

AdP by US

Making a difference in the lives of people

SUSTAINABILITY REPORT 2021



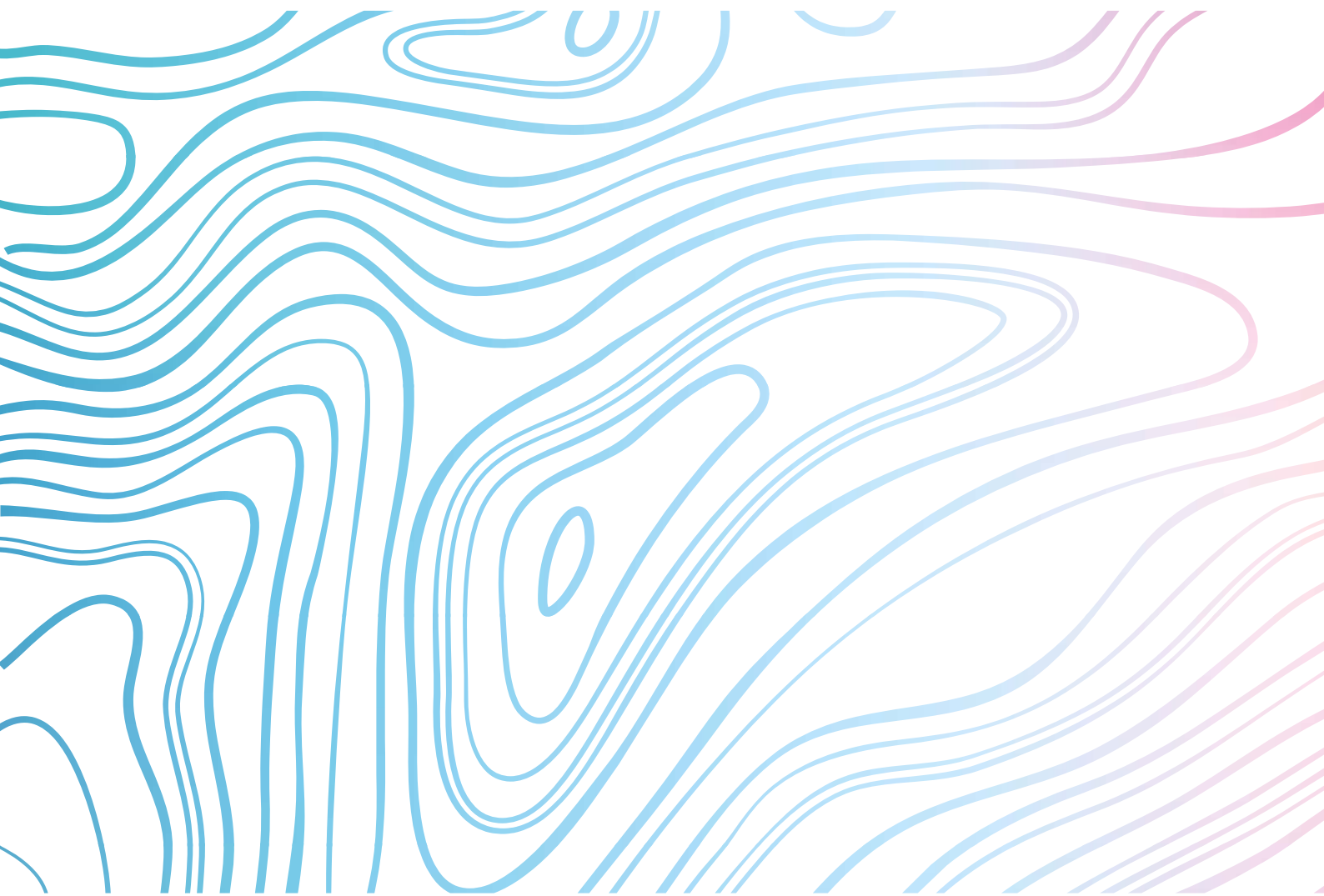


Table of Contents

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



I. THE ÁGUAS DE PORTUGAL GROUP



WE ARE AWARE OF THE ENORMOUS RESPONSIBILITY THAT IS HANDED TO US WITH THE MANAGEMENT OF THIS MOST PRECIOUS ASSET THAT IS WATER, SUPPORTED BY A ROBUST ORGANISATIONAL MODEL AND A STRONG ETHICAL CULTURE, ADVANCING DOWN A STRATEGIC PATH ESTABLISHED WITH THE PURPOSE OF MAKING THE DIFFERENCE IN THE LIVES OF PEOPLE.



José Furtado
Chair of the Board of Directors

**Governance of
Business Sustainability
and Leadership**

Criterion 19: Commitment of the CEO and the Leadership

Criterion 20: Supervision of the Board.

*in "Information on Progress
of the United Nations Global Pact"*



1.1 MESSAGE FROM THE CHAIR

Water, the most precious of all resources, essential for human life and every species, a constant presence in the most varied moments, places and activities, paradoxically ends up becoming practically imperceptible in our daily lives. It only gains visibility in the most complex circumstances, as happened in 2021 as regards concerns over both public health and climate change.

Right at the beginning of the year, in the most dramatic phase of the pandemic, the primordial function of water in breaking the chain of COVID-19 contagion was demonstrated. Then, as the year came to a close, it was the opportunity of the Glasgow Climate Summit as well as the consequences of the hydrological year in terms of the scarcity of water.

Managing the supply of water and sanitation services is the mission we are committed to, ensuring public services essential to human life, public health, the preservation of the environment as well as the sheer relevance of water to the local economy, regional cohesion and sustainable development.

Under the auspices of the Strategic Framework of Commitment of the Águas de Portugal Group, we established the purpose of making the difference in the lives of people, advancing with our activities to provide the conditions for a future in which economic growth aligns with environmental responsibility, social justice and the quality of life of people.

Our signing up in 2010, to the United Nations Global Compact and the Global Compact Network Portugal, as well as the #SDGAmbition program, serves to highlight our dedication to contributing to implementing the United Nations development agenda in which water represents one of the 17 Sustainable Development Goals (SDGs) of Agenda 2030 and plays a central and transversal role to all the other SDGs.

The need to enact the principles of economic, social and environmental sustainability point to the urgency of actions and changes in the paradigm for the value we attribute to water and the uses we make of this and the other resources that our planet makes available to us.

The impacts, increasingly severe and harmful, that derive from climate changes, the growing pressures on ecosystems and the rising environmental pollution are duly recognised as major civilisational challenges due to the threat they pose to the conditions for inhabiting our planet.

Climate change represents a double-edged issue: on the one hand, in order to contribute to cutting the impact of our way of living on the climate, we are responsible for striving for the decarbonisation of the urban water cycle; on the other hand, in order for us to adapt to the effects caused by the climate on our way of life, we have to strengthen the resilience, efficiency and circularity of water management.

Hence, the Águas de Portugal Group launched a sustained and integrated program for the reduction of energy consumption and the internal production of energy from 100% renewable sources. Equally, we have attributed renewed attention to system resilience in the face of scenarios of both water shortages and flooding, promoting hydric efficiency and the recycling of water alongside the recovery of other subproducts from our activities with high ecological value. Furthermore, another priority, transversal to society, consists of raising the general awareness of the value of water and for its economical usage.

We count on the knowledge, the experience and the enthusiasm of the over 3,500 professionals that integrate into a multipolar system of critical competences for the water sector, anchored in nineteen companies located across Portugal and other geographies. In partnership with the municipalities, we serve and contribute to the wellbeing of around eight million people in Portugal.

In response to continued requests from multilateral institutions, we deepened the national response capacity for dealing with emergency situations or provide technical assistance for implementing the water service modernisation plans on various continents.

The economic and financial robustness of the Águas de Portugal Group endows stability on our companies for developing their activities and empowering them to undertake the investment plans essential to appropriately dealing with the challenges inherent to the efficiency, rehabilitation and expansion of infrastructures and as well as the energy and digital transitions.

We are aware that the decisions we take in the provision of a public service essential to life, especially the options and the execution of company investment plans, as well as in the normal ongoing activities, impact on every citizen, consumer, worker and supplier, among the other interested stakeholders.

Hence, 2021 highlighted the reaffirmation by all our companies of their commitment to a model of governance based on the highest ethical standards, transparency, responsibility and excellence in public management practices.

Our organisational ethical framework incorporates the Principles of Good Governance and aligns with the recommendations of the OECD on Public Integrity and the Principles of the United Nations Global Compact, specifically the 10th Principle that advances the combat of corruption in all its forms and the targets of the SDG 16 - Peace, Justice and Strong Institutions.

We are aware of the enormous responsibility that is handed to us with the management of this most precious asset that is water, supported by a robust organisational model and a strong ethical culture, advancing down a strategic path established with the purpose of making the difference in the lives of people.

