

AdP by US

Making a difference in the lives of people

SUSTAINABILITY REPORT 2021



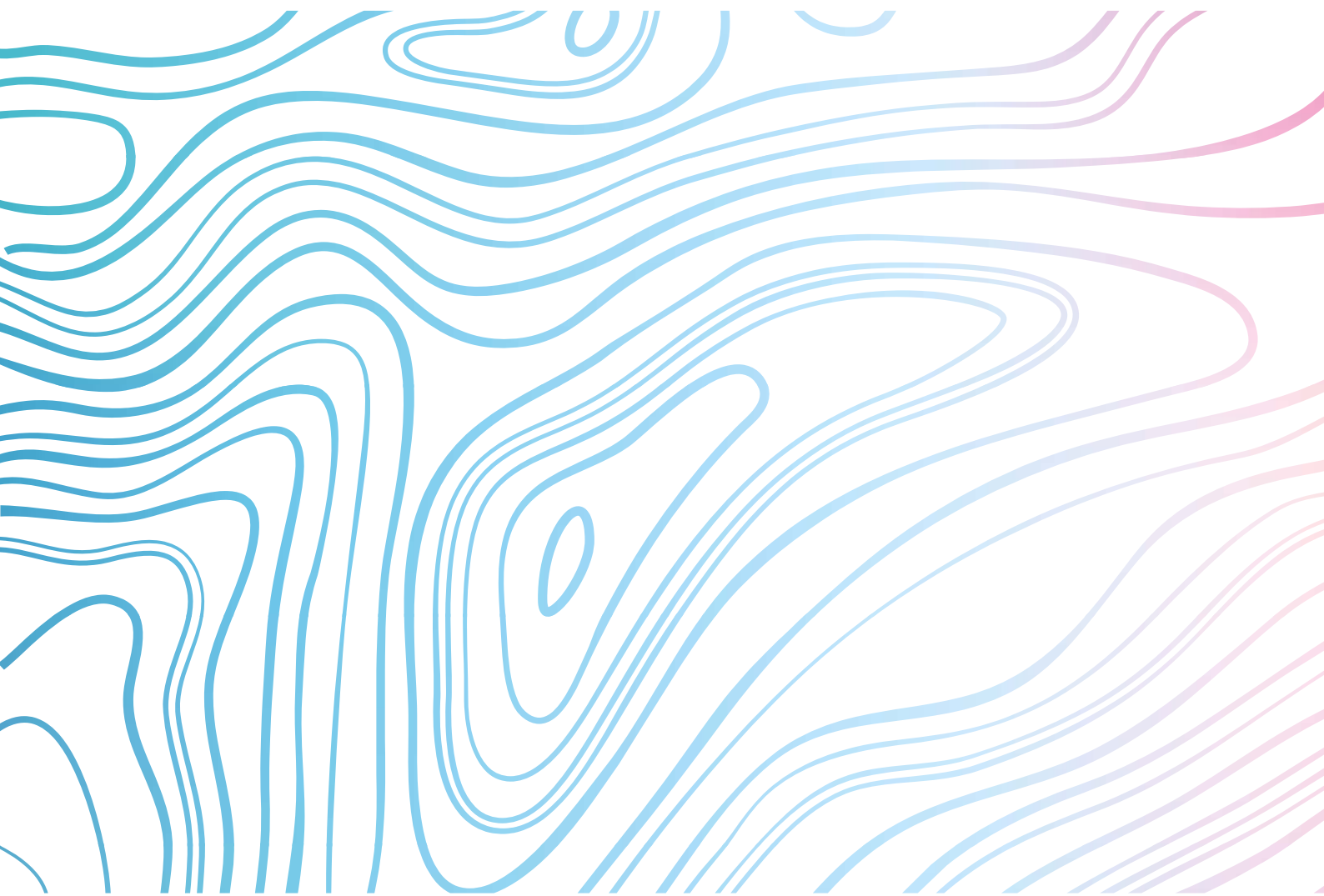


Table of Contents

I. THE ÁGUAS DE PORTUGAL GROUP

1.1 Message from the Chair.....	06
1.2 The big numbers.....	08
1.3 The year in review.....	10
1.4 Profile.....	17
1.5 Where we are.....	22
1.6 Governance.....	24
1.7 Risk management.....	35

2. NEW STRATEGY FOR GREATER IMPACTS

2.1 A benchmark business Group in the environment sector.....	42
2.2 Strategic Framework of Commitment.....	46
2.3 Embracing the SDGs.....	48
2.4 Listening to our stakeholders.....	51
2.5 Our Commitment to Sustainability.....	54

3. WE MAKE THE DIFFERENCE IN THE LIVES OF PEOPLE OUR PERFORMANCE

3.1 Work with purpose.....	80
3.2 Taking action for the climate.....	104
3.3 Accelerating the circular economy of water.....	114
3.4 Enhancing the value of territories.....	124
3.5 Innovating to impact.....	142
3.6 Ensuring water and sanitation across borders.....	150
3.7 Educating for sustainability.....	156

ANNEXES

About the report.....	166
Analysis of materiality.....	168
Sustainability Commitment 2022-2025.....	170
GRI content index.....	180
Methodological notes.....	185
Abbreviations.....	186

ANNEXES





ABOUT THE REPORT

THE 2021 SUSTAINABILITY REPORT

It is with great pride that this year sees the publication of the 14th consolidated report of the Águas de Portugal Group, sharing with our stakeholders our commitment towards sustainable development.

