

AdP by US

Making a difference in the lives of people

SUSTAINABILITY REPORT 2021



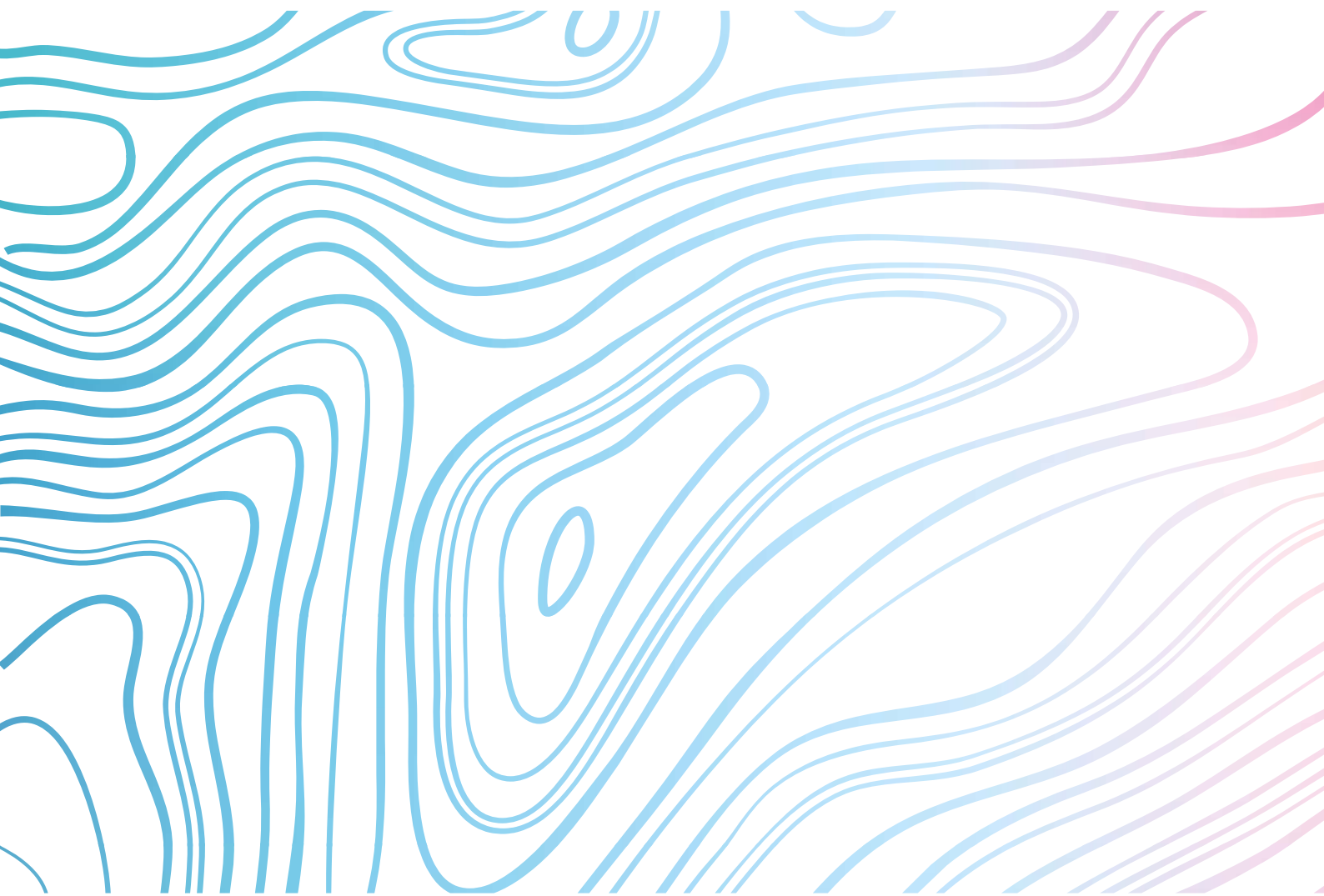


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A hand holding a glass sphere that reflects a landscape of a lake and trees. The background is a blurred natural scene. On the right side, there is a vertical bar with a colorful gradient from blue at the top to pink and orange at the bottom. The text is overlaid on the blue part of this bar.

2. NEW STRATEGIES FOR GREATER IMPACTS

WE GUARANTEE THE IMPLEMENTATION OF SECTORAL POLICIES WHILE CONSOLIDATING A GROUP THAT IS A BENCHMARK REFERENCE FOR THE ENVIRONMENT SECTOR.

2.1 A BENCHMARK REFERENCE GROUP IN THE ENVIRONMENT SECTOR

The AdP Group, as a structural instrument for the environment sector, focuses its actions on environmental, social and economic-financial sustainability in close coordination with various stakeholders and the sectoral policies.