1.2 THE BIG NUMBERS



3 589

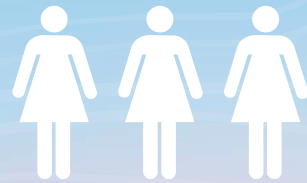
EMPLOYEES

6,9

MILLION M³
WATER FOR
REUTILISATION

40%

OF WOMEN IN SENIOR
MANAGEMENT POSITIONS



530

MILLION M³
WASTEWATER TREATED
AND DISCHARGED
INTO THE ENVIRONMENT



€

725,2

MILLION EUROS
IN TURNOVER



586

MILLION M³
WATER ABSTRACTION



4,9%

ENERGY SELF-SUFFICIENCY

36,6

GWh

OF RENEWABLE ENERGY PRODUCED

59%

OF COMPANIES CERTIFIED IN ENERGY MANAGEMENT

88%

OF COMPANIES CERTIFIED IN ENVIRONMENTAL MANAGEMENT

88%

OF COMPANIES CERTIFIED IN QUALITY MANAGEMENT

47%

OF COMPANIES CERTIFIED IN WORK LIFE BALANCE MANAGEMENT

82%

OF COMPANIES CERTIFIED IN WORKPLACE HEALTH AND SAFETY MANAGEMENT

53%

OF COMPANIES CERTIFIED IN SOCIAL RESPONSIBILITY

1.3 THE YEAR IN REVIEW



THE AdP GROUP IN THE PANDEMIC CONTEXT

2021 was once again a year of turbulence and greatly marked by the COVID-19 pandemic. The Águas de Portugal (AdP) Group, with its accumulated experience and knowledge, continued to undertake its commitment to provide critical and essential services, on a continuous basis, through the dedication and spirit of mission of our staff who, always out on the front-line, guaranteed the continuity of all operations.

In 2020, we took on still greater responsibilities as our services are the guarantee of public health. In due time, we implemented Contingency Plans at every Group company in order to ensure effective responses minimising the potential risks to the health of our employees as well as the continuity of our activities. We readjusted our operations, guaranteed the health and safety of our teams both for operating structures but also for those able to exercise their working functions remotely, providing the appropriate individual protection equipment, psychological support, workplace gymnastics, among other aspects to all of our members of staff.

The exceptional risk management measures under the auspices of the COVID-19 contingency plans determined the human resources and critical technical means for ensuring essential services.

This paid and we continue to pay special attention to the awareness and knowledge of all members of staff over adopting essential individual behaviours for personal hygiene and social behaviour, both in the workplace context and in their personal lives.

The Contingency Plans were adjusted over the course of time to take into account the developments in the epidemiological situation and the measures decreed in Portugal. All these adjustments always corresponded to two premises: maintaining the safety of all employees and continuity in the provision of an essential public service.

RE-ADAPTED TO
GUARANTEE THAT
THERE WOULD
NEVER BE NO WATER
IN THE TAPS OF
THE PORTUGUESE
AND THAT THEIR
WASTEWATERS
WOULD ALWAYS GET
TREATED.



INTEGRITY COMMITMENT

The AdP Group Integrity Commitment was publicly presented in December 2021 and incorporates a model of governance with the highest ethical standards, transparency, responsibility and excellence in public management practices subscribed to by every company in the Group. The AdP Group Integrity Policy sets out our vision on our ethics and integrity and identifies the different organs and internal instruments that reflect and implement our commitments across the field of ethics, compliance and other legally related obligations.



SOCIAL IMPACT STUDY GRANTS

In 2021, the year when this program received the largest number of candidates, 64 study grants were awarded, 33 scholarships for Higher Education and 31 grants for Special Needs Teaching with a value of 1 200 euros apiece.

The study grant attribution program for the children of AdP Group employees was launched in 2013/2014 and has already awarded a total of 333 grants.



ENGINEERS FOR A DAY

The AdP Group again participated in the “Engineers for a day” project with its objective of promoting among primary and secondary school students the option for engineering and technologies, deconstructing the idea that these are male professions and combating the stereotypes that condition academic and career choices. The AdP Group participated in two different initiatives, with first person accounts demonstrating that in the choice of professions there are no gender boundaries.

This Project is integrated into the National Strategy for Equality and Non Discrimination - Portugal More Equal.

PARTNERSHIP WITH THE PARALYMPIC COMMITTEE OF PORTUGAL

We continued as partners in paralympic sport, with support for the CPP – the Paralympic Committee of Portugal in their preparations for the Tokyo Olympic Games in 2021. Within the scope of a social responsibility strategy, we back sport for all and this support aligns with our own mission.

GIRL MOVE



This year, AdP again welcomed an intern, Taniça, on the Change program, a female entrepreneurship project run by Girl Move. This latter entity is a foundation with the mission of bringing about movement in life, supporting and empowering females in Mozambique through education and setting up human networks for mutual help and cooperation among peers, inter-generations and internationally.



PARTNERSHIPS

SDG 17 appeals for partnerships and the AdP Group has adopted this path both for the management of knowledge and innovation and for social responsibility. We collaborate with various entities ranging from the Portuguese Network for the United Nations Global Pact, the Alliance for the SDGs, BCSD, the iGEN Forum, the Portuguese Charter for Diversity, among others, all aligned towards sustainable development. In 2021, we became members of APPDI – the Portuguese Association for Diversity and Inclusion and GRACE – the Association of Responsible Companies.



In addition, in 2021, we again joined the Social Responsibility Week as the organiser of the session “And if we didn't wash our hands?”

In the vanguard of a global trend, and following the AdP Group joining the commitments of the UN Global Compact (UNGC) in 2009, last year saw all companies advance with their individual memberships and thereby further strengthening our commitment to the 10 principles incorporated into the Global Compact spanning the fields of human rights, working practices, environmental protection and anti-corruption mechanisms annually reported to the UNGC through Sustainability Reports.

INNOVATION STRATEGY

The Innovation 360° Strategy was defined and presented within the framework of adopting innovation as a vector for enabling and accelerating the AdP Group commitment for the decade. Within this scope, over the course of three years, the AdP Group is allocating over a million euros to a fund established specifically to finance new projects and accelerate strategic innovation.



COVIDetect COVIDTECT



In May, there was the release of the results for COVIDetect, the research project launched in 2020 and developed by a consortium including various AdP Group companies, the University of Lisbon Faculty of Science and the Analysis Laboratory of the Higher Technical Institute seeking to establish an early warning system for the presence of the SARS-CoV-2 virus in wastewaters and thereby contributing to improving responses to any eventual new outbreak of disease.

Through collaboration with the European Commission within the scope of a pan-European initiative for the application of wastewaters as a sentinel for the presence of SARS-CoV-2 in the population, the consortium responsible for the COVIDetect pilot project made a significant contribution towards the final draft Recommendation (EU) 2021/472 issued by the Commission as regards a common approach to establishing a surveillance system for SARS-CoV-2 and its variants in the wastewaters of the EU, published on 17 March 2021.

ACTION PLAN FOR REUTILISATION

The AdP Group produced its Action Plan for Reutilisation that deploys projects for producing water for reutilisation (ApR) at around 50 installations across the Group.



Água para Reutilização

Furthermore, within the scope of the circular economy, there is the participation in several European consortiums developing innovation projects, including “LIFE RENATURWAT”, which involves demonstrating the potential improvement to wastewater treatment from recourse to the sludges that result from the water decantation process in wastewater treatment plants, and “LIFE PHOENIX”, which seeks to develop and demonstrate modular solutions, flexible and efficient for the sustainable and secure production of water for reutilisation (ApR).

ENVIRONMENTAL EDUCATION

In partnership with the Ministry of Education under the auspices of the EDS – Education for Sustainable Development Project, the aforementioned Ministry, through the General Directorate of Education, supplied the pedagogic resources developed by Águas de Portugal that were then deployed by teachers in the #EstudoEmCasa program.



Another highlight was the “Aquaquiz” game that represents a tool made available by the AdP Group to teachers and education communities within the scope of supporting the development of participative, creative and dynamic pedagogic practices that promote the value of water within the context of the Sustainable Development Goals (SDGs).



The AdP Group continued with its campaign to raise awareness about the efficient utilisation of water seeking to ensure the population attributes value to water and the corresponding need to quit wasteful habits.

CONTINUOUS IMPROVEMENT

This highlights the progress with implementing development and continuous improvement policies and processes that greatly contribute towards achieving systems certification in Quality, Environment, Safety, Social Responsibility, Energy, Assets Management and Work Life Balance within a logic of transparency and credibility. In 2021, 88% of Group companies held the certificate of Quality - ISO 9001, 88%, of the Environment - ISO 14001, 82% of Safety - ISO 45001, 53% of Social Responsibility - SA 8000, 59% of Energy ISO 50001, 38% (of 12 operators) of Asset Management - ISO 55000 and 47% of Work Life Balance Management NP 4552.

In 2021, the 13 AdP Group companies ran a total of 1,436 vehicles and maintained Energy Certification across the fleet.



THE ZERO PROGRAM

The AdP Group has been developing strategies to combat climate change and took on the commitment to obtain energy neutrality in 2030 through the ZERO Program that involves every Group company and activity, including those ongoing at the international level. The Program spans reducing the consultation of electricity and boosting the in-house production of 100% renewable energy, thereby driving the reduction in greenhouse gas emissions until obtaining neutrality. This initiative serves to strengthen the commitment assumed in 2019, when we signed up to the “Business Ambition for 1.5° C” charter promoted by the United Nations Global Compact.



THE NEUTRO PROGRAM

The AdP Group was one of the Portuguese entities signing up to the United Nations Global Compact for the Sustainable Development Goals and developing actions and initiatives capable of ensuring a reduction of at least 50% in the CO₂ emissions registered in 2010 as a means of preventing the global average rise in temperature on the planet from exceeding 1.5° C.

In order to guarantee the definition of a methodology for inventorying the carbon footprint of AdP Group companies, in 2021, AdP Energias proceeded with a contractual tender for acquiring the specialist technical consultancy services necessary and contracting them for the project, developing, installing and monitoring a tool for inventorying the carbon footprint of AdP Group companies.