Ever since 2008, the Group has published its Sustainability Report, which integrates a consolidated balance of all Group activities, reporting on their performance and detailing the strategies adopted, the level of compliance with the targets set and the best practices under implementation at operating companies that span the country from north to south and from coast to inland border. This publication enables the deepening of relationships with all stakeholders. Communications with interested parties take place through multiple channels, direct and indirect, with the Sustainability Report the leading document expressing this policy of transparency.

In the fourteenth year, we have made alterations to the reporting structure, having been a year of transition, in which symbiosis gave way to ambitions in keeping with the positioning, principles and commitments assumed by the AdP Group for the field of sustainability.

The AdP Group Sustainability Report is published annually with the reports published in previous years an integral component of this present document.

This report enables us to comply with the legal requirement introduced by Decree Law no. 89/2017, of 28 July, as, according to the terms of article 508.-G of the Companies Code, the Non Financial Consolidated AdP Group Report. This also enables the response planned for 2021 to the regulation on the taxonomy, regulation (EU) 2020/852 enacted by the European Parliament and Council on 18 June 2020 regarding the establishment of a regime for promoting sustainable investment, and that alters Regulation (EU) 2019/2088 that spans the taxonomy, regulations and their objectives. Our key potentially eligible activities in accordance with the delegated act relating to the objectives of mitigation and adaptation to climate change are: water supply, sanitation and the production of hydric and solar energy as well as biogas. In 2022, there shall be deeper analysis in order to ascertain eligibility and the alignment with business turnover; capital expenditure (CapEx) and operational expenditure (OpEx).

SCOPE

The Report details the sustainability performance between January and December 2021 and spans the entire AdP Group universe as at 31 December 2021.

The consolidation of the details took place based on the indicators defined in the “Manual of Sustainability Indicators” of the Group with their content based on the GRI reference framework and the performance indicators defined by the sector regulator – ERSAR.

LEVEL OF CLASSIFICATION

The report was drafted according to the GRI Standards issued by the Global Reporting Initiative, in accordance with the option “In accordance – Comprehensive”. The present Report was subject to independent external verification by Ernst & Young Audit & Asociados, SROC, SA according to a limited guaranteed level of reliability.

ANALYSIS OF MATERIALITY

The indicators approached in the Sustainability Report were defined in accordance with their relevance to the AdP Group and the stakeholders with which the Group interacts.

The cross-referencing of the themes of greatest relevance to stakeholders, ascertained through the opinion survey held in 2021, in addition to media publications and the perceptions of the AdP Group itself of the importance and applicability to its core business defined in the orientations, objectives and targets, highlighted the most effective material aspect for the organisation.

The materiality analysis process (and reviews) is structured into 3 phases:



In 2020, a participative consultation was made within the scope of defining the Strategic Framework of Commitment 2020-2023. In 2021, we would highlight the sounding out of internal and external stakeholders and the Sustainability and Communications Committees, as well as several environmental NGOs. Furthermore, in 2021, we again held the National Study of Portuguese Attitudes and Behaviours to Water, the 2nd edition, in keeping with how a significant proportion of efficiently managing water depends on the attitudes and behaviours of citizens and hence their opinions on this theme require understanding.

As a result of these public opinion surveys, we carried out an updating of the materiality analysis, which resulted in a review of the Sustainability Strategy.

AdP GROUP MATERIALITY THEMES

- Conservation and valuation of hydric resources
- Circular economy for water (ApR, wastes as subproducts, energy)
- Climate change
- Resilience of water infrastructures
- Innovation
- International empowerment and cooperation in the water and energy sectors
- Environment education
- Sustainable water consumption
- Members of staff
- Communities
- Anticipation and management of risks and crises
- Economic-financial sustainability of the management model
- Guarantee of product quality (water supply and treated wastewaters)
- Social justice in the access to water and sanitation
- Guarantee of health and safety in the workplace
- Promotion of a balance between professional and personal lives

The human rights theme is transversal to all AdP Group activities and thus assumed in its diverse commitments, especially the Global Compact, SA 8000 and the Sustainable Development Goals.

AdP BY US

MAKING A DIFFERENCE IN THE LIVES OF PEOPLE

STRATEGIC FRAMEWORK OF COMMITMENT 2020-2022			SUSTAINABILITY COMMITMENT 2022-2025	
PILLAR	STRATEGIC CHALLENGE	AMBITION	SUSTAINABILITY COMMITMENT	OBJECTIVE
Group Culture	Valuing Human Capital NÓS AdP (WE AdP); Knowledge; Organisation and Operating	WORK WITH PURPOSE		Invest in the professional and personal development of our employees
			To value the relationship with employees, encouraging their professional and personal evolution	Guarantee equal opportunities and promote diversity and inclusion
				Ensure occupational health and safety
				Promote a balance between work, family and personal life
				Ensure transversal and effective internal communications