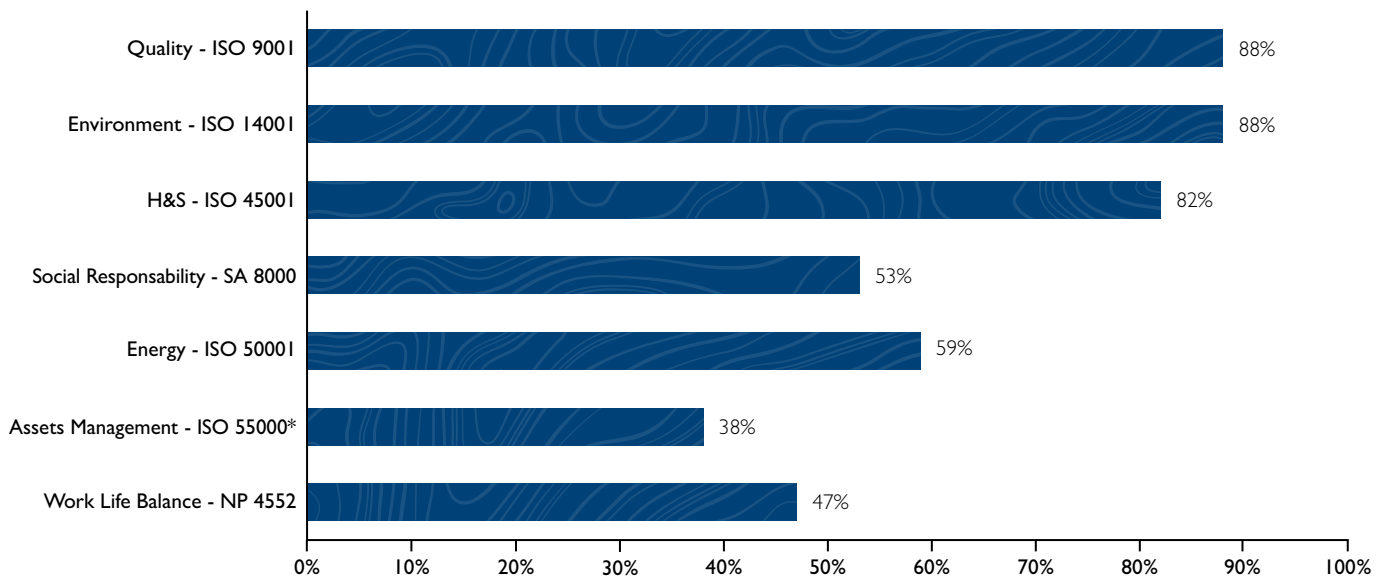
The portuguese State entrusted AdP Group with a central role in meeting national challenges in environmental terms. With our performance, over almost three decades of operations, we have greatly contributed, both directly and indirectly, to the development of the country.

The characterisation of the sector conveys the dynamic historical progress and the constant search for the most appropriate model for achieving the national objectives so as to ensure compliance with the sectoral policies that establish the framework for Group activities and guarantee value to the Shareholder.

The State budget, the rules in effect for good governance in the State Business Sector and the instructions issued by the Supervisor and the Shareholders form the foundations for the AdP Group management model and based on coordinating the highly demanding management objectives and principles of sustainability.

The subsequent challenge for continuously improving levels of performance requires the monitoring of business processes, which has contributed substantially to the certification of Group company management systems.

Certifications
(%)



*With reference to the operational companies.

Prioritising rigorous management standards at companies ensures the principles of transparency and credibility across the financial and operating dimensions of the business based on the ethical values and integrity. The AdP Group deploys various tools for prevention, implementation and control that strive to align all actions in accordance with the principles and values of the Group.

The AdP Group Manual of Sustainability Indicators guarantees the consistency of the indicator collected, ensuring reliability in the consolidation of information referring to the entire Group.

Management model functional control mechanisms:

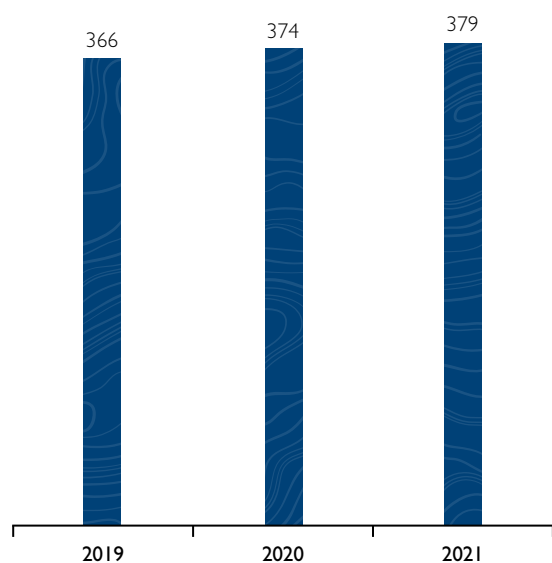
- Audits of the accounts by external entities;
- Legal certification of the accounts;
- Audits of the concession contracts, supply and collection contracts and holding company contracts for the delivery and reception of wastes;
- Audits of investments carried out by the holding company;
- ERSAR regulatory audits evaluating service quality;
- Audits accompanying the public procurement processes for subcontracting projects subject to EU financing through the cohesion fund;
- Audits of the corporate responsibility systems (quality, environment, hygiene, health and safety, social responsibility, asset management, energy, work life balance) by the certifying entities;
- Inspections by external entities (mostly carried out by IGAMAOT and ACT).

At the AdP Group, economic sustainability reflects an essential condition for implementing the management orientations established by the shareholders, as a response to the expectations of members of staff and other stakeholders, and to the commitments assumed in relation to the environment and the quality of service provided to the community. Thus, this requires balancing, in a consistent fashion, technical, economic and financial standards with a high level of environmental performance that enables the charging of tariffs to the final user that represent socially sustainable amounts.

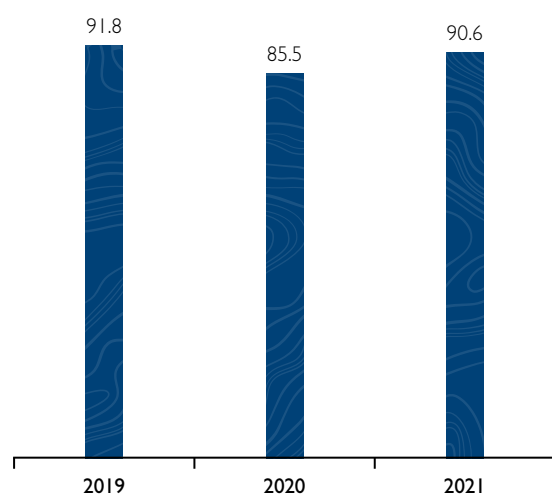
The shareholders play a fundamental role in the business model as they value the diverse interests in different ways and create a reconciliation challenge for the management. The municipalities, one of the leading stakeholders, stand out simultaneously as shareholders and clients. In 2021, 214 municipalities receive water supply services and with 217 served by wastewater treatment services. In the retail sector, the number of direct clients in the water supply segment stood at 680 797 (673 317 in 2020) and with 279 867 receiving sanitation services (272 615 in 2020).