This tool shall render support for the periodic production of an inventory that will provide the physical basis for the annual inventories of AdP Group company greenhouse gas emissions and the subsequent design and development of the AdP Group Carbon Neutral Program - NEUTRO – and at each of its companies and in addition to underpinning the multi-annual budgeting for carbon neutrality.

We would furthermore identify the NEUTRO Program as an essential factor for Group financing and enabling access to green bond lines of credit designed to generate support for climate and environmental projects incorporating business and company sustainability.



INTERNATIONAL

AdP Internacional signed two contracts with the Ministry of Energy and Waters of the Republic of Angola, for a total amount of 10.5 million dollars, with financing from the World Bank and the European Investment Bank, for technical assistance for the development of water supply and wastewater sanitation services, will serve to benefit 2.5 million people in various different provinces.

The AdP Group is currently responsible for implementing two projects in Cape Verde, one focused on the circular economy for the reutilisation of water and recovery of sludges for agriculture on the island of Santiago and with the other involving the design of a Sanitation Plan for Fogo island.

Technical support to the World Bank through specialist assistance with the objective of promoting and implementing broad reaching and efficient plans for the transformation and preparation of concessions for the rising new challenges and for the increasingly demanding climate, social and demographic changes within the framework of the Utilities of the Future - UoF project.





• ERSAR highlighted the best practices of management entities in the water and waste sectors in Portugal, in 2020 and 2021, with the attribution of Seals of Quality and Excellence Awards. These distinctions reflect the commitment and dedication of all Group members of staff even within the extremely difficult context brought about by the COVID-19 pandemic, placing excellence of service first and foremost. The following AdP Group members received awards:

- EPAL picked up the Excellence Award for Public Service in the Supply of Water (to consumers), for the Efficient Usage of Water and the Quality of the Public Water Supply Service (to the consumer),
- Águas de Santo André, S.A. and Águas da Região de Aveiro with Seals of Quality for their Exemplary Quality of Water for Human Consumption, and
- Águas do Algarve, with two Seals of Quality in the categories of Efficient Water Usage and the Public Water Supply Service (for entities) and with the Award of Excellence in the latter category.

• The APDA – Pipes of Gold Awards, attributed during the National Meeting of Water and Sanitation Management Entities (ENEG 2021), distinguished the following Group companies in 2021:

- Águas do Norte won in the “Best Climate Change Adaptation Project”, for its project “Climate change strategy of Águas do Norte – Pretarouca Dam”.
- EPAL was an award winner in two categories: “Best Action for Sustainability” for the work “Educating for the Protection of Ecosystems and Biodiversity” and “Best Value Action for Water” for the inclusive project “Communicating with Everybody – Partnerships for implementing multiformat communications”.

• AdP Internacional received an Honourable Mention in the Pedro Cudell Internationalisation Award, in the Large

Company category. This award is an initiative by SOFID, S.A. to award and raise the profiles of projects of excellence carried out by Portuguese companies that focus on African countries and impact on the Sustainable Development Goals through their activities.

- The Service Contract for the Management, Operation and Maintenance of Water Supply Systems for Huíla Province in Angola, implemented by AdP Internacional through EPASHuíla, in Angola, was the winner in the “Services” category of the PT Global Water Awards 2020-21, awards that distinguish and celebrate leading international projects by entities in the Portuguese water cluster and attributed by the Água & Ambiente journal and PPA – the Portuguese Partnership for Water.
- EPAL/ AdVT was distinguished with an Honourable Mention for the “Environmental Education in Action” project under axis SDG 4 – Quality Education by the APEE – the Portuguese Association of Business Ethics at the 7th Ceremony of Recognition for Socially Responsible and Sustainable Practices. This project is designed for a school age population, ranging from pre-school to secondary and alongside their families.
- Águas do Tejo Atlântico received a Diploma for Best Business Responsibility Practices from APCE – the Portuguese Association of Communications Companies. In 2021, the company also received an Honourable Mention (2nd place) in the Safeguard Rivers Awards attributed by GEOTA for the Indigenous Fish project stemming from a partnership with ISPA university with the objective of annually monitoring, throughout the dry season, the threatened indigenous freshwater species in the intermittent rivers of central Portugal.
- AdRA – Águas da Região de Aveiro received the LAC AC (Leadership in Client Service – Safe & Care) certificate from the Portuguese Institute of Client Relations in recognition of the “excellent quality” of its in-store attendance services and their safety even when faced with the pandemic.
- Águas do Norte picked up an Honourable Mention in the European competition “Top European Award on Industrial Excellence”, promoted by COTEC PORTUGAL, the IESE Business School and the AESE Business School, which distinguished its respective digital transformation process.
- Águas do Norte also received the Openness Award 2021 for the “AdN4.0+: Increasing service efficiency through re-engineering and dematerialising processes”, awarded by ESOP – the Portuguese Association of Open Source Software Companies.

I.4 PROFILE

The AdP Group was founded in 1993 as an exclusively state owned company to serve as the state instrument for advancing with its public policies across the domains of water supply and wastewater sanitation (bulk and retail). The activities of Group companies are fundamental to obtaining national objectives through implementing the measures defined and stipulated by the strategic plans for the sector.

AdP - Águas de Portugal, SGPS, S.A. is a holding group managing the companies in its portfolio. On 31 December 2021, the Group contained 19 companies of which 13 are the management entities of water supply and wastewater treatment systems and with 2 companies located outside of Portugal.

Currently, we provide services to over 8 million of people in Portugal, around 80% of the population and employ 3 589 workers.



OUR PURPOSE

Making the difference in the lives of people.

OUR VISION

To be one of the most efficient and sustainable international operators in water management through focusing on excellence in client service, innovation, resilience, energy and carbon neutrality and the circular economy.

OUR MISSION

To design, build, operate and manage water supply and wastewater treatment systems within a framework of economic, financial, technical, social and environmental sustainability with a high level of competence capable of responding effectively and efficiently to the great challenges currently facing Portugal and the world in the environment sector.

OUR COMMITMENTS

- Sustainability in the usage of natural resources and the preservation of water as a strategic resource essential to life,
- Balance and improvement of environmental quality,
- Equal access to basic services,
- Promoting wellbeing by improving the quality of life of citizens.

*Access to drinking water and basic sanitation
are fundamentals humans rights.*

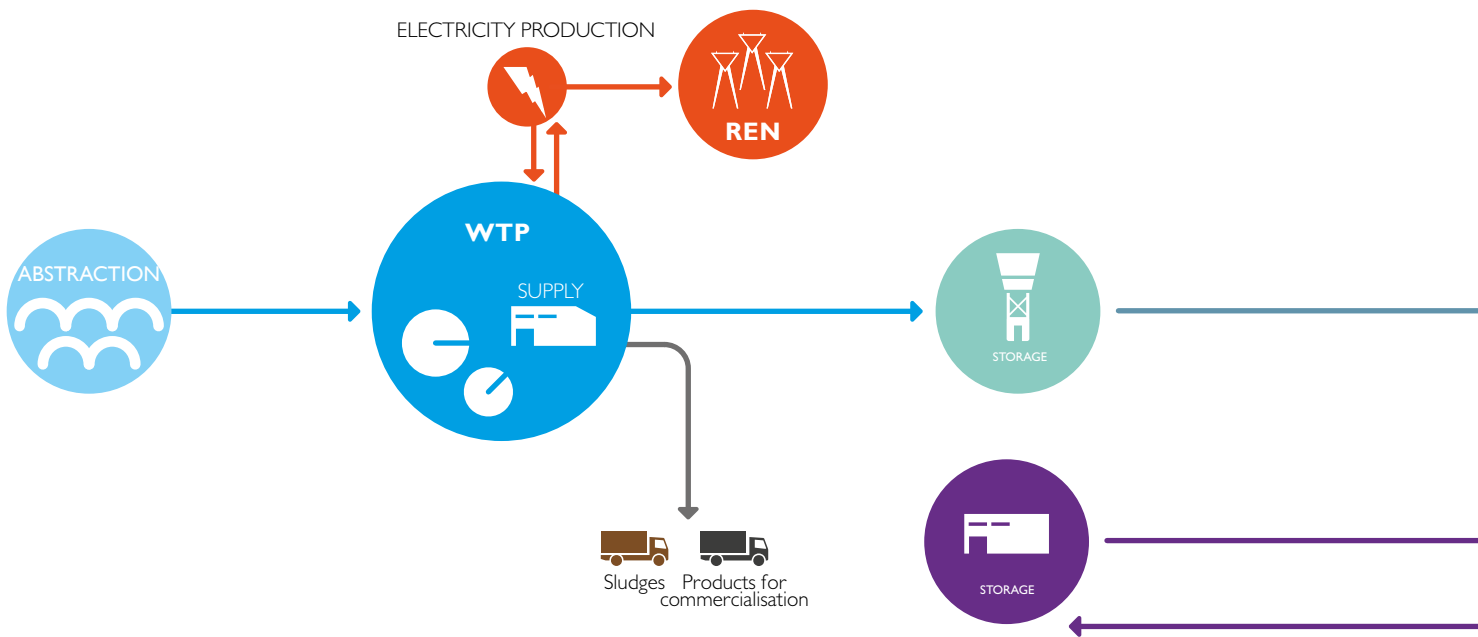
Implementation of the 10 Strategic and Operating Principles

Criterion 2: Description of the implementation of the chain of value.

in "Progress Information on the United Nations Global Pact"



The core activity of the AdP Group is the integrated management of the urban water cycle throughout all of its phases, ranging from catchment, treatment and distribution of water for public consumption, collection, transport, treatment and the rejection of urban and industrial wastewaters, including the production of water for reutilisation. These constitute public services essential to the wellbeing of the population, public health, social and economic development and the protection of the surrounding environment.



