **aqualia** collaborates with other organisations, both public and private, intervening in social transformation processes and responding to certain interests of the community in territories where it operates.

Most of **aqualia**'s social actions are in the areas of education, culture, and sport. It aims to incorporate water as a thread that binds its activities at all times.

Involvement in social progress

As part of its commitment to society, **aqualia** participates and provides the benefit of its experience of certain issues of general interest to contribute to social progress. This facet of the company is demonstrated by its participation and involvement in institutions whose main activity is integral water management. The most important of these are:

- IMDEA Agua (www.agua.imdea.org)

aqualia is on the board and on the scientific advisory board of this foundation, which was created as an initiative of the Autonomous Region of Madrid to promote research and innovation in the water sector. In addition to providing training to scientists and professionals through various programs, the foundation brings together knowledge derived from experiments, law, social sciences, and engineering.

- Fondo de Cooperación para Agua y Saneamiento (Cooperation Fund for Water and Sanitation) (www.fondodelagua.aecid.es)

aqualia is a member of the advisory board of this fund, which is part of AECID, collaborating with member countries of Spanish Cooperation in Latin America in their progress toward achieving Target 3 of Objective 7 of the Millennium Development Goals: "To halve the proportion of the population without sustainable access to potable water and basic sanitation by 2015".

Furthermore, **aqualia** is the only representative of water management companies that is a member of the working group created to promote the work of the Fund.

- OPTI Foundation (Observatory for Industrial Technology Foresight) (www.opti.org)

The main objective of the OPTI Foundation is to create knowledge of the technical trends that are of most importance to future economic and social development, and which also support technological decision-making in

public and business life. Spain's leading scientific-technological entities are represented on the OPTI board.

In 2010, **aqualia** collaborated in the prospective study on the environment and public services commissioned by the Spanish Foundation for Science and Technology (FECYT) for the development of the Spanish Observatory for Innovation and Knowledge, in order to define the reference framework on the current water and waste management situation and to describe the main future trends in detail. This study, which also involved institutions such as the Madrid City Council, the Catalan Waste Agency, and the Universidad de Salamanca, among others, was conducted in 2011 and can be consulted on the OPTI Foundation website.

Involvement in academia

aqualia collaborates with universities and business schools in two areas: internal training and R+D+i related to integral water management. The most notable collaborations are as follows:

- Universidad Rey Juan Carlos (URJC)

Collaboration in the 'Technological networks, social networks, and business networks: Ideas for innovation, research, and development' summer course held in Aranjuez (Madrid) in 2011. During the course there was a debate on the usefulness of the networks in their broadest sense, exploring the role of social networks in the current environment, their role in social movements, and their importance in the search for employment in greater depth. Issues related to distribution networks for water, professionals and innovation in this area were also discussed.



URJC course. Gonzalo Díe, Planning and External Relations Manager of Red.es of the Ministry for Tourism and Trade; Regino Criado, Course Director; José Manuel Velasco, General Manager of Communications and Corporate Responsibility at FCC; and Juan Bru, Manager of Michael Page.

aqualia, a 'Distinguished Company'

In April 2011, **aqualia** was named a 'Distinguished Company' by the Universidad de Extremadura in recognition of its commitment to the training of students from the Faculty of Economics and Business Studies. Since 2007, aqualia has recruited more than 30 students to do internships in different areas of the company in Extremadura.

This accolade reinforces the position of **aqualia** as a company committed to important institutions, such as the university, collaborating in the training of professionals in the sector in a working environment such as **aqualia**.

- EOI (Escuela de Organización Industrial)

In 2011, **aqualia** became a member of the Advisory Board of the Masters in Quality and Excellence in Business program offered by the Escuela de Organización Industrial (EOI), becoming the only urban services company on the board. In doing so, it joined other organisations such as AENOR, ENAC, ENUSA, ENRESA, Orange, Vodafone, Ericsson, Alstom, RTVE, and Metro de Madrid. Through this collaboration, **aqualia** has been able to participate in the Masters in Quality programme offered by this business school and recruit scholars from the End of Masters program.

- Universidad de Cádiz

For three years, **aqualia** has collaborated with this institution on an R+D+i program to treat water using algae. This project began as a small initiative at the WWTP in Arcos de la Frontera to become what is now an ambitious project with support from the CENIT program (Spain) and the FP7 project (Europe).

To learn more about other initiatives of **aqualia** in collaboration with the university sector, see the 'R+D+i projects in 2011' section in this report.