EBITDA (million EUR)



Net annual result (million EUR)

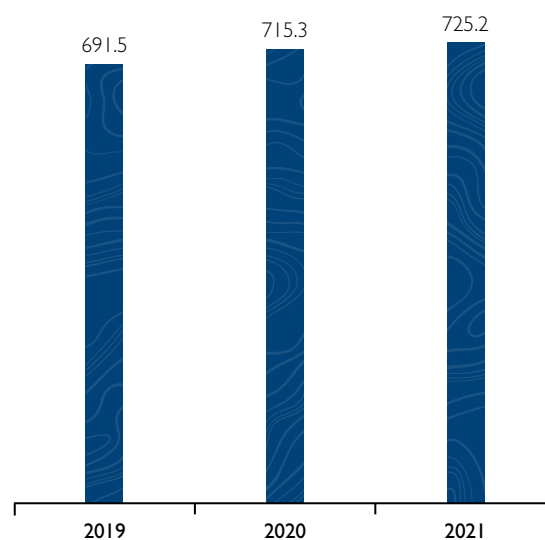


In 2021, the AdP Group net result came in at 90.6 million euros.

(million euros)

	2019	2020	2021
Business turnover	691.5	715.3	725.2
Operating result	160.9	142.7	141.3
EBITDA	365.7	374.1	378.9
Net annual result	91.8	85.5	90.6

Turnover (million EUR)



As an entirely state owned public limited company, the AdP SGPS strives to engage in actions that generate values for its stakeholders through the continuous improvement of the services provided and the adoption of cost rationalisation measures and financial risk management policies. In particular, this implements measures for Group financial consolidation leading to a strengthening of the financial structures of the managed entities and the mitigation of liquidity and interest rate risks with negative repercussions for tariffs and the Group's capacity to generate free cashflow.

The AdP Group management pays particular attention to economic-financial sustainability taking into consideration the specific characteristics of each operation and seeking to offset both exogenous and endogenous risks to the activities as well as other economic factors, such as ageing infrastructures and the need to expand public service coverage to regions with lower demographic densities and greater orographic difficulties.

ECONOMIC VALUE DIRECTLY GENERATED,
DISTRIBUTED AND ACCUMULATED:

- Directly generated economic value – € 882 763 263
- Directly distributed economic value – € 852 990 303
- Directly retained economic value – € 29 772 960

The generation of economic value for Group stakeholders resulted in the following distribution:

- Operating costs: € 603 899 583¹
- Payments to providers of capital: € 61 074 906
- Employees: € 106 831 972²
- State: € 65 006 048
- Donations: € 404 871

We guarantee the economic-financial sustainability of the Group, creating value for our stakeholders.



¹ Does not include IFRIC.

² Does not include training, uniforms, or individual protection equipment.

“BUILDING THE FUTURE, LEVERAGING THE KNOWLEDGE, THE EXPERIENCE AND THE COMMITMENT OF THE MANAGEMENT AND THE PEOPLE THAT MAKE OUR COMPANIES” WAS THE PREMISE UNDERLYING THE ESTABLISHMENT OF THE STRATEGIC FRAMEWORK OF COMMITMENT 2020-2022.

2.2 STRATEGIC FRAMEWORK OF COMMITMENT

The Strategic Framework of Commitment expresses our ambition in our permanent search for best practices, seeking to establish a mobilising path and that enables the consolidation of our shared and affirmative vision of creating value for all stakeholders.

We know that we are living through a context of rapid change that requires us all, with some firmness and capacity, to ensure we do not stray from the path. Nevertheless, there is no better way for planning the future than building it.



“The response capacity to deal with climate changes, anticipate the dynamics driving decarbonisation, enable the digital transformation and incorporate the principles of the circular economy requires redoubled agility and alignment.”

In Message from the Chair, the Strategic Framework of Commitment

As the AdP Group stands out as one of the most efficient and sustainable water management operators internationally due to its focus on excellence in client service, on innovation, resilience, energy and carbon neutrality and the circular economy, the Group has established a path to sustainability that led to the identification of three core axes for priority action approaching the People and Organisation (Group Culture), the Client and User (Service Excellence) and the Environment and Society (Social Utility) – that established 12 strategic challenges implemented through action program for the 2020-2022 triennial in accordance with the Agenda 2030 (available at www.adp.pt).

This Strategic Framework of Commitment seeks to respond to the development of this paradigm and the major societal challenges related to this sector; strengthening the AdP Group response capacity to the dynamics associated with climate change, decarbonisation, the digital transition and the circular economy and enabling progress towards the more efficient utilisation of resources with the objectives of improving water quality and the levels of service to the populations, placing Portugal among the countries with the best environmental performance in Europe.

This represented a transversal and participative process that involved the core stakeholders as well as mobilising collective intelligence as a leading Group asset.

We are certain that the strategic framework defined will enable our response to the demands of wellbeing, public health, environmental quality and sustainable development.

A COMMITMENT WITH THREE PILLARS



A COLLABORATIVE AND PROACTIVE MULTI-STAKEHOLDER APPROACH



There are **17 Goals** that seek to **transform** our world, **promote** our shared **prosperity** and wellbeing through to 2030. The **AdP Group** takes on the sustainability challenge and is committed, through its **business policies** and **practices**, to these **global priorities**.

2.3 WE EMBRACE THE SDGs

Water is an essential good for life, peace and social wellbeing. According to the Sustainable Development Goals (SDG), water scarcity may cause the displacement of 700 million people by 2030, 3 million people worldwide do not have access to basic infrastructures that enable them to conveniently wash their hands and 61% of countries around the globe lack the financing to achieve the objectives defined for covering basic needs in terms of access to water and sanitation.

Access to water, the most precious of all resources, as well as sanitation, are human rights recognised by the United Nations, with SDG6 taking on its transversal importance within the framework of the Sustainable Development Goals of the Agenda 2030. Water and hydric security stand out at the centre of the Sustainable Development Goals. According to the World Bank, without improving the management of water resources and ensuring global access to quality water supply and sanitation services, it will not be possible to successfully face the major challenges of the 21st century – human development, habitable cities, climate changes, food security and energy security.

SDG6 – Clean water and sanitation lies at the core of the AdP Group and the purpose for which we work every day. This SDG emerges as transversal to all others simply because “without water, there is no life”, which endows the AdP Group with a fundamental role of the greatest responsibility for achieving this SDG, in Portugal and internationally.