Abstraction

Collection of water, both surface and subterranean, from the hydric environment. This may include pumping activities.



WTP - Water Treatment Plant

Treatment

Correction of the physical, chemical and bacteriological properties of water to render it fit for human consumption.

Supply

Transport of water upstream. May include pumping and storage activities.



Electricity production

Production of electricity from hydro, wind and solar sources.



Storage

Storage of water so as to enable the continual operation of the supply network.



Storage

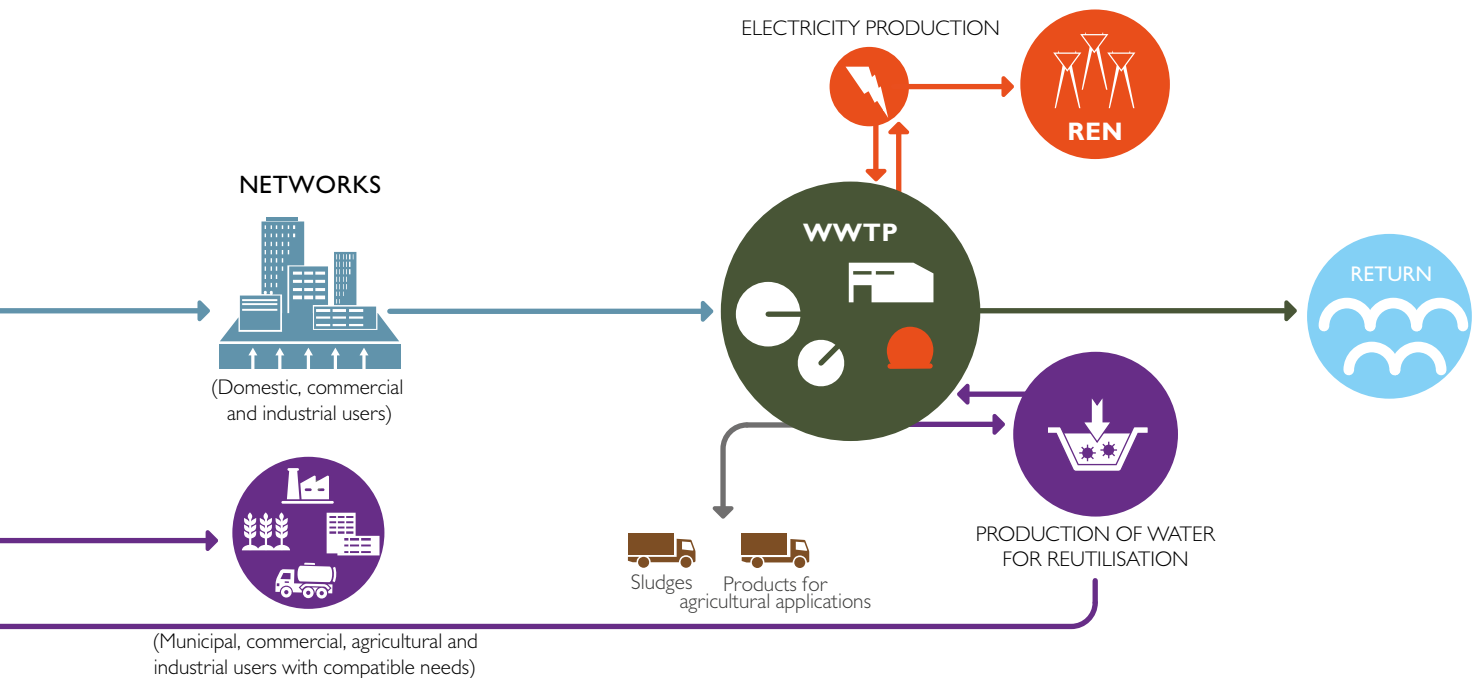
Storage of water for reutilisation.

UPSTREAM

DOWNSTREAM

THE ÁGUAS DE PORTUGAL GROUP

- Ensures the basic services required for economic and environmental development, the functioning of different sectors of activity and the eco-innovation of society.
- Provides a fundamental contribution to more resilient, safe and equitable societies in their access and usage of hydric resources, to environmental protection and sustainable development.
- Constitutes a professional benchmark of reference for engineering, innovation and the creation of knowledge as demonstrated by the decentralised system of competences based on the regionalised structure of the Group's 3 589 professionals.
- Maintains proximate and constructive relationships with shareholders and clients within the framework of safeguarding high levels of satisfaction of the needs and expectations of final users.



NETWORKS

Distribution

Distribution of water to consumers in the quantities and at the pressure required by their needs. May involve pumping activities.

Collection

Collection of the wastewater produced. May involve pumping activities

Transport

Transport of wastewater from their point of collection to the wastewater treatment plant units. May involve pumping activities.



WWTP - Wastewater Treatment Plant

Treatment and recovery

Correction of the physical, chemical and biological characteristics of the wastewater taking into consideration the final destination of the treated wastewater.

Recovery of the treatment process sub-products (energy value of the sludges, production of water for reutilisation, recycling of nutrients, etcetera).



Production of water for reutilisation

Production of water for reutilisation for internal and external usage.



Electricity production

Production of electricity through capturing the biogas produced by the anaerobic digestion of sludges, and from hydro, wind and solar sources.



Return

Return of treated waters that are not subject to reutilisation to the hydric environment.

DOWNSTREAM

UPSTREAM

Over the course of recent decades, the AdP Group has contributed to the profound transformation of this sector in Portugal. Through Group companies, regionally based and integrating sustainability leveraged by the management strategy as a tool for generating value for all our stakeholders, we have progressively raised our contribution towards achieving the SDGs and we perceive ourselves as part of the solution for these goals. The management of the core business of our company rests on pillars of universality, continuity, quality of service, efficiency and price equity.

In an increasingly demanding society, the reliability levels of the services provided are obtained daily, whether from the point of view of continuity or of quality, through ownership and management of a portfolio of holdings of companies, predominantly concessionaires of multi-municipal systems.

These companies, emerging out of partnerships between the state and the municipalities, may take on either the model of concessionary companies for state owned systems – multi-municipal systems or the municipal system management company model under a public partnership regime, with the equity capital majority held by AdP SGPS on behalf of the state.

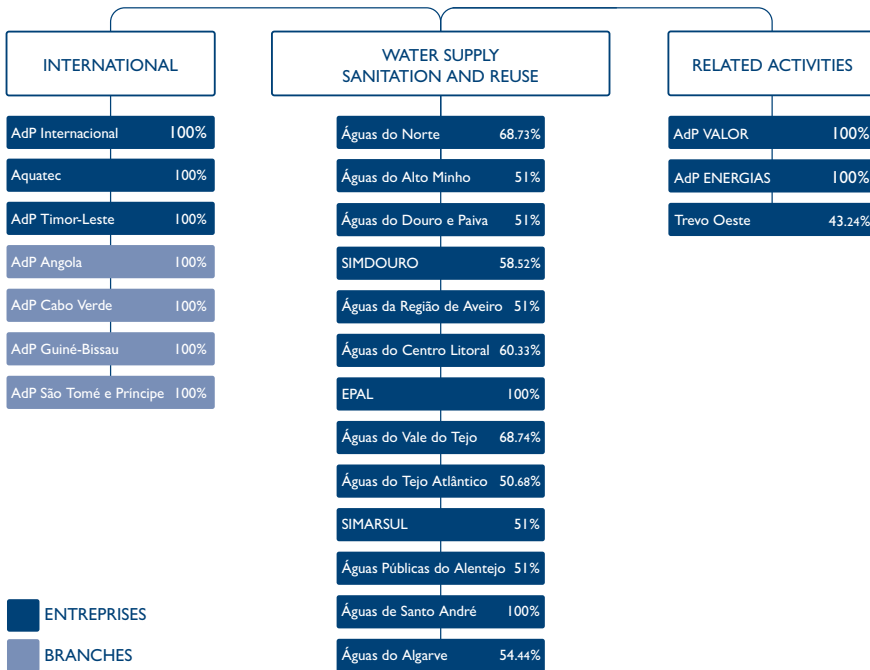
The AdP Group also operates in the renewable energy sector, with the objective of maximising the returns from the energy potential of its assets and endogenous resources, and in international markets through the provision of services in association with local partnerships or Portuguese companies in the sector.

The Group response to the challenges clearly reflects in the coverage rates charged for the integrated systems under its operational and management responsibility, alongside meeting service quality indicators.

The sustainability of the AdP Group also boosts the dynamism of the national and local business communities through the potential to sustain and grow provided to the economic sectors.

The AdP Group objectives are stipulated by the government policies for the sector, through the orientations handed down in the strategic plans for this field of action, the general orientations issued by ministerial decree and by the specific guidelines of shareholders.





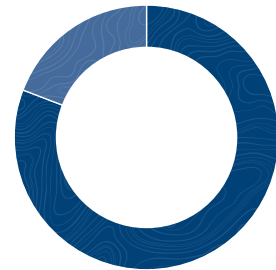
The ownership structure of AdP - Águas de Portugal, SGPS, S.A. is held by Parpública - Participações Públicas, SGPS, S.A. (81%) and by Caixa Geral de Depósitos (19%).

The Municipalities are shareholders in the concessionary companies while also simultaneously in the position of clients. We work in close collaboration with these municipalities in constructing solutions aggregating retail operations and applying our know-how to implementing the most efficient outcomes and with fairer prices for populations receiving water supply and sanitation services.