In 2011, **aqualia** also collaborated in the following initiatives promoted by different parties in the world of academia:

- Sponsorship of the 'Water resources on the Canary Islands: Science, technology, and management' course offered by the Universidad de La Laguna- Adeje (Santa Cruz de Tenerife).
- Advanced Program on Policies and Instruments on Environmental Management, offered by the Universidad San Pablo CEU.
- LVII DIFUTEC sessions on reducing energy consumption in municipal councils, in collaboration with the Universidad de Valencia.
- 'Models for intervention in supply and sanitation' sessions of the Universidad de Comillas de Madrid.
- 'The sustainable removal of nitrogen from the return current of WWTPs' session at the Universidad de Santiago de Compostela.
- III edition of the Masters in Sustainable River Management and Integrated Water Management program (2010-2012) offered by the Universidad de Zaragoza.
- XI edition of the 'Water transport pipe design and installation' course offered by the Universidad de Salamanca.



Francisco Cañada Echániz, Head of Works and Projects Department in the North Zone at the XI edition of the 'Water transport pipe design and installation' course offered by the Universidad de Salamanca.



Students who participated in the **aqualia** summer course at the Universidad Rey Juan Carlos (URJC) de Madrid.

Involvement in education, culture, and sport

In this area, **aqualia** is involved in its own initiatives and cooperates with other initiatives promoted by residents and/or local administrations in communities where it operates.

aqualia invested 314,434 euros in such activities in 2011, 27% less than in the previous year.

In addition to initiatives on a national level, mention must be made of social action initiatives implemented by **aqualia** at its subsidiary in the Czech Republic, SmVak, where a wide variety of initiatives were implemented over the course of last year.



Disabled championship at the Los Alcázares sports centre (Murcia).

Investment in the Region (€)	2009	2010	2011
Culture	141,969	252,200	184,000
Sport	92,995	70,104	112,000
Other (social, assistance, environmental, etc.)	347,046	106,272	149,000
Total	582,010	428,576	445,000

Educational and recreational activities

• In an effort to increase public awareness of the use and necessary protection of water resources, **aqualia** last year lent its support to a number of lectures and events:

- Events to mark World Environment Day at a school in Vigo.
- Events to mark Environment Week in Calahorra.
- Lecture on the whole water cycle to ESO 2nd and 3rd grade students at the Colegio Pedro Parias de Peñaflo.
- Sponsorship of Environment Week at Alcalá de Henares.
- Sponsorship of the X Anniversary of Environmental Education in Hellín.
- Lecture on the whole water cycle at summer schools in Guijuelo.
- IV Mini-Tricycle Race in the city of Archidona.
- Environment Week in Calahorra.
- Participation in the Renewable Energy Trade Fair in Langreo.



Water Week in Santander.



Children's Day celebrations in Fundao, Portugal.



World Environment Day, Vigo.



Environmental awareness in Hellín.



Children's visit to laboratory in Oviedo.

Finally, to celebrate World Water Day, **aqualia** held the IX International Children's Drawing Competition in all of the communities where it is present with the theme 'Water: The most transparent luxury'. A total of 35,272 drawings were received, 18% more than in 2010, from 3rd and 4th grade students from 1,016 schools in Spain, Italy and Portugal. Winners of the competition received drawing cases and video consoles, while a number of schools received computers in recognition of their involvement and high levels of participation in the competition.



Poster of the drawing competition



From left to right: Juan José López, Mayor of Huércal de Almería; Eugenio González, President of the Local Authorities Association of Bajo Andarax; and Daniel Sánchez, Service Managers at **aqualia** in Bajo Andarax, with the 2 winners.

Collaboration in cultural initiatives

In 2011, **aqualia** also collaborated in and sponsored various artistic and cultural events, for example:

- Sponsorship of the Sinfónicos de Moguer Festival.
- Support for the Premios Líricos and the Oviedo Opera Foundation.
- Sponsorship of the historical-cultural magazine Farua de Berja.
- Support for the VI Festival de Cine Inédito de Mérida.
- Sponsorship of the Jaén Autumn Festival.
- Sponsorship of the 'Flamenco en la Plaza Alta' competition in Badajoz.

Sport

Participation in sport develops values such as effort, triumph, and teamwork. For these reasons, **aqualia** promotes and sponsors various sporting events each year. In 2011, the most notable examples of **aqualia**'s involvement in such these events were:

- Sponsorship of the Subbética cycling race.
- Sponsorship of the local basketball club in Salamanca.
- Assistance in organisation of the 7-a-side football tournament in Carbonero el Mayor.
- Support for the Spanish championship for intellectually disabled persons in Los Alcázares.
- Sponsorship of the football and children's volleyball club in Berja.
- Support for Spanish paddleball championship for security forces in Badajoz.
- Sponsorship of V Doñana Natural Cycle Tourism route.
- Sponsorship of sports schools in Jódar.
- Support for IV Vuelta a Mérida mountain bike riding event
- Sponsorship of the Mérida table football team.