*Water is a human right,
it is our duty to care for it.*

SUSTAINABLE DEVELOPMENT GOALS



Our role in this SDG begins, from the outset, with the high rates of coverage for supply and sanitation achieved by AdP Group systems, the quality of the water for human consumption as well as the appropriate treatment of wastewaters, thereby contributing decisively to the socioeconomic development, improving public health and the life of ecosystems. This comes in addition to the adoption by retail companies of social tariffs that provide basic service levels to the most needy populations.

The efficient management and the protection of water resources, coupled with boosting system resilience, leveraging water reutilisation for purposes that do not require drinking water standards, such as irrigation and washing public spaces, among many others, will enable the greater availability of this resource.

The impact that the quality of water supply and sanitation services have on public health, especially in reducing water-borne diseases, is today a reference point in public health policy.

Our non-discrimination policy, our commitments to gender equality and our role in the international arena, with major efforts in the PALOPs, contributes decisively to greater equality between men and women within the water sector.

The management of energy and a reduction in the costs associated with water constitutes another strategic priority for the AdP Group within the scope of deepening levels of efficiency that guarantee the eco-efficiency and sustainability of its water supply and wastewater sanitation operations.

Within this framework, the ZERO Program stands out as the AdP Group means of reducing its energy consumption and sharply boosting its own output of 100% renewable energy with the objective of obtaining energy neutrality in 2030. The effective implementation of this program shall enable the Group to take up a position as one of the first on an international level to achieve energy neutrality in all of its national and international activities.

Our investments in innovation, the building of sustainable and resilient infrastructures, as well as the adoption of sustainable technologies and industrial processes, the change in the paradigm from waste to subproduct all enable cities to move down more sustainable paths.

Education in the value of water makes the Group an active agent in fostering change in environmental values.

In the vanguard of global trends, the AdP Group joined the Alliance for the Sustainable Development Goals Portugal in 2016, and with the Group a member of the General Board, deepening its commitment to people and the environment. In 2017, the Group became an ambassador in the Alliance for SDG6 – Drinking Water and Sanitation and SDG9 – Industry, Innovation and Infrastructures.

As regards promoting the Sustainable Development Goals and strengthening the commitment to people, to public health and the environment, among the different initiatives staged nationally and internationally, particular attention should go to the AdP Group membership of the initiative Joint Statement on the Right to Sanitation, launched by a set of European entities and through which the European Commission introduced legal stipulations for the review of the



Directive on the Treatment of Urban Wastewaters in order to guarantee the best possible access to sanitation services across the entire European continent in keeping with the provisions of human rights.

This also highlights the Águas de Portugal support for the acceleration program for implementing the 17 Sustainable Development Goals, the United Nations Global Compact, and one of the 12 Portuguese companies to integrate the challenges set by SDG Ambition for business management. SDG Ambition holds the objective of accelerating the implementation of Agenda 2030 in what is termed the “Decade for Action” to comply with the SDGs - Sustainable Development Goals.



In 2021, we again participated in Social Responsibility week as organiser of the session "What if we didn't wash our hands?" This question is valid at any time, with the timing of pandemic outbreaks giving it even greater prominence. Indeed, having quality water at a tap's distance is an asset that is often not attributed its real value.

Furthermore, in the same year, we contributed towards the Climate Ambition Accelerator, the United Nations Global Compact acceleration program for combating climate change and fostering the transition to zero net emissions, supporting and empowering companies in understanding and managing the risks related to their greenhouse gas emissions (GHG) and in defining targets under the auspices of The Science Based Targets initiative (SBTi). This program took place in 30 countries and counted on the participation of over 450 companies worldwide.