SUSTAINABILITY COMMITMENT 2022-2025

INSTRUMENTS

SDG

GOALS

Establish a new global human resource policy for the AdP Group		
Implement an internal mentoring program focused on sharing experience and knowledge		
Implement the development and learning plan		
Expand the range of training at the AAL – the Águas Livres Academy by 20%	Human Resource Policy and Processes Manual	
Guarantee the participation of all Group employees in AAL training actions and initiatives		
Guarantee training to all employees at a level of >25% over the minimum number of hours stipulated in the labour legislation		
Design a program to promote diversity and inclusion across the Group	Plan for Gender Equality	
Guarantee compliance with the annual Gender Equality Plan	Portuguese Charter for Diversity	SDG3; SDG4; SDG 5; SDG8; SDG10
Ensure 40% of women in decision-making roles by 2030		
Raise the awareness of all Group members of staff about diversity and inclusion	National Target for Gender Equality – UN Global Compact	
Implement a culture of safety across the Group and guarantee zero serious accidents		
Guarantee 8 hours/year of safety training to all members of staff	Integrated Management System	
Undertake the evaluation of psycho-social risk every two years		
Promote the implementation of work life balance management systems for managing professional, family and personal lives across all Group companies	Águas Livres Academy	
Promote dialogue through sounding out climate organisations every two years		
Implementation of a new AdP Group intranet		

AdP BY US

MAKING A DIFFERENCE IN THE LIVES OF PEOPLE

STRATEGIC FRAMEWORK OF COMMITMENT 2020-2022			SUSTAINABILITY COMMITMENT 2022-2025	
PILLAR	STRATEGIC CHALLENGE	AMBITION	SUSTAINABILITY COMMITMENT	OBJECTIVE
Service Excellence & Social Utility	Resilience of infrastructures; Operating Efficiency; Service Quality; Circular Economy; Structural Efficiency	TAKING ACTION FOR THE CLIMATE	Reducing GHG emissions, mitigating our impacts, adapting operations to climate change	Ensure energy neutrality and self-sustainability
				Reduce GHG emissions
				Promote the Group's sustainable mobility
				Promote system resilience and guarantee the availability, quality and safety of the service and the product
Service Excellence	Operating Efficiency; Service Quality; Circular Economy	ACCELERATING THE CIRCULAR ECONOMY OF WATER	Managing the urban water cycle in balance with nature, ensuring the transition to a circular economy.	Conserve and enhance water bodies
				Minimise waste produced and recover it as a by-product

SUSTAINABILITY COMMITMENT 2022-2025

INSTRUMENTS

SDG

GOALS

Increase the production of 100% renewable energy by 20%

Reduce the consumption of electricity by 5%

Boost energy self-sufficiency by 30%

Calculate the Group's carbon footprint by 2022

Draft the Group carbon neutrality contribution by 2023

Train 100% of users in eco-driving

15% of the fleet with less polluting vehicles

Raise by 100% the companies with Water Security Plans by 2022

Raise by 100% the companies with PEAAC by 2023

Ensure the continuity in the water supply and sanitation collection and discharge services, guaranteeing compliance with the plans for renovation, in terms of extending the bulk and retail supply, sanitation and ApR networks

PEAAC – Strategy Plan for Climate Change Adaptation

ZERO – Energy Neutrality Program

Move+ Fleet Certification

NEUTRO – Carbon Neutrality Program

SDG6; SDG7;
SDG9; SDG11;
SDG13

Achieve a minimum of 90% of internal reutilisation for wastewater sanitation activities

Respond, in terms of supply, to the existing demand for ApR in communities served by AdP Group

Reduce inappropriate affluences in the wastewater drainage network

Identifying and reducing 20% of the physical water losses in the bulk and retail networks

Monitoring the water quality in source and receptor environments

Guarantee 70% recovery of supply system sludges

Promote the recovery of 70% of wastewater treatment sludges

Reduce the production of wastewater treatment sub-products by 45%

Reutilisation Action Plan

Wastewater Sludge Management Action Plan 2020-2030

ZERO – Energy Neutrality Program

SDG6; SDG11;
SDG12; SDG14;
SDG15

AdP BY US

MAKING A DIFFERENCE IN THE LIVES OF PEOPLE

STRATEGIC FRAMEWORK OF COMMITMENT 2020-2022			SUSTAINABILITY COMMITMENT 2022-2025	
PILLAR	STRATEGIC CHALLENGE	AMBITION	SUSTAINABILITY COMMITMENT	OBJECTIVE
Service Excellence & Social Utility & Group Culture	Structural Efficiency; Circular Economy; Service Quality; Symbiosis with the Community	ENHANCING THE VALUE OF TERRITORIES		Enhance the relationship of proximity and dialogue with customers and municipal partners
				Contribute to the development of a responsible economy
			Providing a public service of excellence, with a direct impact on improving the population's quality of life	Invest in the relationship and the sharing of values in the supply chain
				Be an integral part of the communities in which we operate
				Protect and restore biodiversity and ecosystems
				Water as an essential factor in deepening the protection of public health

SUSTAINABILITY COMMITMENT 2022-2025

INSTRUMENTS

SDG

GOALS

Develop 3 water loss reduction pilot projects with Municipalities/Managing Entities