Sponsorship of Aguas de Priego youth basketball team.



Sponsorship of Subbética cycling event in 2011 (Aguas de Priego).

Brackish water	Water which, because of the proportion of salt it contains, cannot be consumer nor used in certain ways.
Wastewater	Water from homes, towns or industrial areas and carries dirt and debris.
Biofuel	Fuel resulting from the physical or chemical treatment of vegetable material and organic waste.
Biogas	Gas combination of methane and carbon dioxide, resulting from the bacterial fermentation of organic waste and used as a fuel.
Biomass	Organic matter originating from a spontaneous or provoked biological process and which can be used as a source of energy.
CCC	Customer Call Centre.
Whole water cycle	Using natural water resources for human consumption and returning it to nature under the best possible conditions.
Co-digestion	Collective treatment of organic waste from different sources and with different composition in order to benefit from complementary compositions, resulting in a more efficient process.
Composting	Compost elaboration. Artificially obtained humus through the biochemical decomposition of heated organic waste.
Water purification	Different processes implied in the extraction, treatment and sanitary control of waste products carried by water.
Digester	Closed, hermetic and waterproof container inside which organic matter diluted in water is introduced for its fermentation.
Effluents	Outflows from any water flows management system.
DWPS	Drinking water pumping station.
WWRP	Wastewater reuse plant.
DWPP	Drinking water treatment plant.
SWTP	Sea water treatment plant.
WWTP	Waste water treatment plant.

Wastewater sludge	Sludge or aqueous sediment in which sedimented or decanted solids from gross water are concentrated in a WTP.
Filtration gallery	Linear slightly cambered and shallow excavations, with an observable section at the bottom of which there is free running water.
Frequency index	Number of accidents at work per million working hours.
Accident index	Number of accidents leading to leave per every thousand workers in the company.
Seriousness index	Number of workdays lost per every thousand working hours.
Fatality rates	Frequency, incidence and seriousness indices.
STF	Seawater treatment facility.
SWDP	Sea water desalination plant.
Tube-well	Well which has an inside tube and has a smaller than average diameter.
Water supply network	System of interlinked engineering works which bring water to people's homes.
Sanitation network	Structures and tubes system used in towns for waste and rain water intake and transport.
CSR	Corporate Social Responsibility.
Brine	Water with high salt content.
TTRO	Tertiary treatment by reverse osmosis.
Waste valorisation	Any operation as a result of which waste is usefully reused by substituting other materials which otherwise would have been used for a specific function.

Annex 2: Other relevant indicators

Direct economic value (€)	2009	2010	2011
Net turnover	872,009,000	867,967,000	844,946,000
Revenues from financial investments	14,983,000	9,837,000	11,628,000
Non-current assets	1,378,281,000	1,505,637,000	1,534,984,000
Total	2,265,273,000	2,383,441,000	2,391,558,000

Distributed value	2009	2010	2011
Payments to suppliers	533,850,000	517,109,000	479,079,000
Staff expenditure	208,065,000	215,294,000	223,017,000
Dividends	42,865,000	44,409,000	42,500,000
Interests paid for loans	22,567,000	28,030,000	35,132,000
Company taxes	13,727,000	12,153,000	10,831,000
Other taxes	4,774,000	3,594,000	7,414,000
Donations and other investments in the community	617,000	264,000	49,000
Investments in infrastructures	47,743,000	50,779,000	36,596,000
Total	874,208,000	871,632,000	834,618,000

Note - The economic data of the 2 tables above refer to the whole geographical area of **aqualia**'s activity (both domestic and international) as well as FCC's investee companies.

Water source	2009	2010	2011
Desalination	1.5%	1.1%	1.8%
Superficial	60.8%	60.4%	57.6%
Spring	8.1%	8.8%	9.1%
Groundwater	26.4%	26.9%	28.7%

Nota - Data concerning the entire report.

Water intake-acquisition (m³)	2009*	2010*	2011*
Net water intake for purification	682,844,322	646,221,933	676,784,459
Net water acquisition for purification	246,193,783	238,884,415	223,662,744
Drinkable water bought at the source (for distribution)	199,058,062	198,616,117	194,196,022
TotalTotal	1,128,096,167	1,083,722,465	1,094,643,225

* including SmVak.

Drinking water quality	2009*	2010*	2011*
Number of tests at production sites	597,314	446,023	467,734
Number of non-compliant tests at production sites	2,517	1,473	896
Percentage of non-compliance	0.42%	0.33%	0.19%
Number of tests for distributed drinking water	474,647	721,381	888,724
Number of non-compliant tests for drinking water	4,408	2,025	1,561
Percentage of non-compliance	0.93%	0.28%	0.18%

* including SmVak.