The regulation of activities carried out by the AdP Group falls under the auspices of ERSAR – The Water and Waste Services Regulation Authority. ERSAR oversees and inspects the design, construction, management and operation of the systems as well as the respective management entities and ensures the regulation of the respective sectors and the balance between the economic sustainability of the systems and the quality of the services provided in order to safeguard the interests and rights of citizens in the provision of essential services. ERSAR monitors and evaluates the quality of the services provided through a set of indicators, carrying out benchmarking among the various water and waste sector management entities and annually publishing the results. Ever since 2004, the year when ERSAR launched its service quality evaluation, there has been the Annual Report on the Water and Waste Sectors in Portugal, in which Group companies have received positive evaluations of their service quality.

The APA – The Portuguese Environment Agency accompanies the environmental regulations to which the water service management companies in the AdP Group are subject to.

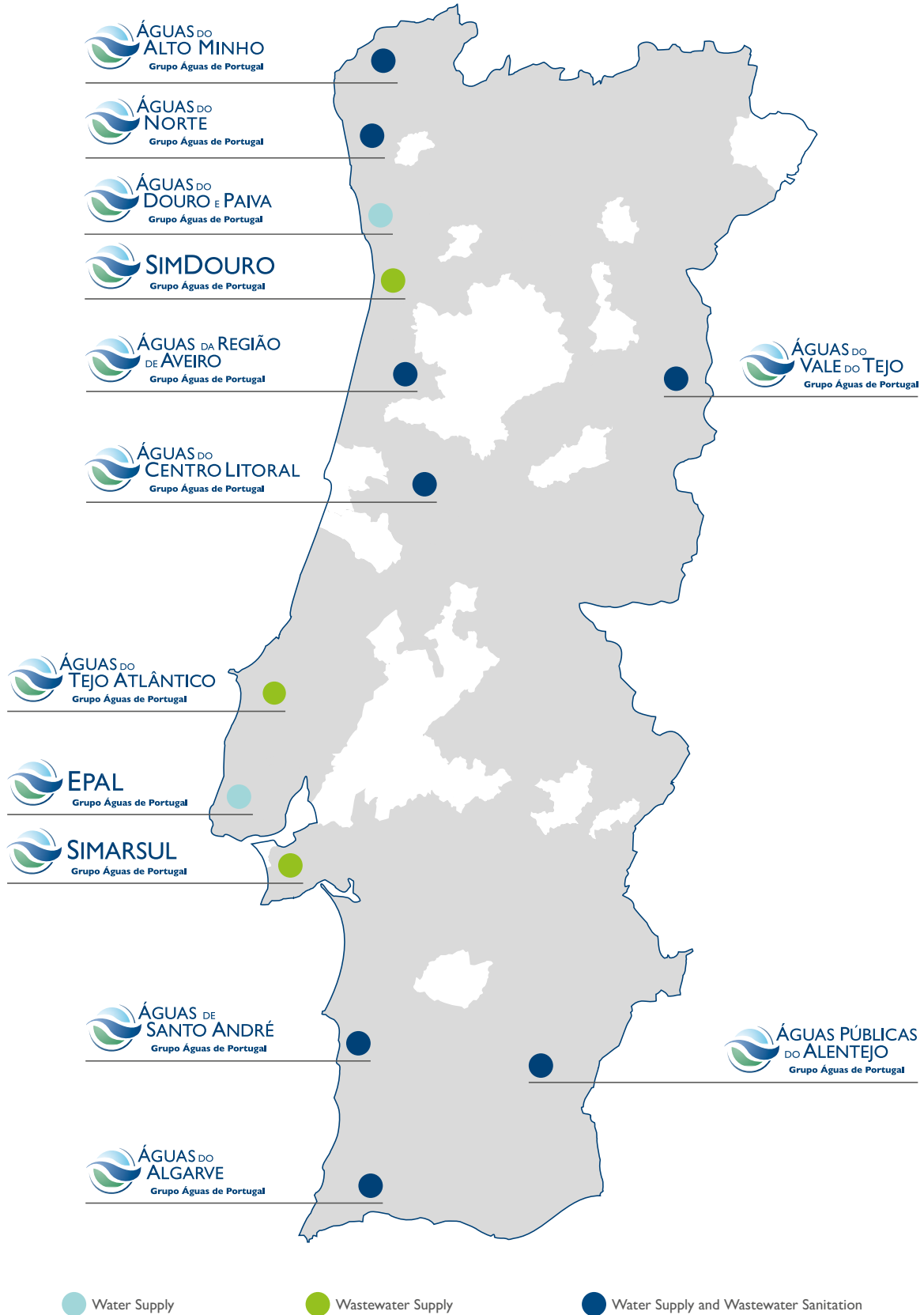
Ownership structure



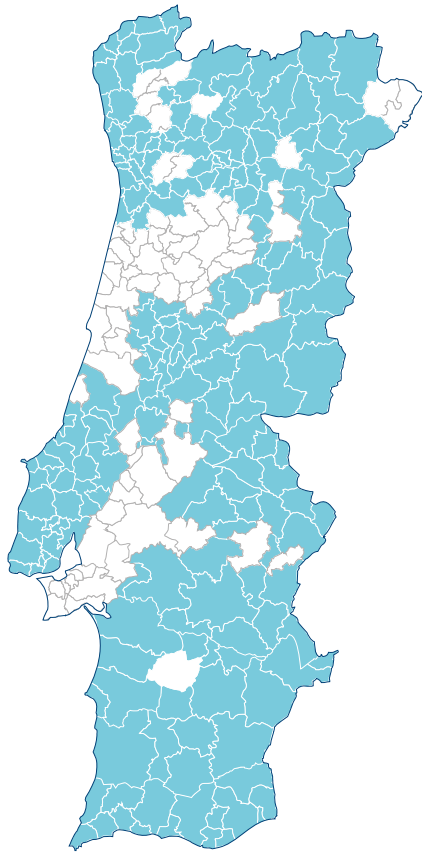
- Parpública 81%
- Caixa Geral de Depósitos 19%

1.5 WHERE WE ARE

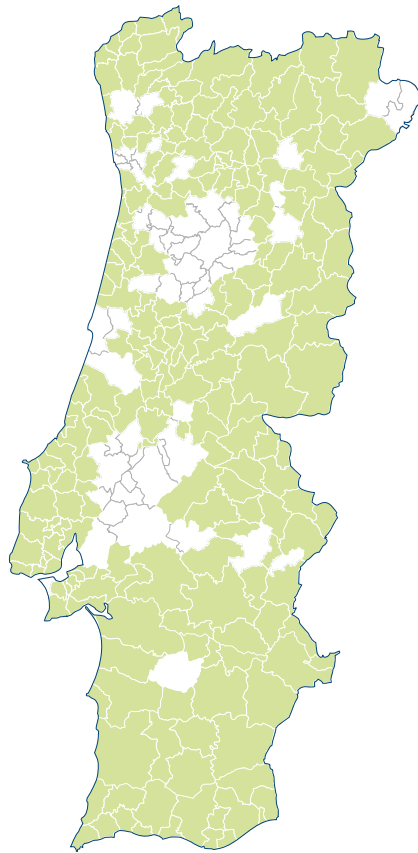
The AdP Group, through its 13 operating companies, spans a major proportion of mainland Portugal, from the north to the south, delivering services to around 80% of the Portuguese population.



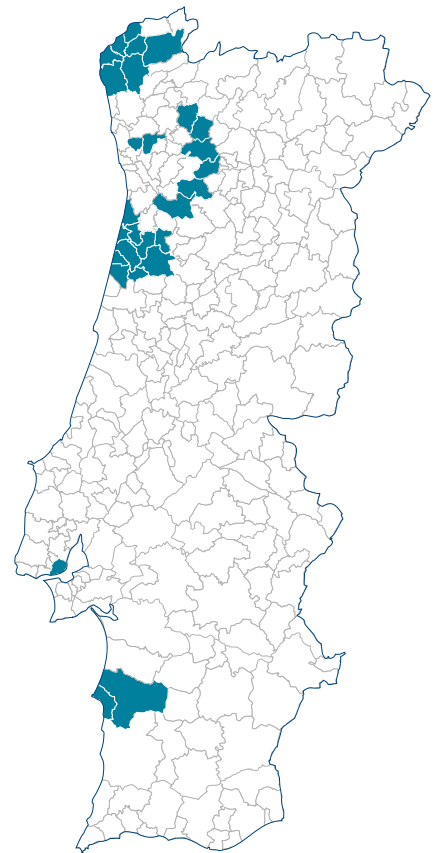
BULK WATER SUPPLY



BULK WASTEWATER SANITATION



RETAIL WATER SUPPLY AND SANITATION SERVICES



13

OPERATING COMPANIES

3

SANITATION COMPANIES

3

HOLDING AND
FUNCTIONAL COMPANIES

8

WATER SUPPLY AND
SANITATION COMPANIES

2

WATER SUPPLY COMPANIES

2

INTERNATIONAL BUSINESSES

1.6 GOVERNANCE

The Group draws upon a robust model of government based on ethics and transparency, fully respecting the Principles of Good Governance for State Sector Companies and a business strategy that seeks to meet national needs to guarantee the sustainability of operations, efficiency and the quality of the service and the generation of value.

AdP Group governance incorporates:

- Implementing a professionalised management philosophy, based on the appropriate competences and strengthening the productive standards according to the most demanding quality parameters in order to bring about compliance with its mission;
- Adopting the best management practices according to the Principles of Good Governance for State Business Sector companies;
- Developing an organisational culture oriented towards performance excellence through the deployment of a set of benchmark standard business practices that enable the company to successfully head down its path towards business sustainability fundamentally based on a management philosophy that contemplates the economic, environmental, social and ethical dimensions.