Develop 5 inappropriate affluence pilot projects with Municipalities/Managing Entities

Implement a common system for evaluating the services provided by retail companies

Draft and implement a Green Procurement Plan

Promote the Group's values in the supply chain (companies) through 20 awareness raising actions/year

Promote the Group's values in the supply chain (companies) through 15 audits of suppliers/year

Promote the development of greenhouse gas emission inventories in the supply chain: 3 actions

10,000 hours of volunteering/year

5 corporate volunteer projects

Mapping the protected areas in the Group and designing the respective plans for their biodiversity and ecosystems

Guarantee 99.5% of bulk and retail water quality

Guarantee compliance with the discharge licences (compliance with discharge limitations and regular monitoring) in the bulk and retail networks

Integrated Management System

CCDesert – Observatory for Combating Desertification

Gota a Gota, Mudamos Vidas (Drop by Drop, we change lives) Program

Águas sem Fronteiras (Water Without Borders) Program

SDG1; SDG11; SDG12; SDG15

ZERO – Energy Neutrality Program

ENIPSSA – National Strategy for Homeless Persons

AdP BY US

MAKING A DIFFERENCE IN THE LIVES OF PEOPLE

STRATEGIC FRAMEWORK OF COMMITMENT 2020-2022			SUSTAINABILITY COMMITMENT 2022-2025	
PILLAR	STRATEGIC CHALLENGE	AMBITION	SUSTAINABILITY COMMITMENT	OBJECTIVE
Service Excellence & Social Utility & Group Culture	Innovation 360°; Organisation and operating; Valuing human capital; Knowledge; Resilience of infrastructures; Operating efficiency	INNOVATING TO IMPACT	Fostering open, collaborative innovation that creates value for the AdP Group and its companies	Develop RDI projects aligned with the strategic areas of innovation and the needs of AdP Group companies
				Develop and launch innovative products, services and processes
				Develop open innovation based on a multi-polar network of competences
				Promote the digital transformation of the AdP Group
Social Utility	International Business and Cooperation; Symbiosis with the Community	ENSURING WATER AND SANITATION ACROSS BORDERS	Cooperating internationally to promote sustainable water management	Share knowledge through capacity building projects and technical support
				Promote mutual aid in water, sanitation and climate related activities and programs in developing countries
				Operate in a geography of reference

SUSTAINABILITY COMMITMENT 2022-2025

INSTRUMENTS

SDG

GOALS

Boost the number of IRD projects by 10%

Investment by AdP SGPS of 0.1% of turnover in innovation projects undertaken by Group companies

Launch innovation competitions inside the AdP Group

Boost the number of Group developed products by 25%

Group Innovation Agenda

SDG9

Raise by 10%/year the internal and external (national and international) IRD focused projects

Implement the Group strategic digital plan

Raise by 20% the countries covered by the know-how of AdP Internacional

AdP Group Internationalisation Strategy

SDG 3; SDG 6;
SDG 9; SDG 17

Implement cooperation projects in the PALOPs + East Timor

Águas sem Fronteiras
(Water without Borders)
Program

I International operation

AdP BY US

MAKING A DIFFERENCE IN THE LIVES OF PEOPLE

STRATEGIC FRAMEWORK OF COMMITMENT 2020-2022			SUSTAINABILITY COMMITMENT 2022-2025	
PILLAR	STRATEGIC CHALLENGE	AMBITION	SUSTAINABILITY COMMITMENT	OBJECTIVE
Social Utility & Group Culture	Symbiosis with the Community; Structural Efficiency	EDUCATING FOR SUSTAINABILITY	To be a benchmark actor in education for sustainable development	Promote education for sustainable development
				Promote the rational usage of water and the consumption of tap water
				Promote the sustainable usage of the sanitation network
				Encourage the usage of ApR
				Promote the circular economy and energy neutrality
				Promote Innovation
Service Excellence & Group Culture	Economic Sustainability; Organisation and operating		Guarantee the implementation of sector policies, consolidating a benchmark business Group in the environment sector	Guarantee Group sustainability, creating value for the interested parties
				Guarantee the credibility, ethics, transparency and rigor of the Group management model

SUSTAINABILITY COMMITMENT 2022-2025

GOALS	INSTRUMENTS	SDG
<p>Draft a strategic plan for education for sustainable development I</p> <p>> 1,000 visits to installations/year and > 40,000 visitors/year</p>		
<p>1 national campaign/ year</p>		
<p>1 national campaign/ year</p>	<p>AQUAQUIZ</p> <p>Museum of Water</p>	<p>SDG4; SDG12</p>
<p>1 national campaign/ year featuring good examples of green spaces and industrial and commercial activities and even best practices for water use at home</p>	<p>Água a 360°</p> <p>Global communications plan</p>	
<p>Promote best practices, such as sustainable energy usage, the new products and materials produced in water and wastewater treatment plants and the new organic bio-fertilisers demonstrating the effects of Group activities on society</p>		
<p>Campaign focused on the population and stakeholders featuring best practices in innovative processes, products and service developed and commercialised by the AdP Group</p>		
<p>Compliance with the infrastructure investment plans</p>	<p>10 principles of the UN Global Compact/ Global Compact Network Portugal</p>	
<p>Compliance with the Investment Plans for carbon neutrality; the circular economy and the adaptation and mitigation of climate changes</p>		
<p>Group financing through means of sustainable financial instruments</p>	<p>Group Integrity Policy</p>	<p>SDG8; SDG16</p>
<p>Optimise the risk management process by 2023</p>	<p>Alliance for the 17 SDGs</p>	
<p>Guarantee the training in risk control, behaviour and ethics for all members of staff</p>	<p>SEE principles of good governance</p>	