Employees per type of contract	aqualia Spain			aqualia infraestructuras			aqualia industrial			SmVaK		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Indefinite contract	883	879	855	93	93	90	50	41	37	987	986	979
Temporary contract	470	589	543	132	99	208	7	5	4	0	0	0
Other employed	4,071	4,273	4074	24	21	18	39	36	35	0	0	0
University graduates	590	771	714	98	103	128	27	24	22	152	159	161
% of university graduates	10.9%	13.4%	13.1%	39.4%	48.5%	40.6%	28.1%	29.3%	29.0%	15.4%	16.1%	16.45%
Total personnel	5,424	5,741	5,472	249	213	316	96	82	76	987	986	979

Staff-Turnover	aqualia Spain			aqualia infraestructuras			aqualia industrial			SmVaK		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
WOMEN												
Total number of employees	1,075	1,192	1,154	50	49	38	24	20	18	289	291	283
Turnover (employees leaving the company)	38	35	42,5	5	3	2	0	1	2	5	1	2
Turnover rate	3.5%	2.9%	3.7%	10.0%	6.1%	5.3%	0.0%	5.0%	11.1%	1.7%	0.3%	0.7%
MEN												
Total number of employees	4,350	4,549	4,318	199	163	278	72	62	58	698	695	696
Turnover (employees leaving the company)	107	119	104	7	35	6,5	6	1	3	1	1	2
Turnover rate	2.5%	2.6%	2.4%	3.5%	21.5%	2.3%	8.3%	1.6%	6.6%	0.1%	0.1%	0.3%

Training per gender and category 2011*	# of hours		# of employees trained		Hours/employee	
	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
Managers	64.00	3,186.00	4	62	16.00	51.39
Middle management	3,543.00	11,155.00	102	319	34.74	34.97
Technicians	3,204.00	5,583.00	119	168	26.92	33.23
Qualified personnel	4,135.00	12,203.00	241	975	17.16	12.52
Low-skilled personnel	1,375.00	8,103.00	124	821	11.09	9.87
TOTAL	12,321.00	40,230.00	590	2,345	105.91	141.97

*Information for **aqualia Spain**

Additionally, internationally-owned businesses have formed 5,272 employees, who received 34,464 hours of training.

Management: Managers, heads of department, delegates.

Middle management: Service managers, area managers.

Technicians: Qualified technicians, analysts.

Qualified personnel: Administrative personnel, foremen, 1st, 2nd and 3rd-level officials, readers.

Low-skilled personnel: Those relevant to groups 6, 7, 9, and 10. Administrative auxiliary personnel, 3rd-level officials, specialist labourers, labourers.

AENOR Asociación Española de
Normalización y Certificación

SUSTAINABLE VERIFICATION REPORT

VMS-Nº 022/12

The Spanish Association for Standardisation and Certification (AENOR) has verified that the Report of the following firm:

AQUALIA GESTIÓN INTEGRAL DEL AGUA, S.A.

Entitled: ***THERE IS ALWAYS ANOTHER WAY. CORPORATE SOCIAL RESPONSIBILITY REPORT 2011***

Provides a reasonable image and a balanced view of its performance, taking into account not only the data veracity but also the general content of the report, being its application level: **A***

This external assurance is in accordance with the requirements of the G3.1 Guide developed by the Global Reporting Initiative (GRI). The verification has been fulfilled on 3rd July, 2012 and no subsequent performances can be considered.

The present verification will be in force, unless it is cancelled or withdrawn upon AENOR's written notification and according to specific terms of the contract – application nº GRI-029/12 dated 9th May, 2012 and to the General Regulation of January 2007, which require, amongst other commitments, the permission to visit the installations by the technical services of AENOR to verify the veracity of stated data.

This declaration does not condition the decision that Global Reporting Initiative can adopt to incorporate AQUALIA GESTIÓN INTEGRAL DEL AGUA, SA, in the "GRI Reports List" which is published in its Web: <http://database.globalreporting.org>.

Issued on: 5th July 2012

The AENOR logo, consisting of the word "AENOR" in a stylized font, is partially obscured by a large, blue, handwritten signature. To the right of the signature, the text "Asociación Española de Normalización y Certificación" is visible.