1.6.1 GOVERNING BODIES

Following deliberation by the General Assembly on 4 May 2020, and for the 2020-2022 triennium, the Board of Directors of the AdP Group (AdP SGPS) contains six directors (five executives and one non-executive), with a chair, a vice-chair and the remaining members who undertake three year mandates eligible for re-election. The current management was delegated to the Executive Commission made up only of executive directors – one chair, one vice-chair and three directors.

In 2021, the AdP SGPS Board of Directors met on 11 (eleven) occasions and the Executive Commission 58 (fifty-eight) times.

BOARD OF DIRECTORS

Chair José Carlos Athaíde dos Remédios Furtado
Vice-Chair José Manuel Leitão Sardinha
Director Catarina Isabel Clímaco Monteiro d'Oliveira
Director Carla da Conceição Afonso Correia
Director João Pedro Moura Castro Neves
Non-Executive Director Jaime Serrão Andrez
(on behalf of Parpública)

Other governing and supervisory bodies and the external auditor

TABLE OF THE GENERAL ASSEMBLY

Chair Isabel Sofia Sousa Santos Albuquerque
Vice-Chair Maria Helena Dias Duarte
Secretary José Espírito Santo Menezes e Teles

SUPERVISORY BOARD

Chair Carla Maria Lamego Ribeiro
Director Mário José Alveirinho Carrega
Director Rui Manuel Mendes Cabeças

OFFICIAL CHARTERED ACCOUNTANT

Grant Thornton & Associados, SROC, Lda,
represented by Pedro Miguel Raposo Lisboa Nunes.

COMPANY SECRETARY

Permanent Cristina Rebelo Pereira
Alternate Ricardo Cortes Ribeiro

EXTERNAL AUDITOR

Pricewaterhousecoopers, SROC, Lda.

The management of the AdP Group companies is ensured by a Board of Directors, with its Chairs and members elected by the General Assembly. It is also the responsibility of the General Assembly to elect a Supervisory Board and an Official Chartered Accountant to guarantee oversight of the company. The composition of the Board of Directors provides for the distinction between executive directors and non-executive directors.

EXECUTIVE COMMISSION

Chair José Carlos Athaíde dos Remédios Furtado
Vice-Chair José Manuel Leitão Sardinha
Director Catarina Isabel Clímaco Monteiro d'Oliveira
Director Carla da Conceição Afonso Correia
Director João Pedro Moura Castro Neves

I.6.2 ORGANISATIONAL STRUCTURE

The organisational structure of the Águas de Portugal Group spans two levels of organisation and decision-making with distinctive competences: i) Group (strategic), ii) Group Companies (operational).

The Group Companies, endowed with their own means and holding responsibility for the results returned, run decentralised management structures even while functioning within a system of planning and control handed down by the holding company. The latter correspondingly defines, in a participative and interactive approach, the strategic orientations, the business and investment plans, the annual objectives and budgets and periodically undertaking their revision and control.

The organisational structure also incorporates a set of functional bodies that support Group management, responsible for the definition and implementation of policies, managing corporate resources and evaluating and controlling the Group companies.

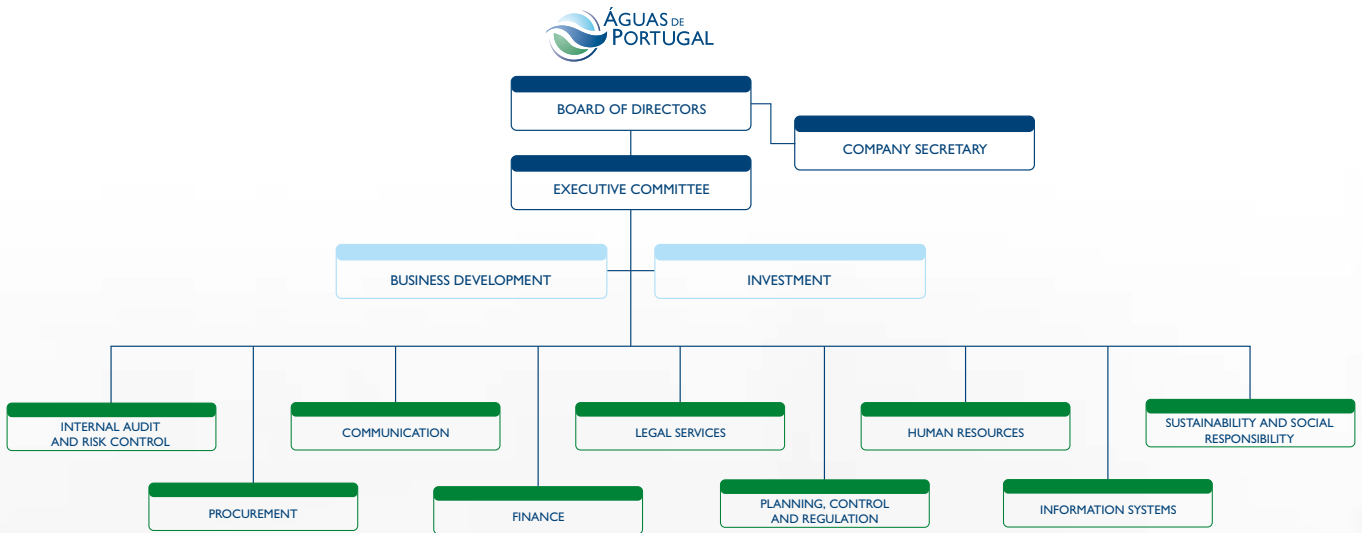
Implementation of the 10 Strategic and Operating Principles

Criterion 1: Description of the current principles of corporate and business unit functions.

in "Irogress Information on the United Nations Global Pact"



FUNCTIONAL BODIES



GOVERNING BODIES

AREAS

DEPARTMENTS



FINANCIAL

Responsible for defining and coordinating the Group financial policy. Guaranteeing the accountancy and fiscal management of the Group, especially harmonising criteria, procedures and practices in accordance with the national norms.

PLANNING, CONTROL AND REGULATION

Responsible for ensuring the provision of the correct management information to the decision-makers for their appropriate interpretation alongside the implementation of corrective measures and coordinating the regulatory strategy, including tariff related issues and maintaining the relationship with the Regulatory Entity, identifying the key issues for minimising regulatory risks and their respective impacts on the scope of AdP Group assets.

HUMAN RESOURCES

Responsible for defining the Group human resource policies and strategies as well as managing these resources.

INTERNAL AUDIT AND RISK CONTROL

Responsible for the identification of the risks inherent to the Group's businesses, carrying out internal audits of companies in which the Group holds a majority stake, defining the key factors for control necessary to minimising or eliminating their impact and undertaking compliance tests to evaluate the results.

COMMUNICATIONS

Responsible for defining the communications strategy and policy for the Group and providing direct consultancy to the Board of Directors on these issues.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Responsible for planning, coordinating and implementing the sustainability policy and the AdP Group social responsibility program, thereby ensuring the organised implementation of the vision, strategy and commitment to the principles of sustainable development set by the Group.

BUSINESS DEVELOPMENT

Responsible for identifying, studying and developing new businesses, contributing to detecting and analysing the new market opportunities and the development of new management models and/or improving on existing solutions.

LEGAL SERVICES

Responsible for ensuring the provision of legal consultancy services to the Group in accordance with the defined strategy, thereby defending the interests of AdP and compliance with the law.

INVESTMENT

Responsible for supervising the annual planning process for investments by companies and their respective implementation over the course of the year; coordinating the technical components of funding applications submitted to the European Investment Bank and the corresponding reporting to the bank and closure of projects, thus centralising diverse procedures, across the internal and external levels, relative to AdP Group investments.

PROCUREMENT

Responsible for undertaking the negotiations for contracting supplies for the Group, seeking to maximise the cost/benefit ratio with the best quality existing in the market in order to thus contribute towards Group results.

INFORMATION TECHNOLOGY SYSTEMS

Responsible for supporting the definition and ensuring the implementation of strategies related to information and communication technology systems, seeking to provide the greatest level of operating and functioning capacity to the Group/ Companies and thereby contributing to their results.

DATA PROTECTION OFFICER (DPO)

The DPO assists those responsible for handling or outsourcing all of the questions related to personal data protection. Specifically, the DPO is to: **(i)** inform and advise those responsible for this handling or outsourcing, as well as the respective members of staff, on meeting their respective obligation in terms of the data protection law; **(ii)** control compliance by the organisation with all the legislation interrelating with data protection, especially the audits, awareness raising activities and training of staff involved in information processing operations; **(iii)** provide advice whenever carrying out an Impact Evaluation on Data Protection and supervise its implementation; **(iv)** act as a point of contact for requests from persons regarding the handling of their personal data and exercising their rights; **(v)** cooperate with the Data Protection Authorities and act as a point of contact for data related questions.

COMPANY SECRETARY (ART. 446 B CSC)

The responsibilities of the Company Secretary are, among other issues, those specifically stipulated both by the company board of directors and by the terms of art. 446 B of Código das Sociedades Comerciais (Company Code), especially responsible for supporting the meetings of company bodies and following/accompanying the respective deliberations of the internal group and company structures and their respective managers.