GRI Content Index

GRI Standard		Page
GRI 102 GENERAL REPORTING 2016		
Organisation Profile		
102-1	Name of organisation	17
102-2	Activities, brands, products and services	18-23, 28, 29
102-3	Location of organisation headquarters	Contracapa
102-4	Countries operated in	22, 23, 151
102-5	Legal type and nature of ownership	17, 20, 21
102-6	Markets served	22, 23, 125,-130, 151
102-7	Size of organisation	8, 9, 17, 20, 21, 23, 43-45, 70, 71, 74, 75, R&C 2021,
102-8	Characteristics of labour force	81, 82, 92, 135
102-9	Chain of suppliers	18, 19, 135-137
102-10	Significant changes the organisation and its supply chain	11, 116
102-11	Precautionary principles and their approach	30-39
102-12	External initiatives	48-50, 89, 136, 138, 139
102-13	Membership of associations	140
Strategy		
102-14	Declaration by the Chair of the Board of Directors	6, 7
102-15	Key impacts, risks and opportunities	35-39, 46-66, 77
Ethics and Integrity		
102-16	Values, principles, patterns and norms of behaviour	17, 30-34, 42, 43, 48-50, 87-90, 98, 136, 137
102-17	Internal and external mechanisms for accessing counselling on legal and ethical behaviour and the integrity of the organisation	30-34, 42, 43, 87-90, 98
Governance		
102-18	Structure of governance	24, 25, 33, 34
102-19	Delegation of authority	20, 21, 24-29, RGS 2021
102-20	Board level members with responsibility for economic, environmental and social themes	24, 25, RGS 2021
102-21	Consultation of interested parties on economic, environmental and social themes	50-53
102-22	Composition of the Board of Directors and its Committees	24, 25, 33, 34, RGS 2021
102-23	Chair of the Board of Directors	25, RGS 2021
102-24	Nomination and selection of the Board of Directors members	25, RGS 2021
102-25	Conflicts of interest	25, 30-34, RGS 2021

GRI Standard		Page
102-26	Board of Directors involvement in the definition of values and strategies	RGS 2021
102-27	Overall knowledge of the Board of Directors	86, RGS 2021
102-28	Evaluation of the Board of Directors performance	RGS 2021
102-29	Identification and management of economic, environmental and social impacts	35-39, 59-66, RGS 2021
102-30	Effectiveness of risk management processes	35-39, RGS 2021
102-31	Review of economic, environmental and social themes	35-39, RGS 2021
102-32	Commission or function that includes the formal review and approval of the Sustainability Report of the organisation and ensures the coverage of all material aspects	25
102-33	Communication of critical concerns to the senior management	32, 33, 101, 103
102-34	Number and nature of critical concerns communicated to the senior management	32, 33, 101, 103, 130
102-35	Remunerations policies	RGS 2021
102-36	Remuneration decision-making processes	RGS 2021
102-37	Integration of the opinions of interested parties in remuneration decisions	24, 25, RGS 2021
102-38	Total annual remuneration ratios	185
102-39	Percentage increase in the total annual remuneration ratios	185
Involvement with Stakeholders		
102-40	List of organisation stakeholders	52,
102-41	Collective bargaining agreements	103
102-42	Identification and selection of stakeholders	51, 52
102-43	Means of stakeholder consultation	52
102-44	Key questions and concerns raised by stakeholders	53
Reporting Practices		
102-45	List of entities considered in the consolidated financial reporting	R&C 2021
102-46	Definition of reporting contents and limitations	166, 167
102-47	List of material aspects identified	168, 169
102-48	Reformulations of information provided in previous reports	74, 111, 128, 129
102-49	Changes in reporting	Não houve alterações significativas
102-50	Períod covered by the report	167
102-51	Date of the most recent previous report	167
102-52	Cycle of issuing reports	167
102-53	Point of contact for report related questions	191
102-54	Level of report application compliance with the GRI norms	167
102-55	Index of GRI content	180-184
102-56	External verification	188, 189

GRI 200 BUSINESS REPORTING 2016**TOPICS - GRI 201 Business Performance 2016**

103-1	Explanation of the topic material and limitations	168-179
103-2	The management approach and its components	42-45, 125-133
103-3	Evaluation of the management approach	170-179
201-1	Direct economic value generated and distributed	45
201-2	Financial implications and other risks and opportunities related to climate changes	38, 39, 105-113, 115-123, R&C AdP Energias
201-3	Retirement benefits plan provided by the organisation	185
201-4	Financial benefits received from the state	44, 45, 185