Avelino BRITO
Chief Executive Officer



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1. STRATEGY AND ANALYSIS		Totally	
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1.2	Description of key impacts, risks, and opportunities	Totally	
2. COMPANY'S PROFILE		Totally	
2.1	Name of the organisation	Totally	
2.2	Primary brands, products, and/or services	Totally	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Totally	
2.4	Location of organisation's headquarters	Totally	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Totally	
2.6	Nature of ownership and legal form	Totally	
2.7	Markets served	Totally	
2.8	Scale of the reporting organisation	Totally	
2.9	Significant changes during the reporting period	Totally	
2.10	Awards received in the reporting period	Totally	
3. REPORT PARAMETERS		Totally	
3.1	Reporting period for information provided.	Totally	
3.2	Date of most recent previous report		
3.3	Reporting cycle	Totally	
3.4	Contact point for questions regarding the report or its contents	Totally	
Scope of the report			
3.5	Process for defining report content	Totally	
3.6	Boundary of the report	Totally	
3.7	State any specific limitations on the scope or boundary of the report	Totally	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	Totally	
3.9	Data measurement techniques and the bases of calculations	Totally	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Totally	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Totally	
GRI's content table			
3.12	Table identifying the location of the Standard Disclosures in the report	Totally	
Authentication			
3.13	Policy and current practice with regard to seeking external assurance for the report	Totally	
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT OF STAKEHOLDERS		Totally	
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Totally	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Totally	
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	Totally	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Totally	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance	Totally	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Totally	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	Totally	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Totally	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Totally	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Totally	
Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Totally	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Totally	
4.13	Memberships in associations and/or national entities supported by the organisation	Totally	
Stakeholder's participation			
4.14	List of stakeholder groups engaged by the organisation	Totally	
4.15	Basis for identification and selection of stakeholders with whom to engage	Totally	
4.16	Approaches to stakeholder engagement	Totally	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Totally	

Answer	If relevant, please indicate which section has not been reported	Reason for the omission	Comments	Date
Letter from the General Manager P. 5 y 6 Risk Management P. 15 y 47				
P. 14 Present at every stage of the water cycle - P. 17 Operating structure P. 16 P. 72 The value of water - P. 11				
P. 14 The value of water P. 14, 15, 17 y 58 The value of water P. 11 No significant changes aqualia in 2011 P. 9 y 10				
The information included in this report covers the period from January 2011 to the 31 st of December 2011 September 2011, for the financial year 2010 Annually P. 72				
http://www.aqualia.es/rsd/es/_downloads/Grado_de_seguiemiento_recomendaciones_GRI.pdf http://www.aqualia.es/rsd/es/_downloads/Grado_de_seguiemiento_recomendaciones_GRI.pdf				
The report includes all activities in Spain, unless otherwise indicated				
http://www.aqualia.es/rsd/es/_downloads/Grado_de_seguiemiento_recomendaciones_GRI.pdf http://www.aqualia.es/rsd/es/_downloads/Grado_de_seguiemiento_recomendaciones_GRI.pdf				
No significant re-statements of information				
No significant changes				
P. 62 a 69				
P. 60 y 61				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report (Board of Directors).				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report P.11.				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report (Board of Directors and P. 11)				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report (General Meeting of Shareholders).				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report P.17.				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report P.37.				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report P.24.				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See -FCC's Sustainability Master Plan 20122014 (http://www.fcc.es/fccweb/responsabilidad-corporativa/estrategia/plan-director/index.html) - FCC's Code of Ethics (http://www.fcc.es/fccweb/responsabilidad-corporativa/etica-e-integridad/index.html) - Presence in associations and RSC Forums (Corporate Social Responsibility Report).				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report P. 45, Comissions, risk control and management.				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report P. 45, Comissions, risk control and management.				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report P. 45 to 47, Risk control and management.				
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5. PERFORMANCE MANAGEMENT AND INDICATORS APPROACH

5.1. ECONOMIC DIMENSION

Information concerning the economic management approach

Economic performance

EC1	Direct economic value generated and distributed	Totally
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Partially
EC3	Coverage of the organisation's defined benefit plan obligations	Totally
EC4	Significant financial assistance received from government	Totally
Market presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Partially
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Totally
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not reported
Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Totally
EC9	Analysis of the main indirect economic impacts	Not reported

5.2. ENVIRONMENTAL DIMENSION

Information concerning the economic management approach

Environmental performance

Materials

EN1	Materials used by weight or volume	Partially
EN2	Percentage of materials used that are recycled input materials	Totally

Energy

EN3	Direct energy consumption by primary energy source	Totally
EN4	Indirect energy consumption by primary source	Totally
EN5	Energy saving due to preservation and efficiency improvements	Not reported
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Partially
EN7	Initiatives to reduce indirect energy consumption and their resulting reductions	Not reported

Water

EN8	Total water withdrawal by source	Totally
EN9	Water sources significantly affected by withdrawal of water	Totally
EN10	Percentage and total volume of water recycled and reused	Totally