GROUP COMPANIES

EMPRESA PORTUGUESA DAS ÁGUAS LIVRES (EPAL)

A centenary company that has been 100% owned by AdP - Águas de Portugal, SGPS, S.A. since 1993. Its mission is to provide water services and the sustainable management of the urban water cycle throughout the sequence of its activities and businesses. The company is responsible for the bulk supply of water, directly or indirectly, to 35 municipalities on the north bank of the River Tagus and household delivery across Lisbon Municipal Council, where there are around 360,000 direct clients, globally accounting for a population of around 2.8 million citizens, about one-quarter of the Portuguese population. The operation and management concession of the Vale do Tejo water supply and sanitation multi-municipal systems was awarded to Águas do Vale do Tejo and with EPAL – Empresa Portuguesa das Águas Livres, S.A, its delegated manager.

ÁGUAS DO NORTE (AdNorte)

Bulk activity - AdNorte is the management entity for the Bulk Multi-municipal System of the Norte Region, correspondingly responsible for the bulk water supply and wastewater treatment activities. Following Decree-Law no. 16/2017, of 1 February, there was a demerger process that resulted in the establishing of the new Multi-municipal Water Supply System for South Greater Oporto and the new Sanitation System for South Greater Oporto, which led to alterations in terms of the territorial scope of the system.

Retail activity - AdNorte is the management entity operating, under a public partnership regime, the water distribution system for the Noroeste region.

ÁGUAS DO DOURO E PAIVA (AdDP)

AdDP is the managing company for the multi-municipal water supply system of South Greater Oporto and results from the demerger of the multi-municipal water supply and sanitation system of the Norte region of Portugal that took place following the publication of Decree-Law no. 16/2017 of 1 February.

SIMDOURO

SIMDOURO is the management company for the multi-municipal sanitation system of Greater Oporto and results from the demerger of the multi-municipal water supply and sanitation system of the Norte region of Portugal following the publication of Decree-Law no. 16/2017, of 1 February.

ÁGUAS DO CENTRO LITORAL (AdCL)

AdCL is the management company for the bulk multi-municipal system for the Centro region, responsible for bulk water supply and wastewater treatment and results from the merger of Águas do Mondego, SIMLIS and SIMRIA in June 2015.

ÁGUAS DO VALE DO TEJO (AdVT)

AdVT is the management entity responsible for the bulk multi-municipal water supply and sanitation system for the Tagus Valley and results from the demerger of the multi-municipal water supply and sanitation system for Lisbon and the Tagus Valley, which correspondingly resulted in the establishment of two multi-municipal wastewater sanitation systems: the Greater Lisbon and West system and the Setúbal Peninsula system. Following the publication of Decree-Law no. 34/2017, of 24 March, which brought about the aforementioned demerger, the company was renamed and with its territorial scope subject to substantial change.

ÁGUAS DO TEJO ATLÂNTICO (AdTA)

AdTA is the management company of the multi-municipal wastewater sanitation system for the Greater Lisbon and West region resulting from the demerger of the multi-municipal water supply and sanitation system from the Lisbon and Tagus Valley region following the publication of Decree-Law no. 34/2017, of 24 March.

SIMARSUL

SIMARSUL is the management company of the multi-municipal wastewater sanitation system for the Setúbal peninsula resulting from the demerger of the multi-municipal water supply and sanitation system from the Lisbon and the Tagus Valley system following the publication of Decree-Law no. 34/2017, of 24 March.

ÁGUAS DO ALGARVE (AdA)

AdA is the management company of the bulk multi-municipal system for the Western and Eastern regions of the Algarve, responsible for bulk water supply and wastewater treatment activities.

ÁGUAS DA REGIÃO DE AVEIRO (AdRA)

AdRA is the management company, under a public partnership regime, of the retail water and sanitation services in the Aveiro metropolitan region.

ÁGUAS PÚBLICAS DO ALENTEJO (AgdA)

AgdA is the management company, under a public partnership regime, of the bulk water and sanitation services for 20 municipalities in the Alentejo region.

ÁGUAS DO ALTO MINHO (AdAM)

AdAM is the management company of the water system for the Alto Minho region, providing both water supply and wastewater treatment services. The AdAM partnership and system management contracts were signed on 2019 and remain in effect for a 30-year period.

ÁGUAS DE SANTO ANDRÉ (AdSA)

AdSA manages and operates the Santo André system, supplying water of appropriate quality and quantity to the local population and collecting and treating wastewater in the same area. This company is simultaneously responsible for meeting the drinking water, industrial water and wastewater and industrial waste needs of the industries located in the Sines Industrial and Logistics Area.

AdP INTERNACIONAL (AdPI)

AdPI brings together the companies with the activities ongoing outside of Portugal and holds the mission of leading and managing the AdP Group businesses outside of its domestic market. This highlights the role of economic sustainability as a fundamental driver of the activities developed but while also playing a leading role in the field of cooperation in keeping with how some of the activities under development, or in providing continuity to others, contain an underlining perspective of cooperation and social responsibility to the detriment of any exclusively commercial logic.

With its activities oriented towards a logic of economic and environmental sustainability of the projects and missions engaged in, AdP Internacional deploys the following main lines of guidance:

- Consolidation of existing projects, favouring the expansion into new regions, in markets where there is either already a significant presence or relevant experience;
- Sustaining growth in the sector, obtaining new businesses within a logic of minimising investment risks and within a fee-based perspective;
- Strengthening the organisational structure, focusing on managing the creation of value for shareholders and consequently the development of new economically sustainable businesses;
- Support for the internationalisation of other Portuguese companies in the environmental sector.

AdP VALOR

Attributed the mission of driving strategic innovation throughout the AdP Group, dynamically managing the network of critical competences available, launching and managing new sustainable businesses aligned with Group priorities and structured around the principles of the circular economy, managing strategic technical processes that aggregate the potential for value creation and successfully meeting the challenges of the Group as well as providing specialist engineering and operational services within a context of sustainability and valuing the urban water cycle.

AdP ENERGIAS

Set the objective of undertaking activities within the scope of environmental management, specifically the production, usage and delivery to external consumers diverse forms of renewable energy, establishing systems for collecting, transport, treating and valuing sludges and their application or final destination for the development of processes and installations for improving energy efficiency and consultancy and the provision of services in the same areas, as well as accessory and complementary fields and other sectors of the environment industries.



1.6.3 INSTRUMENTS OF GOOD GOVERNANCE

WORKING WITH RESPONSIBILITY, SAFETY, TRANSPARENCY AND ETHICS IS VITAL TO THE GROUP AND NURTURES THE TRUST OF ALL STAKEHOLDERS.

In advancing with our public service mission, we manage a strategic resource essential to life and human development. A mission of the greatest responsibility, internalised by all representatives of the management bodies and by all staff who, in their daily activities, comply with the functions effectively and responsibly. A mission based on a long term vision, a robust organisational model and a strong ethical culture.

The priority attributed to the close management of companies underpins the principles of transparency and credibility based on ethical values and integrity. The daily concerns, striving for efficiency or economic growth cannot be detached from ethical and responsible behaviours.

AdP GROUP ETHICAL VALUES AND ACTION PRINCIPLES

The values and principles guiding the actions of the AdP Group establish a core ethical framework that shapes the behaviour of employees in their daily activities.

As central values, the AdP Group strives for:

- Excellence
- Integrity
- Responsibility
- Rigor

And is governed by the following principles:

- Compliance with all legislative and regulatory requirements in addition to other subscribed declarations
- Respect and protection of human rights
- Combat of corruption
- Contributing towards sustainable development

INTEGRITY COMMITMENT

The AdP Group Integrity Commitment, subscribed to by every company, was publicly presented in December 2021 and is based on a governance model with the highest ethical standards.

We share the vision on transparency and public integrity of international institutions such as the UN, the OECD and the European Union and we review our actions according to the OECD Recommendations on Public Integrity, which “recognise as prioritising the promotion of a culture of public integrity consistently aligned to the values, principles and shared ethical norms for sustaining and prioritising the public interest over private interests in the public sector”.

The AdP Group Integrity Policy sets out our vision on ethics and integrity, consolidating the commitment of constituent companies to the governance model based on the highest ethical standards, transparency, responsibility and excellence in public management practices.

We have provided an ethical framework based on the values and principles enshrined in the Code of Ethics and Conduct, the Principles of Good Governance that require the Group to align with the 10th Principle of the

United Nations Global Compact (UNGP), anti-corruption and in alignment with the targets of Sustainable Development Goal 16 - Peace, Justice and Strong Institutions of the United Nations Agenda 2030. In 2019, all AdP Group companies responded to the Anti-corruption Call to Action issued by the UNGP, correspondingly subscribing to the Portuguese Anti-corruption Campaign. The ethical framework receives backing from the norms of conduct and a set of other internal policies and procedures that guarantee conformity with the different instruments regulating Group activities and actions. The Policy serves to confirm how this set of principles establishes harmonised criteria for decision-making processes at the internal level and for the relationships with interested parties.

WE SUPPORT



HUMAN RIGHTS



Principle 1

Companies should support and respect the protection of the internationally recognised human rights.

Principle 2

Companies should guarantee their non-participation in violations of human rights.

LABOUR STANDARDS



Principle 3

Companies should support freedom of association and the effective recognition of collective negotiation.

Principle 4

The abolition of all forms of forced and compulsory labour.

Principle 5

The effective abolition of all forms of child labour.

Principle 6

The elimination of discrimination in the workplace

ENVIRONMENT



Principle 7

Companies should support preventive approaches to the environmental challenges.

Principle 8

Implementing initiatives to promote environmental responsibility.

Principle 9

Companies should encourage the development and spread of environment friendly technologies.