GRI 300 ENVIRONMENTAL REPORTING 2016**TOPICS - GRI 302 Energy 2016**

103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 105-113
103-3	Evaluation of the management approach	170-179
302-1	Energy consumed in the organisation	107-110, 111
302-2	Energy consumed outside the organisation	185
302-3	Energy intensity	185
302-4	Reduction in energy consumption	106-113
302-5	Reduction in the energy requirements of products and services	106-113

TOPICS - GRI 303 Water and Effluents 2018

103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 70-77, 115-118
103-3	Evaluation of the management approach	170-179
303-1	Interactions with water as a shared resource	58-66, 70-77, 115-120, 131
303-2	Management of effluent discharges and their impacts	75-77
303-3	Water extracted	71, 72
303-4	Effluent discharges	75, 76
303-5	Water consumed	71, 72, 117

TOPICS - GRI 305 Emissions 2016

103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 108-113
103-3	Evaluation of the management approach	170-179
305-1	Direct greenhouse gas emissions	111, 185
305-2	Indirect greenhouse gas emissions	111, 185
305-3	Other indirect greenhouse gas emissions	185
305-4	Intensity of greenhouse gas emissions	185
305-5	Reduction in greenhouse gas emissions	105-113
305-6	Emissions of ozone layer destroying substances	185
305-7	NOx, SOx and other significant atmospheric emissions	112

GRI Standard

Page

TOPICS - GRI 306 Wastes 2020

103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 119-123
103-3	Evaluation of the management approach	170-179
306-1	Waste generation and significant waste-related impacts	119-123
306-2	Management of significant waste[]related impacts	119-123
306-3	Waste generated	120-123
306-4	Waste diverted from disposal	121-123
306-5	Waste directed to disposal	121-123

TOPICS - GRI 307 Environmental Compliance 2016

103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 71-76, 131, 132
103-3	Evaluation of the management approach	170-179
307-1	Non-compliance with the environmental legislation and regulations	132, 185

GRI 400 SOCIAL REPORTING 2016

TOPICS - GRI 401 Employment 2016

103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 81-83
103-3	Evaluation of the management approach	170-179
401-1	New members of staff contracted and departures	81, 99
401-2	Benefits for full time employees not attributed to part-time or temporary workers	99, 100
401-3	Parental leave	83

TOPICS - GRI 403 Workplace Health and Safety 2018

103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	11, 42, 101, 102
103-3	Evaluation of the management approach	170-179
403-1	Workplace health and safety management system	42
403-2	Identification of dangers, evaluation of risks and investigation of incidents	11, 101, 102
403-3	Workplace health services	185
403-4	Workplace health and safety consultation, participation and communication	185
403-5	Training in workplace health and safety	102
403-6	Promoting the health of employees	102
403-7	Preventing and mitigating the direct impacts of workplace health and safety issues on employees	11, 101, 102
403-8	Employees covered by workplace health and safety management systems	42
403-9	Workplace related injuries	101
403-10	Employment related healthcare issues	101

GRI Standard		Page
TOPICS - GRI 404 Training and Education 2016		
103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 84-86
103-3	Evaluation of the management approach	170-179
404-1	Average number of hours of training, per employee, per year	85, 86
404-2	Program for deepening skills and competences and assisting in the transition	84, 84
404-3	Percentage of employees who regularly receive evaluation and career review feedback	84
TOPICS - GRI 405 Diversity and Equal Opportunities 2016		
103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 92-103
103-3	Evaluation of the management approach	170-179
405-1	Diversity on the Board of Directors and among employees	25, 92-94
405-2	Ratio between core salary and the remunerations of male/female employees	95-97
TOPICS - GRI 407 Freedom of Association and Collective Bargaining 2016		
103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	42, 103, 135-137
103-3	Evaluation of the management approach	170-179
407-1	Operations and suppliers identified as susceptible of jeopardising the rights to freedom of association and collective bargaining	135-137
TOPICS - GRI 416 Client Health and Safety 2016		
103-1	Explanation of the topic materials and their limitations	168-179
103-2	The management approach and its components	11, 42, 101, 102, 131-134
103-3	Evaluation of the management approach	170-179
416-1	Categories of products and services for which the health and safety impacts are evaluated	11, 42, 77, 101, 102, 131-134
416-2	Incidents of non-compliance reports and the impacts caused to health and safety by products and services	185

METHODOLOGICAL NOTES AND OTHER INFORMATION:

102-38 The remuneration ratio between the highest paid individual and the average of other employees (excluding the highest salary) stands at 4.4.

102-39 The salary rises in 2021 derived from the evaluation of performance while nevertheless verifying that the highest paid individual did not undergo any career progression.

201-1 The economic value distributed takes into account the accumulative total of costs (operating, human resource, financial and taxation).

201-3 EPAL maintains a social benefits system for its employees. See the EPAL 2021 Annual Report and Accounts.

201-4 In 2021, the recognised financial benefits amounted to € 65 336 819.

305-1 and 305-2 The indirect emissions factors (scope 2 – electricity) were determined according to the most recently published official information, specifically the RNC 2050 (2015 and 2016), and the report “Energia em número”, a publication by the Observatory of Energy, DGEG, ADENE and APA (2019, 2020 and 2021).