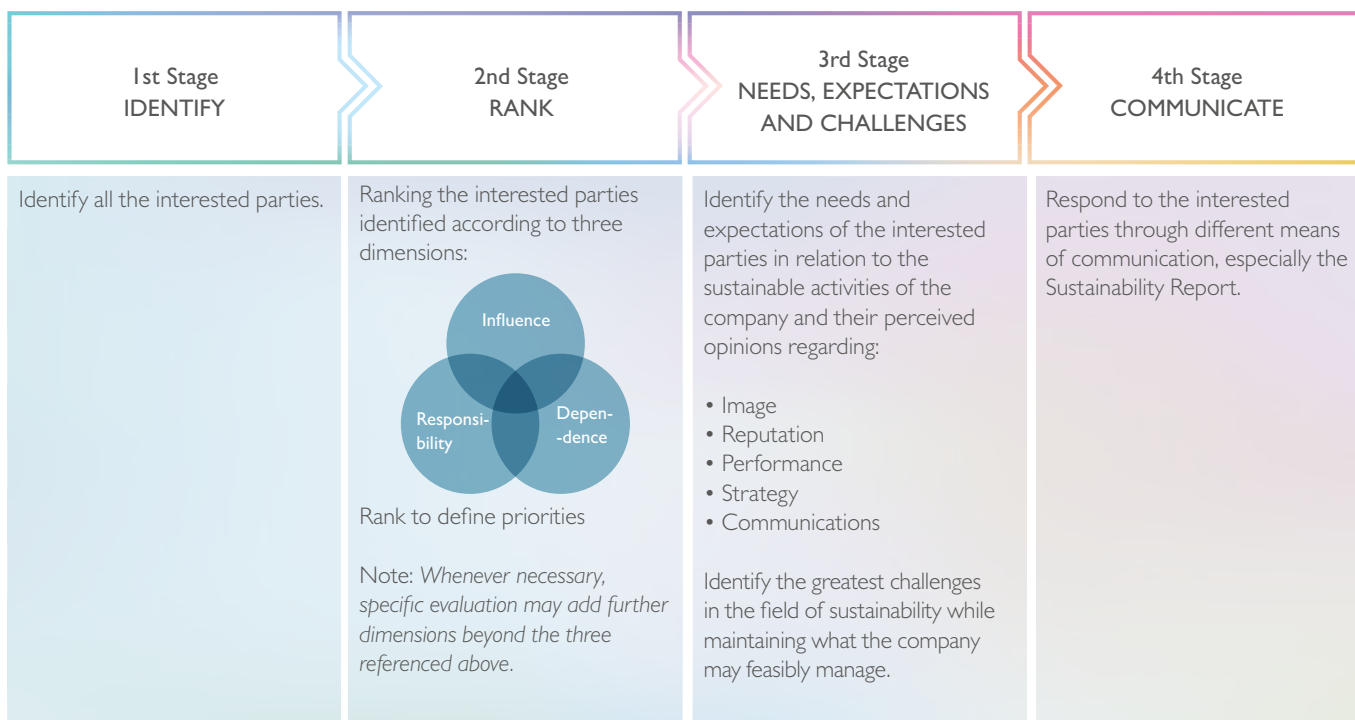
2.4 LISTENING TO OUR STAKEHOLDERS

The AdP Group engages in constant communications with its stakeholders through diverse and different channels, sounding out their opinions and involving them in the strategy. The principle of transparency based on the duty to clearly and openly report and be accountable to all with legitimate interests is a fundamental pillar of the relationships between AdP Group companies and their stakeholders.

The involvement with stakeholders, on the one hand, enables them to grasp the outputs of our activities and, on the other hand, the Group receives inputs as regards their expectations. The exchange and sharing of information contribute to continually improving service quality.

We daily count on the commitment of 3 589³ employees, with 237 partner municipalities, an extensive network of suppliers and with a strong group of other stakeholders dispersed across the extent of the country within the scope of our service to around 8 million of people in Portugal.

The AdP Group has a methodology, already implemented, for identifying and sounding out interested parties and stakeholders that are defined into four stages:



³ 3 501 in active employment

The AdP Group identified the following groups as its stakeholders:



Communication with stakeholders is ongoing through multiple channels, direct and indirect, with the Sustainability Report representing the main document expressing and implementing the transparency policy.

In 2021, stakeholder communications developed in accordance with precedence through the diverse means of involvement deployed, both by the companies individually and by the Group as a whole, across multiple channels, direct and indirect, with consultation also available online.



In 2021, we would highlight the sounding out of our internal and external stakeholders that served as a relevant input for reviewing our strategy and defining new ambitions. Various internal stakeholders and Sustainability and Communications Committees were consulted as well as some environmental sector NGOs.

We seek to know our stakeholders better to identify improvements in involvement and maximise the efficiency of relationships.

The great challenge identified was “Guaranteeing the concept of sustainability is perceived and consolidated by every Group company”. The role of the AdP Group in the management of water, energy and the circular economy were some of the points focused on:

“It is highly important to show, beyond the value of water, what are the Group contributions to other themes such as energy neutrality or the circular economy.”

“There is the need to demonstrate what our role is in Portuguese society: we strongly contribute to the environmental sustainability of the Portuguese and to their quality of life.”

As a result, the themes considered most relevant were:

- Employees
- Innovation
- Circular Economy
- Environmental Education
- Community
- Sustainable Consumption of Water
- Climate Emergency
- Resilience

In addition, 2021 saw the holding of the National Study on Portuguese Attitudes and Behaviours towards Water for the second time, of particular relevance given that a significant proportion of efficient water management is dependent on the attitudes and behaviours of citizens and hence the relevance in ascertaining their opinions. We present below five of the key findings from the consultation of a sample of 1 000 citizens residing in mainland Portugal:

- Citizens are sensitive to environmental issues, receptive to communications and information on this theme.
- Water falls within the scope of the environmental framework, suffering negative consequences particularly associated with scarcity.
- Citizens consider water as a resource with a significant level of waste.
- The willingness to restrict water consumption is dependent on the involvement of citizens. This prevails among those who perceive a strong trend towards shortage and considers the human being plays an important role in this framework.
- The reutilisation of water is considered as the most relevant action and with impact for mitigating scarcity.

Governance of Business Sustainability and Leadership

Criterion 21: Involvement with stakeholders.

in “Progress Information on the United Nations Global Pact”

WE SUPPORT


2.5 OUR COMMITMENT TO SUSTAINABILITY

The Sustainability of the AdP Group is an integral part of its management strategy to the extent the Group sustains its actions on a commitment to improving the natural and human capital and to the benefit of current populations and future generations.

Water is duly consecrated as a human right and lies at the centre of sustainable development. It is fundamental to socioeconomic development as the core factor in public health and the life of ecosystems. The scarcity of this resource is an increasingly stark reality that should drive a balancing between the supply and demand for this good. An estimated three out of ten people do not have access to drinking water with over two billion people living in countries with high levels of water stress and around four billion people experiencing a serious shortage of drinking water for at least one month per year.

Water is inseparable from sanitation and they are together vital to the growth of balanced societies.

The AdP Group contributes through its performance, generating a positive impact on public health, the quality of life of populations, the climate, the natural capital and the development of increasingly sustainable developments. At our core are the supply of water and the sanitation of wastewaters, universal human rights, making a significant impact on combating social, economic and environmental inequalities and unquestionably fostering compliance with the Sustainable Development Goals, especially SDG6 – Clean water and sanitation.

Our management challenges in the supply of water and sanitation services involve the more efficient management of the urban water cycle in balance with the cycles of nature and while combating climate change while always retaining present the pillars of universality, continuity, quality of service, efficiency and price equity. There is, therefore, a rising need to balance the consumption of water resources with the needs of communities.

Aware of the economic, environmental and social environment in which we operate, we enable positive impacts through the activities we develop, indirectly fostering transversal activities and minimising possible negative impacts and thus keeping to our commitment to current and future generations.

WE WORK WITH THE
OBJECTIVE OF NOT
LEAVING ANYBODY
BEHIND.

POSITIVE IMPACTS

- 8 million of people in Portugal with drinking water
- Preservation of ecosystems
- Promotion of alternative sources of energy
- Promotion of the economy through wealth creation at the regional and national levels
- Protection of public health
- Preservation of natural resources
- Combating desertification
- Direct and indirect employment
- Tourism
- Environmental Education

We are in the decade of sustainability and the decade of action and sustainability is today, as it always was, in the DNA of the Águas de Portugal Group.