Biodiversity

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not reported
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not reported
EN13	Protected or restored habitats	Not reported
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Reported
EN15	Number of IUCN red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Reported

Emissions, effluents and waste

EN16	Total direct and indirect greenhouse gas emissions by weight	Totally
EN17	Other relevant indirect greenhouse gas emissions by weight	Totally
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Partially
EN19	Emissions of ozone-depleting substances by weight	Not reported
EN20	NOx, SOx, and other significant air emissions by type and weight	Not reported
EN21	Total water discharge by quality and destination	Totally
EN22	Total weight of waste by type and disposal method	Partially
EN23	Total number and volume of significant spills	Totally
EN24	Weight of hazardous waste transported, imported, exported, and treated.	Not reported
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	Not reported

Answer	If relevant, please indicate which section has not been reported	Reason for the omission	Comments	Date
Responsibility for aqualia P. 22-27				
"The value of water - P. 14 Annex 2 - Other relevant indicators"				
"Climate change - P. 46 and 47 Risk management - P. 47"	Quantitative estimates	Not available	aqualia is developing a risk map that will set out the risks and opportunities that are relevant to the company	2013
"aqualia employees have no pension schemes. Therefore, the company has no obligation towards the employee"				
"Grants - €15,544,000 R&D - €79,000 "				
All employees are covered under aqualia's collective agreements. These agreements include the non discrimination between men and women Suppliers - P. 49 and 50	There is no correlation between standard starting salaries and local minimum salaries			
		Not available	Given that aqualia's international presence is quite recent, it still coordinates most of its operations from Spain. As a result of this, there are no active policies to recruit local suppliers or managers. aqualia is working in order to develop these type of mechanisms.	2013
aqualia's activities are of public domain. The core of its business is the management of public water infrastructures with the aim of improving the quality of citizen's lives. Thus, all our investments are provided for public benefit				
aqualia does not have measuring systems to be able to adequately report on this indicator.				
P. 44-47				
Highlighted P. 44 "Volumes of reagents used"	Volume of direct, non-renewable materials used	Does not apply	The most significant materials used are water treatment and purification reagents, which are direct and non-renewable by nature	
Given the nature of aqualia's business (water management), water which has been withdrawn or bought is considered to come from a renewable source. Other types of consumption are of no relevance when compared to the total volume managed				
Climate change - P. 47 and 48 Climate change - P. 47 and 48 aqualia does not have measuring systems to be able to adequately report on this indicator Main R&D projects in 2011 P. 19	Reductions have been achieved	Not available	aqualia has put in place an energy management certification system, which is being rolled out from facility to facility aqualia continues its efforts in order to report this information in the future	2013
aqualia does not have measuring systems to be able to adequately report on this indicator			aqualia has put in place an energy management certification system, which is being rolled out from facility to facility	
Water quality P. 34 to 36 "aqualia has no water withdrawing facilities in protected areas. Water quality - P. 32 to 34" "In aqualia España 7,945,000 m ³ have been recycled, corresponding to 1.6% of the total volume of purified water."				
		Not available	aqualia continues its efforts in order to report this information	2013
		Not available	aqualia continues its efforts in order to report this information	2013
aqualia is not involved in habitat protection or restoration activities. aqualia has not carried out any activity for managing impacts on biodiversity aqualia does not have facilities or conduct activities where protected species are found				
Climate change - P. 48 Climate change - P. 48 "The environment: Thinking of the future - Pág. 46 to 48 Climate change - P. 48"	Greenhouse gas emissions have been avoided	Not available	With the current information management systems it is not possible for aqualia to obtain reliable data.	2013
		Not available	With the current information management systems it is not possible for aqualia to obtain reliable data.	2013
		Not available	With the current information management systems it is not possible for aqualia to obtain reliable data.	2013
"No significant discharges of waste water as a direct result of aqualia's activities have been produced during 2011"				
Waste management - P. 45 and 48	Data for waste to be disposed as composting, reuse, recycling, recovery, incineration or to be sent to the spillway	Not available	With the current information management systems it is not possible for aqualia to obtain reliable data.	2013
No significant discharges of waste water registered during 2011				
aqualia does not transport, import, export, or treat hazardous wastes governed by the Basle Convention aqualia does not discharge significant amounts of water or runoff				