The values considered for this year's report remain the same with the exception of electricity: Electricity: 0.218 kg CO₂/kWh. The levels for 2020 and 2019 were recalculated based on 0.239 and 0.253 kg CO₂/kWh, respectively. Diesel: 2.660 kg CO₂/l; Petrol: 2.275 kg CO₂/l; Natural Gas: 2.429 kg CO₂/Nm³; Liquefied Gas: 5.909 kg CO₂/Nm³; Propane: 2.94 kg CO₂/kg. The emissions associated with the biogas produced by the wastewater treatment plant anaerobic digestion processes are not considered as, according to Table I of Dispatch 17313/2008, of 26 June (annexed), the emission factor associated with “Landfill gases / refining sludges and other biogases” stands at 0 kg CO₂/m³. This biogas is burned in co-generation units to produce electricity and heat and, when such is not possible, is flared off to guarantee the non-emission of methane into the atmosphere.

302-2 and 305-3 The preliminary evaluation of the emissions associated to the production of the reagents used in industrial processes (specifically liquid carbon dioxide, calcium hydroxide, ferric chloride) and the burning of fuels by subcontracted entities (especially the transport of sludges), indicate that such emissions would not have accounted for over 20% of total emission in 2021 and hence their inclusion did not take place this year. However, from a continuous improvement perspective, and with the objective of undertaking still more rigorous inventories of the AdP Group Carbon Footprint, a project is now under way to develop a tool for monitoring the emission of all Group companies (scope 1, 2 and 3).

302-3 and 305-4 Specific consumption considered the consumption of electricity and the flow level used in calculating the energy efficiency indicator (bulk + retail, supply + sanitation, 1 235 million m³). For the evaluation based on total energy consumption (742.0 GWh), the specific consumption stands at 0.6007 kWh/m³ in 2021. When this evaluation incorporates the energy consumed from the RESP grid (removing from total consumption that energy produced for self-consumption) the specific consumption level comes to 0.579 kWh/m³. The specific emissions in 2021 consider those emissions associated with this RESP consumption and vehicles (company fleets and others). Equally, this considered the same flows associated with the calculation for specific consumption, with the specific emission register of 0.1367 kgCO₂/m³ in 2021. In terms of the emissions avoided by the sale of electricity to the grid (produced inhouse by companies), the specific emissions total 0.1302 kgCO₂/m³.

305-6 AdP Group companies do not deploy substances destructive to the ozone layer in their core businesses.

307-1 In 2021, the AdP Group carried out 44 environmental inspections of operating installations, undertaken mainly by IGMAOT and APA/ARH. There were no fine payments made in 2021.

403-3/403-6 AdP Group companies run workplace medical services. Within this framework, medical staff visit the workplace on a regular basis to ascertain the in loco working conditions of staff with the objective of identifying, in the healthcare dimension, the potential risks that employees are subject to and define action plans so that companies may take preventive actions.

416-2 The ACT carried out 6 inspections in 2021.

ABBREVIATIONS

A

AAL – Águas Livres Academy
ABAE – Blue Flag Association of Europe
ADENE – Agency for Energy
ACT – Working Conditions Authority
AdA – Águas do Algarve
AdAM – Águas do Alto Minho
AdCL – Águas do Centro Litoral
AdDP – Águas do Douro e Paiva
AdNorte – Águas do Norte
AdP – Águas de Portugal
AdPI – Águas de Portugal Internacional
AdRA – Águas da Região de Aveiro
AdSA – Águas de Santo André
AdTA – Águas do Tejo Atlântico
AdVT – Águas de Vale do Tejo
AgdA – Águas Públicas do Alentejo
ANI – National Innovation Agency
APA – Portuguese Environment Agency
ApR – Water for Reutilisation

B

BCSD Portugal – Business Council for Sustainable Development

C

CEO – Chief Executive Officer
CO₂ – Carbon dioxide
COSO – Committee of Sponsoring Organizations of the Treadway Commission
CNPD – Commission of National Date Protection

D

DGEG – Directorate-General for Energy and Geology
DGS – Portuguese General Directorate of Health
DPO – Data Protection Officer

E-F

EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization
ERSAR – The Water and Waste Services Regulation Authority

G

GCNP – Global Compact Network Portugal
GHG – Greenhouse Gas Emissions
GPL – Liquefied Gas
GRI – Global Reporting Initiative

H-I

ICS – Internal Control System
IGAMAOT – The General Inspection of Agriculture, Sea, Environment and Spatial Planning
IRD – Research and Development and Innovation
ISO 9001 – NP EN 9001:2015 – Quality Management Norm
ISO 14001 – NP EN ISO 14001:2015 – Environmental Management Norm
ISO 50001 – NP EN ISO 14001:2012 – Energy Management Norm
ISO 55000 – NP ISO 55000:2016 – Asset Management Norm
ISO 56002 – NP ISO 56002:2019 – Innovation Management Norm