The urgency of fostering system resilience in the systems towards climate change, efficient in operations, evolving from the linear to the circular, innovation and education in the value of water stand out among the great challenges currently faced by the Group and the water sector in general.

WE STRIVE TO
 GUARANTEE THE
 QUALITY OF OUR
 FUTURE: THE FUTURE
 OF PEOPLE;
 THE FUTURE OF THE
 ECONOMY;
 THE FUTURE OF
 THE PLANET.

The AdP Group on track for SDG 6
Integrated management of resources
We aim for increasingly resilient systems



WATER RESERVES
Reservoir management



WATER FOR REUTILISATION
Partnerships with municipalities, industry, tourism operators and agriculture



INTERCONNECTIONS
Among the group managed systems or with the systems of other entities (e.g: connection to the Alqueva Dam)

2021 A YEAR OF TRANSITION

2021 was a year of transition with the strategic review throughout which AdP SGPS observed the following, already defined, Principles and Commitments:

Principle: Managing the urban water cycle in balance with the cycles of nature

Commitments:

- Conserve and value bodies of water;
- Minimise the production of waste and valuing subproducts;
- Conserve biodiversity and promote ecosystem services;
- Invest in research and development.

Principle: Contributing to combating climate change

Commitment:

- Guarantee Group eco-efficiency.

Principle: Guarantee the implementation of sectoral policies consolidating the Group as a benchmark reference in the environment sector

Commitments:

- Guarantee the economic-financial sustainability of the Group, creating value for shareholders and other stakeholders ;
- Guarantee the credibility, transparency and rigor of the Group management; model;
- Contribute to developing responsible local economies.

Principle: Provide a public service of excellence with direct impacts on improving quality of life

Commitments:

- Guarantee access to water and sanitation services, ensuring social justice and the quality of life of populations;
- Guarantee the efficiency, reliability and quality of the service and product safety;
- Personalise, simplify and innovate in client relationships, based on greater proximity.

Principle: Value the relationship with members of staff, guaranteeing growing Group know-how

Commitments:

- Invest in staff development;
- Guarantee equal opportunities;
- Guarantee workplace health and safety;
- Promote a balance between professional and personal lives;
- Guarantee internal, transversal and effective communications.

Principle: Promote growing proximity to the community

Commitments:

- Promote the sustainable utilisation of essential water and sanitation services;
- Adopt an active role in involvement with the population on social questions;
- Share knowledge through cooperation, empowerment and technical support projects;
- Invest in relationships and sharing values along the supply chain.

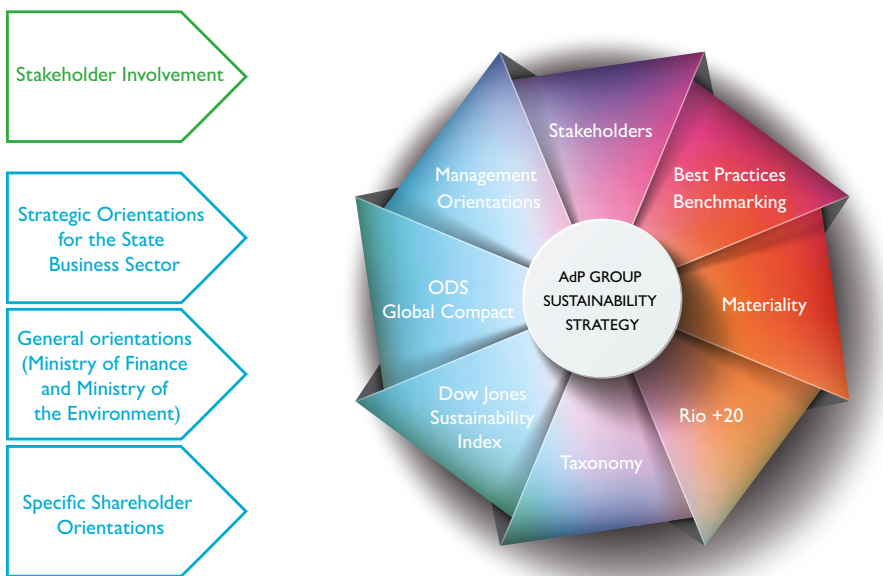
As regards the level of compliance with the fixed targets, we would highlight:

- The percentage of companies with management systems for work life balance rose to 47%;
- 59% of companies with their installations certified by the norm ISO 50001;
- We raised the energy produced/energy consumed ratio to 4.9%⁴;
- 6 supply companies with Water Security Plans;
- 100% of companies with corporate voluntary programs;
- 100% of companies with Gender Equality Plans
- 98% of responses to written complaints (bulk);
- We recover 98% of wastewater sludges;
- We guarantee 99.6% and 99.3% of water safety (bulk and retail);
- We completed 99.8% of wastewater analyses (bulk and retail);
- 1.3% of treated wastewater applied for reutilisation;
- 13 AdP Group companies with fleet energy certification.

OUR COMMITMENT TO SUSTAINABILITY

In 2021, the AdP Group reviewed its Sustainability Strategy. Aligned with the Strategic Framework of Commitment, which systematised the Group vision through to 2030, 7 core ambitions were defined for the Group for the period through to 2025.