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Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Partially	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Totally	
Rule compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Totally	
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Not reported	
General			
EN30	Total environmental protection expenditures and investments by types	Partially	
5.3. SOCIAL DIMENSION			
Information concerning the management of internships and working ethics			
Social performance			
Employment			
LA1	Total workforce by employment type, employment contract, and region	Partially	
LA2	Total number and rate of employee turnover by age group, gender, and region	Partially	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Partially	
LA15	Return to work and retention rates after parental leave, by gender	Not reported	
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements	Totally	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Totally	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Totally	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Partially	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Totally	
LA9	Health and safety topics covered in formal agreements with trade unions	Totally	
Training and education			
LA10	Average hours of training per year per employee by employee category	Totally	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Not reported	
LA12	Percentage of employees receiving regular performance and career development reviews.	Not reported	
Diversity and equal opportunities			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Partially	
LA14	Ratio of basic salary of men to women by employee category	Totally	
Human rights management			
Investment and supply practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Totally	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Totally	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Totally	
Non discrimination			
HR4	Total number of incidents of discrimination and actions taken	Totally	
Free association and collective agreements			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Totally	
Child exploitation			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	Totally	

Answer	If relevant, please indicate which section has not been reported	Reason for the omission	Comments	Date
"Research & Development - P. 19 and 20 Waste management - P. 45 and 46" aqualia sells water, which does not include any packaging	Noise impact	Not available	Facilities operated by aqualia do not produce significant levels of noise	
No fines or sanctions were recorded for breaches of environmental regulations in 2011				
Impacts derived from transport are not significant in the context of of the organisation				
"Expenses resulting from mud removal - €644,736 Security of supply - P. 34"				
Employees: Our greatest asset P. 38 to 41				
"Equality and diversity - P. 39 Annex 2: Other relevant indicators"	Type of contract by gender	Not available	It was not possible to obtain this information during the preparation of this report	2013
Annex 2: Other relevant indicators	Employee turnover by age group and rate of recruitment	Not available	With the current information management systems it is not possible for aqualia to obtain reliable data. aqualia is working in order to be able to report this information	2013
"Full-time employees have at their disposal subsidized loans for essential medical expenses, purchasing a usual residence house or basic furniture, life and accident insurance plans as well as financial support for relatives with disabilities"		Not available	With the current information management systems it is not possible for aqualia to obtain reliable data. aqualia is working in order to be able to report this information	2013
We continue along the path set out by our parent company, FCC, and 100% of our personnel are covered by collective agreements				
As aqualia is part of the FCC Group, its management body is the same that FCC's. See annual FCC's Corporate Social Responsibility Report p. 474 (dialogue with employees)				
Health and safety at work - P. 40 and 41				
"Health and safety at work - P. 40 and 41 National regulations comply with ILO's requirements in terms of the recording and notification of occupational accidents and diseases"	-Breakdown of independent contractors - Gender Breakdown	Not available	aqualia does not provide a breakdown for contractors. This information is included in the report. Moreover, with the current information management systems it is not possible for aqualia to obtain reliable gender data.	2013
Information is reported at Grupo FCC level, so it is not possible to identify data referring to aqualia. See annual FCC's Corporate Social Responsibility Report. P. 476				
"Under the III national agreement for the sector of potable and waste water (Official Gazette 24/8/2007) a Technical Commission has been created whose mandate is to promote compliance with legal requirements and regulations on Health and safety at work in this sector, as well as the promotion of information and awareness-raising campaigns"				
"Training - P. 38 Annex 2: Other relevant indicators"		Not available		
		Not available		
"Equality and diversity - P. 39 to 42 and 59 See annual FCC's Corporate Social Responsibility Report Annex 2: Other relevant indicators	Breakdown by age group and minorities	Not available	With the current information management systems it is not possible for aqualia to obtain reliable data. aqualia is working in order to be able to report this information	2013
"The collective agreement which covers all employees establishes that there is no salary discrimination between men and women"				
Suppliers. Chain responsibility P. 50				
aqualia maintains the criteria and terms established by Grupo FCC for recruitment processes. See annual FCC's Corporate Social Responsibility Report -P. 479 (4.1. Ethical principles of the FCC Group and in the purchase and supply chain)				
aqualia maintains the criteria and terms established by Grupo FCC for recruitment processes. See annual FCC's Corporate Social Responsibility Report -P. 479 (4.1. Ethical principles of the FCC Group and in the purchase and supply chain) The protection of human rights is implied, as one of the requirements to be fulfilled for the recruitment of suppliers and subcontractors its that it has to comply with all existing regulations in force: labour, tax regulations, etc...				
No training was provided in these areas in 2011				
"No discrimination incidents have been reported during 2011 using the information managements systems of the company"				
aqualia is part of the FCC Group, and therefore complies with all requirements to guarantee that the rights and freedoms of its employees are respected				
"For the moment, the nature of aqualia's business, including its international businesses, does not involve this kind of risks"				