J-K-L

LNEC – National Laboratory of Civil Engineering

M

MRC – The Matrix of Risks and Controls

N

NMVOC – Non Methanic Volatile Organic Compound

NP 4552:2016 – Work Life Balance Management Norm

NO_x – Nitrogen Oxide

NGO – Non-Governmental Organisation

O-P

PALOP – African Countries of Portuguese Official Language

PEAAC – Strategy Plan for Climate Change Adaptation

Q-R

RCM – Council of Ministers Resolution

RD&D – Research, Design, and Development

RESP – Public Service Electricity Grid

RNC 2050 – Carbon Neutrality Roadmap 2050

R&C – Report and Accounts

S

SA 8000 – Social Responsibility Norm

SBTi – The Science Based Targets initiative

SDG – Sustainable Development Goals

SO_x – Sulphur Oxide

T-U

UN – United Nations

UNGC – United Nations Global Compact, on occasion abbreviated to GC

V-W-X-Y-Z

DECLARATION OF EXTERNAL VERIFICATION

Independent Report issuing a Limited Guarantee on the Reliability of the Sustainability Report

To the Board of Directors of
AdP - Águas de Portugal, SGPS, S.A.

Introduction

1. We were contracted by the Board of Directors of AdP - Águas de Portugal, SGPS, S.A. to undertake an independent review of the 2021 Sustainability Report, hereafter referred to as the "Sustainability Report" regarding its sustainable performance over the period between 1 January and 31 December 2021.

Responsibilities

2. The Board of Directors is responsible for preparing the Sustainability Report as well as maintaining an appropriate internal control system, which ensures the information present is free of any material distortions, whether due to fraud or error.
3. Our responsibility consists of issuing a limited guarantee, professional and independent, on the reliability based on the procedures carried out and described in the "Scope" section below.

Scope

4. The work that we completed was planned and implemented according to the International Norm for Works that Guarantee Reliability (ISAE 3000 – Review) – "Works that Guarantee Reliability that are Audits or Simplified Examinations of Historical Financial Information" issued by the *International Auditing and Assurance Standards Board*, for a limited level of reliability guarantee.
5. The procedures undertaken in a work with a limited level of reliability guarantee vary in accordance with the nature and the timeliness and are correspondingly less extensive than a work that provides a reasonable degree of reliability and, consequently, provide less security than a work designed to obtain a reasonable degree of reliability. In keeping with these circumstances, our independent review procedures were as follows:
 - Inquiries to the management body to understand the ways in which the information technology system is structured and the knowledge of the participants in the matters included in the report;
 - Review of the processes, criteria and systems applied to gather, aggregate, present and validate the data relating to 2021;
 - Completion, based on a sample, of tests of the calculations made by the management body as well as testing the compliance of the quantitative and qualitative information included in the report;
 - Confirmation of the compliance of all managers responsible for specific operating units with the instructions for gathering, aggregating, validating and reporting the performance information; and
 - Verification of the conformity of the information contained in the Sustainability Report with the results of our work.
6. As regards the sustainability reporting norms of the *Global Reporting Initiative - GRI Standards*, our work consisted of ascertaining the self-evaluation made by the management body over the option to apply the *GRI Standards* and compliance with the provisions of article 508-G of the Portuguese Companies Code (non-financial information disclosures).

Quality and independence

7. We apply the International Quality Control Norm 1 (ISQC1) and, as such, operate a quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional norms and the applicable legal and regulatory requirements and comply with the independence and ethical requirements of the Code of Ethics of the *International Ethics Standards Board for Accountants (IESBA)* and the national OROC Ethical Code for Chartered Accountants.

Conclusion

8. Based on the work carried out and the results obtained, nothing came to our knowledge that leads us to conclude that the information contained in the Sustainability Report for the year ending on 31 December 2021 is anything but exempt from materially relevant distortions. Additionally, nothing came to our knowledge that leads us to conclude that the Sustainability Report does not contain the data and information required to meet the option "In accordance – Comprehensive" as defined by the *GRI Standards* norms and by article 508-G of the Portuguese Companies Code.

Lisbon, 28 April 2022

Ernst & Young Audit & Associados – SROC, S.A. Firm of Official Chartered Accountants (no. 178) Represented by:

Manuel Ladeiro de Carvalho Coelho da Mota - CA no. 1410

Registered with the CMVM authorities as no. 20161020



Kevin Rose, Unipessoal Lda
Content Provider

Rua Sampaio e Pina, No 50 1º Esq,
1070 250 Lisboa

kar@netcabo.pt

STATEMENT

The document entitled "Declaration of External Verification" published on page 188 of this Sustainability Report was translated by Kevin Rose Unipessoal, Lda from the original documents included in the Águas de Portugal "Relatório de Sustentabilidade 2021".

**COMMUNICATION
ON PROGRESS**



THE 2021 SUSTAINABILITY REPORT INTEGRATES
COMMUNICATION OF THE PROGRESS IN
IMPLEMENTING THE TEN PRINCIPLES OF THE
UNITED NATIONS GLOBAL COMPACT.

CONTACTS

Responsibility for drafting the report is attributed to the Department of Sustainability and Social Responsibility of AdP SGPS and may be consulted at www.adp.pt for further information about the data published or should you wish to send us your comments, please contact us via sre@adp.pt or the postal address of Rua Visconde de Seabra, no. 3, 1700-421 Lisbon.

Your contribution is highly important to us.

Technical Sheet

Edited by

AdP - Águas de Portugal, SGPS, S.A.
Department of Sustainability and Social Responsibility