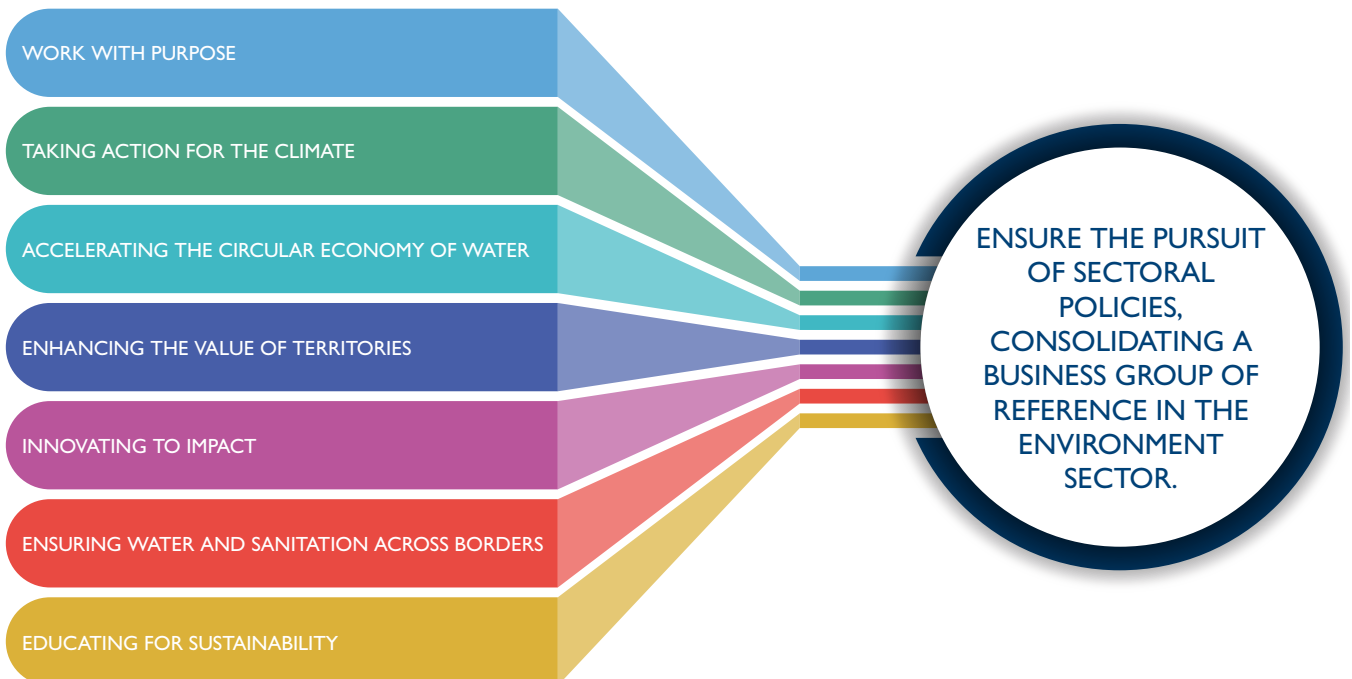
This Commitment to Sustainability 2022-2025 resulted from analysis of the management orientations and the business strategy, reflection on the expectations of the stakeholders, consolidation of the best existing practices, the commitments taken on according to the principles of the Global Compact, under the auspices of the United Nations and the 17 Sustainable Development Goals.



⁴ Considering electricity consumption without "Other consumables" (4.8% when including "Other consumables"). See separator 3.2 Taking Action for the Climate.

Based on the AdP Group goal “Making the difference in the lives of people”, the sustainability commitment reflects the dedication of AdP to its populations and stakeholders. Leveraging our foundations, as a Group with a public service mission, the ambitions of the Sustainability Commitment seek to ensure the implementation of sectoral policies and consolidating the Group’s position as a benchmark reference in the environment sector.

THE 7 AMBITIONS OF THE GROUP AdP UNTIL 2025



OBJECTIVES AND TARGETS FOR 2025

AMBITION

WORK WITH PURPOSE

To value the relationship with employees, encouraging their professional and personal evolution

PILLAR: GROUP CULTURE

40% of women in decision-making position by 2030

100% of companies certified in work life balance management

OBJECTIVES	GOALS	INSTRUMENTS
Invest in the professional and personal development of our employees	<ul style="list-style-type: none"> 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% 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 	Human Resource Policy and Processes Manual
Guarantee equal opportunities and promote diversity and inclusion	<ul style="list-style-type: none"> Design a program to promote diversity and inclusion across the Group Guarantee compliance with the annual Gender Equality Plan Ensure 40% of women in decision-making roles by 2030 Raise the awareness of all Group members of staff about diversity and inclusion 	Plan for Gender Equality Portuguese Charter for Diversity National Target for Gender Equality – UN Global Compact
Ensure occupational health and safety	<ul style="list-style-type: none"> 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 Undertake the evaluation of psycho-social risk every two years 	Integrated Management System
Promote a balance between work, family and personal life	<ul style="list-style-type: none"> Promote the implementation of work life balance management systems for managing professional, family and personal lives across all Group companies 	Águas Livres Academy
Ensure transversal and effective internal communications	<ul style="list-style-type: none"> Promote dialogue through sounding out climate organisations every two years Implementation of a new AdP Group intranet 	



AMBITION

TAKING ACTION FOR THE CLIMATE

Reducing GHG emissions, mitigating our impacts, adapting operations to climate change

20% of renewable energy by 2025

Raise energy self-sufficiency by 30% by 2025

PILLARS: SERVICE EXCELLENCE & SOCIAL UTILITY

OBJECTIVES	GOALS	INSTRUMENTS
Ensure energy neutrality and self-sustainability	<ul style="list-style-type: none"> • Increase the production of 100% renewable energy by 20% • Reduce the consumption of electricity by 5% • Boost energy self-sufficiency by 30% 	
Reduce GHG emissions	<ul style="list-style-type: none"> • Calculate the Group's carbon footprint by 2022 • Draft the Group carbon neutrality contribution by 2023 	PEAAC – Strategy Plan for Climate Change Adaptation
Promote the Group's sustainable mobility	<ul style="list-style-type: none"> • Train 100% of users in eco-driving • 15% of the fleet with less polluting vehicles 	ZERO – Energy Neutrality Program Move+ Fleet Certification
Promote system resilience and guarantee the availability, quality and safety of the service and the product	<ul style="list-style-type: none"> • 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 	NEUTRO – Carbon Neutrality Program



AMBITION

ACCELERATING THE CIRCULAR ECONOMY OF WATER

Managing the urban water cycle in balance with nature, ensuring the transition to a circular economy

70% of wastewater sludges recovered by 2025

Raise the reutilisation of treated wastewater by 10%

PILLAR: SERVICE EXCELLENCE

OBJECTIVES	GOALS	INSTRUMENTS
Conserve and enhance water bodies	<ul style="list-style-type: none"> 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 	<p>Reutilisation Action Plan</p> <p>Wastewater Sludge Management Action Plan 2020-2030</p> <p>ZERO – Energy Neutrality Program</p>
	<p>Minimise waste produced and recover it as a by-product</p> <ul style="list-style-type: none"> 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% 	