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Forced labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	Totally
Security practices		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning the aspects of human rights that are relevant to operations	Not reported
Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not reported
Assessment		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Not reported
Remediation		
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	Not reported
Information on the management approach regarding society		
Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not reported
SO9	Operations with significant potential or actual negative impacts on local communities	Not reported
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Not reported
Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption	Totally
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Totally
SO4	Actions taken in response to incidents of corruption	Totally
Public policy		
SO5	Public policy positions and participation in public policy development and lobbying	Not reported
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Totally
Anti-competitive behaviour		Totally
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Totally
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Totally
Product responsibility		
Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Totally
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Totally
Product and service labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Totally
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Totally
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Totally
Marketing communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Totally
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Totally
Compliance		Totally
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	

Answer	If relevant, please indicate which section has not been reported	Reason for the omission	Comments	Date
"For the moment, the nature of aqualia's business, including its international businesses, does not involve this kind of risks"				
This indicator is not considered significant, since aqualia does not have security staff that need to be trained in human rights, within the framework of its activities				
		No material	Facilities operated by aqualia are not in areas where there is a risk of human rights violations	
		No material	Facilities operated by aqualia are not in areas where there is a risk of human rights violations	
		No material	Facilities operated by aqualia are not in areas where there is a risk of human rights violations	
Society: We contribute to progress P. 52 to 55				
		Not available	aqualia does not have systems in place in order to measure this type of impacts	2013
		Not available	aqualia does not have systems in place in order to measure this type of impacts	2013
		Not available	aqualia does not have systems in place in order to measure this type of impacts	2013
aqualia is part of the FCC Group, and therefore engages in the practices carried out by this group. See annual FCC's Corporate Social Responsibility Report - P. 459 No training was provided in these areas in 2011 "No corruption incidents detected during 2011"				
		Does not apply	Lobby or advocacy groups are forbidden in Spain. Therefore, aqualia is not engaged in any activities of this kind. However, it participates in business and sectoral associations which, among other things, collaborate with the public administration by voicing the opinion of their partners. Water sector - P. 26	
aqualia does not provide financial and in-kind contributions to political parties in any of the countries where it is established				
During 2011 aqualia has not been subject to any action resulting from monopoly or anti-competitive behaviour				
"Monetary value of fines for non-compliance with laws and regulations - €109,000. There has been no monetary fine nor claims against the company before the arbitration board. There has been a total of 20 sanctions"				
Customers: Our commitment to quality and transparency P. 30 to 35				
"100% of water managed by aqualia is assessed in order to guarantee the quality of supplied and purified water. Water quality - P. 32, 33 and 34"				
The number of confirmed incidents of non-compliance with regulations concerning water for human consumption is 2,912 out of which 639 have been confirmed by SINAC, out of a total number of 588,362 tests				
Water quality - P. 32, 33 and 34 Security of supply - P. 34" Annex 3, P. 58	aqualia's products and services do not require labelling			
Non incident of non-compliance with regulations and voluntary codes have been registered during 2011 Customer satisfaction - P. 35 and 36				
aqualia implements Grupo FCC's policies in terms of marketing communications. FCC has not signed up to any voluntary code advertising or sponsorship "No incidents of this type during 2011"				
No complaints regarding breaches of customer privacy and losses of customer data during 2011				
Fines for non-compliance with the regulations - €21,000				



Statement GRI Application Level Check

GRI hereby states that **aqualia Gestión Integral del Agua S.A.** has presented its report "There is always another way. Corporate Social Responsibility Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 July 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **aqualia Gestión Integral del Agua S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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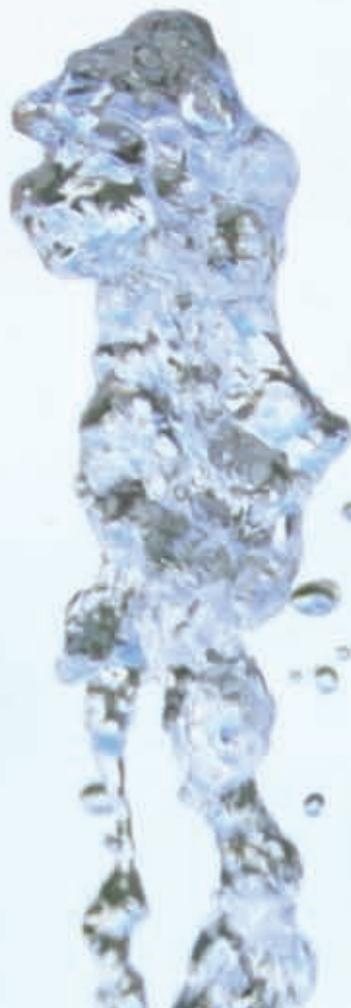
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