ENHANCING THE VALUE OF TERRITORIES

Providing a public service of excellence, with a direct impact on improving the population's quality of life

PILLARS: SERVICE EXCELLENCE & SOCIAL UTILITY & GROUP CULTURE

Implementing green procurement plan

Developing loss reduction projects with municipalities

OBJECTIVES	GOALS	INSTRUMENTS
Enhance the relationship of proximity and dialogue with customers and municipal partners	<ul style="list-style-type: none"> 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 	Integrated Management System
Contribute to the development of a responsible economy	<ul style="list-style-type: none"> Draft and implement a Green Procurement Plan 	CCDesert – Observatory for Combating Desertification
Invest in the relationship and the sharing of values in the supply chain	<ul style="list-style-type: none"> 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 	Gota a Gota, Mudamos Vidas (Drop by Drop, we change lives) Program Águas sem Fronteiras (Water without borders) Program
Be an integral part of the communities in which we operate	<ul style="list-style-type: none"> 10,000 hours of volunteering/year 5 corporate volunteer projects 	ZERO – Energy Neutrality Program
Protect and restore biodiversity and ecosystems	<ul style="list-style-type: none"> Mapping the protected areas in the Group and designing the respective plans for their biodiversity and ecosystems 	ENIPSSA – National Strategy for Homeless Persons
Water as an essential factor in deepening the protection of public health	<ul style="list-style-type: none"> 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 	



AMBITION

INNOVATING TO IMPACT

Fostering open, collaborative innovation that creates value for the AdP Group and its companies

PILLARS: SERVICE EXCELLENCE & SOCIAL UTILITY & GROUP CULTURE

Increasing the number of IRD projects by 10%

Implementing the Group's strategic digital plan

OBJECTIVES	GOALS	INSTRUMENTS
Develop RDI projects aligned with the strategic areas of innovation and the needs of AdP Group companies	<ul style="list-style-type: none"> • 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 	
Develop and launch innovative products, services and processes	<ul style="list-style-type: none"> • Boost the number of Group developed products by 25% 	Group Innovation Agenda
Develop open innovation based on a multi-polar network of competences	<ul style="list-style-type: none"> • Raise by 10%/year the internal and external (national and international) IRD focused projects 	
Promote the digital transformation of the AdP Group	<ul style="list-style-type: none"> • Implement the Group strategic digital plan 	



AMBITION

ENSURING WATER AND SANITATION ACROSS BORDERS

Cooperating internationally to promote sustainable water management

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

Implement cooperation projects in all PALOPs + East Timor

PILLAR: SOCIAL UTILITY

OBJECTIVES	GOALS	INSTRUMENTS
Share knowledge through capacity building projects and technical support	<ul style="list-style-type: none">• Raise by 20% the countries covered by the know-how of AdP Internacional	AdP Group Internationalisation Strategy
Promote mutual aid in water, sanitation and climate related activities and programs in developing countries	<ul style="list-style-type: none">• Implement cooperation projects in the PALOPs + East Timor	Águas sem Fronteiras (Water without Borders) Program
Operate in a geography of reference	<ul style="list-style-type: none">• 1 international operation	



AMBITION

EDUCATING FOR SUSTAINABILITY

To be a benchmark actor in education for sustainable development

Produce a strategic plan for education in sustainable development

National campaigns/ year

PILLARS: SOCIAL UTILITY & GROUP CULTURE

OBJECTIVES	GOALS	INSTRUMENTS
Promote education for sustainable development	<ul style="list-style-type: none"> • Draft a strategic plan for education for sustainable development I • > 1,000 visits to installations/year and > 40,000 visitors/year 	
Promote the rational usage of water and the consumption of tap water	<ul style="list-style-type: none"> • 1 national campaign/ year 	
Promote the sustainable usage of the sanitation network	<ul style="list-style-type: none"> • 1 national campaign/ year 	<p>Água a 360°</p> <p>AQUAQUIZ</p> <p>Museum of Water</p>
Encourage the usage of ApR	<ul style="list-style-type: none"> • 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>Global communications plan</p>
Promote the circular economy and energy neutrality	<ul style="list-style-type: none"> • 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 	
Promote innovation	<ul style="list-style-type: none"> • Campaign focused on the population and stakeholders featuring best practices in innovative processes, products and service developed and commercialised by the AdP Group 	



GUARANTEE THE IMPLEMENTATION OF SECTOR POLICIES, CONSOLIDATING A BENCHMARK BUSINESS GROUP IN THE ENVIRONMENT SECTOR

OBJECTIVES	GOALS	INSTRUMENTS
<p>Guarantee Group sustainability, creating value for the interested parties</p>	<ul style="list-style-type: none"> • Compliance with the infrastructure investment plans. • Compliance with the Investment Plans for carbon neutrality; the circular economy and the adaptation and mitigation of climate changes. • Group financing through means of sustainable financial instruments. 	<p>10 principles of the UN Global Compact/ Global Compact Network Portugal</p> <p>Group Integrity Policy</p>
<p>Guarantee the credibility, ethics, transparency and rigor of the Group management model</p>	<ul style="list-style-type: none"> • Optimise the risk management process by 2023. • Guarantee the training in risk control, behaviour and ethics for all members of staff. 	<p>Alliance for the 17 SDGs</p> <p>Public business sector principles of good governance</p>

The AdP Group has undertaken significant work to deepen the governance of sustainability. In 2015, the Sustainability Functional Group was launched, made up of all Group operating companies and coordinated by the holding group to guarantee greater alignment in the policies and efficiency in the implementation of sustainability goals consistent with the image and spirit of the Group and the capacity for measuring the social impact. The best practices of Group companies combined with the vision that enables internal synergies and establishes a strong position at the external level. Throughout 2021, the Group continued to meet to debate and align the transversal issues to this theme.

**Broader support measures
for the UN objectives
and questions**

Criterion 15: Contribute to the central United Nations objectives and questions

Criterion 16: Social and philanthropic investment strategy

Criterion 17: Defence and involvement in public policies

Criterion 18: Collective partnerships and actions

in "Progress Information on the United Nations Global Pact"