ANTICORRUPTION



Principle 10

Companies should combat corruption in all its forms, including extortion and bribery.

Framed in the first pillar of the Strategic Framework of Commitment - Group Culture - the Integrity Policy serves to contribute to strengthening the remaining two - Service Excellence and Social Utility - and serving to support the twelve strategic challenges.

The Policy, which describes the integrity model that guarantees the ethical quality of the Group's decisions and options based on the three axes that structure the actions into prevention of inappropriate or inadequate behaviour; mechanisms for detecting potential situations in violation of the ethical framework and instruments and mechanisms for resolution, action and evaluation.

This furthermore identifies the different internal bodies and instruments that convey the implementation of the commitments in the fields of ethics, compliance and other legally stipulated obligations - Code of Ethics and Conduct; Prevention Plan for Risks of Corruption and Similar Infringements; Regulation for the Voluntary Reporting of Irregularities; Manual for Public Procurement under the General Regime and the Procurement Manual – with some instruments and procedures having been updated and interrelated with the European directive on the protection of persons that report violations of European Union law (Whistle Blowing).

The governance structure of organisational ethics was also strengthened by the founding of an Ethics Committee, as a consultive body alongside the expansion of the Ethics Commission, the executive body holding competences for analysing whistle blowing reports, questions and other ethical dilemmas reported through the channels of communication, purpose established, confidential and safe, particularly as regards the reporting of irregularities.

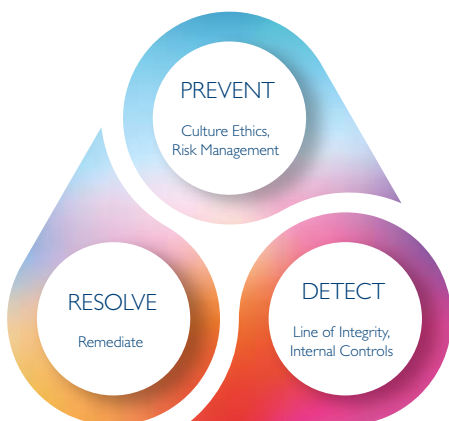
The implementation of the principle of transparency takes place through the regular release of information about the performance and initiatives, both internally and externally, and both by the holding group and Group companies.

THE AdP GROUP INTEGRITY MODEL

The AdP Group integrity model derives from the application of structural values and principles across three fundamental axes - preventing, detecting and resolving - which integrate all the support mechanisms and instruments and deployed through a governance structure that includes two bodies with distinct statutes and attributions, the Ethics Committee and the Ethics Commission.

The “Prevent” axis rests on the assumption of integrating ethical reflection, thus, every decision and option taken by managers and staff incorporate criteria based on compliance with the legislation in effect and that apply to the companies in the state business sector; the defined values and principles, the external commitment in this domain and the norms of internal conduct. This pillar results from the continuous investment in awareness, open dialogue, coherence between what we defend and our actions, and that results in the culture of integrity that characterises us. The “Prevent” axis is that which requires the highest level of investment constituting the first line of defence for integrity.

The “Detect” axis serves to frame the different internal mechanisms for identifying situations and areas of risk, deviations from procedures or conducts, ethical dilemmas or anomalous circumstances and the definition of corrective measures. The Group makes available channels for collecting situations that may involve



internal or external interlocutors and also endowing the bodies with the appropriate responsibilities and authority for defining the measures necessary for application.

The “Resolve” axis integrates the measures for implementation, the remediation methodologies that guarantee the depth and reach of the model and the evaluation of the Group ethical performance in accordance with the ethical performance indicators.

THE AdP GROUP CODE OF ETHICS AND CONDUCT

The Code of Ethics and Conduct, revised in 2021, serves to express the AdP Group commitment to ethical conduct in its internal and external relationships within the objective of strengthening the ethical standards applicable and nurturing a working environment that fosters respect, integrity and equity.

More than a commitment, this Code of Ethics and Conduct reflects the will to advance along a path of continuous improvement of a business Group that accepts as structural principles for its actions, respect for the rights of workers, the responsibility for defending and protecting the environment, transparency in its relationships with the exterior and contributing towards sustainable development.

The observance of this code is overseen by the AdP Group Ethics Commission, That is available for consultation at www.adp.pt.



THE GOVERNANCE MANUAL

The Governance Manual seeks to endow AdP Group with a document that enables greater rigor, transparency and control over the governance of companies, concentrating the norms, deliberations and regulations, sharing knowledge of the fundamental materials of company governance with every interested party and improving governance practices.

SPECIALIST COMMITTEES

The holding group Board of Directors nominates multidisciplinary teams to manage and supervise the transversal Group projects.

Strengthened in 2021, under the auspices of the adjustments that have been introduced in terms of the governance model, the corporate structure and valuing the multipolar network of Group competences that function as junctions for the convergence of knowledge, experiences and awareness, especially for personal enrichment, improving decision-making processes and greater Group consistency.

Designed to endow greater efficiency in implementing the transversal norms, this ensures fluidity in the communications processes, studying the proposals for process/function integration and sharing the best practices of the companies making up the AdP Group.

The Specialist Committees are composed of directors and the managers of functional areas in each of the companies on nomination by their respective Boards of Directors. The coordination of each Committee is undertaken by one of its members nominated by the respective Committees and with rotation encouraged on a 3 (three) month basis.

MANUAL OF BEST PRACTICES AND PUBLIC PROCUREMENT

Identifies the set of best practice recommendations for the field of public procurement that mitigate the risks existing and prevent the violation of the principles of transparency, equality and competition within the scope of ensuring the public interest.

PREVENTION PLAN FOR RISKS OF CORRUPTION AND SIMILAR INFRINGEMENTS

The Prevention Plan for Risks of Corruption and Similar Infringements identifies the key areas that may potentially be subject to acts of corruption as well as the respective risks thereby resulting and the controls enacted by the company within the framework of their mitigation and reducing the likelihood of their occurrence. This also seeks to strengthen the culture of the Group and its respective employees as regards ethical behaviours and best practices as regards commercial relationships with clients, suppliers and other entities.

In order to comply with the recommendation of the Corruption Prevention Committee of 7 November 2012 for the management of conflicts of interest in the public sector, AdP Group companies implement Declarations of Conflicts of Interest, subscribed by the Directors and members of staff in positions potentially subject to the occurrence of acts of corruption.



ANTI-CORRUPTION

10th Principle

Companies should combat corruption in all its forms, including extortion and bribery.

Criterion 12: Existence of robust commitments, strategies and policies for anti-corruption.

Criterion 13: Effective management by the AdP Group to integrate the anti-corruption principles.

Criterion 14: Effective monitoring and evaluation of the anti-corruption management mechanisms.

in "Progress Information on the United Nations Global Pact"

WE SUPPORT



I.7 RISK MANAGEMENT

INTERNAL CONTROL AND RISK CONTROL SYSTEMS

The AdP Group in general, and the Board of Directors of AdP SGPS in particular, pay great attention to themes such as internal control, risk management, fraud, the transparency of information and the reliability of financial reporting. The management of risk should constitute a Company governance tool incorporated into every internal process and thereby posing a transversal challenge to every Group member of staff.

The rigorous management of companies ensures the principles of transparency and credibility based on values of integrity and ethics. The daily concerns over efficiency and economic growth cannot be detached from ethical and responsible behaviours.

The Group deploys various tools for prevention, implementation and control that seek to ensure actions in accordance with the Group's principles and values.

AdP Group activities are subject to events that may adversely affect performance, particularly in the contexts of accelerated change that we are today experiencing. It therefore becomes necessary for organisations to be able to develop strategies capable of dealing with uncertainties, especially pre-empting any threats as well as through identifying the opportunities arising that may shape the achieving of Group objectives.

The AdP Group dedicates a great deal of attention to the risks inherent to its activities, which reflects in regular monitoring activities for the core risks resulting from the daily operations of all its companies.

These represent transversal concerns for the AdP Group and, in order to enable a systematic and broad visibility of the internal controls existing in companies, 2021 saw the conclusion of the first phase in the implementation of the Group project for an Internal Control System, based on the internationally accepted COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology deemed as the model best adaptable to the structure of Group companies, flexible enough for every entity and any of the units of business activities as well as being reliable in terms of the responses provided to the existing challenges.

This model returns a direct correlation between the objectives the organisation is striving to achieve across three categories (Operation, Reporting and Compliance), and the five components (Control Environment, Risk Management, Control Activities, Information and Communication and Monitoring Activities), which represent those necessary to achieving the objectives set in the structure prevailing.



COMPONENTS OF THE ICS – THE INTERNAL CONTROL SYSTEM

• CONTROL ENVIRONMENT

This defines the spirit of the organisation, influencing the awareness employees hold of the risks. This should reflect the importance of internal controls and establish the discipline and structure of the other ICS components. This encapsulates the set of rules, processes and structures that provide the basis for the performance of internal control in the organisation.

• RISK EVALUATION

Intended to identify, evaluate, monitor and control all the risks that may influence the strategy and objectives defined by the institution, ensuring that they are met and that the necessary actions are taken to respond appropriately to undesired deviations.

Objectives are to be defined at different levels of the organisation, consistently and categorically for operations, reporting, and compliance, with sufficient clarity to be able to identify and analyse the risks to those objectives.

• CONTROL ACTIVITIES

Activities designed to prevent or reduce the adverse impact of risks, for example recurring process control activities.

Control activities are actions established by policies and procedures that help ensure management directives for mitigating risks in achieving objectives are duly implemented.

Control activities are performed at all levels of the organisation and at various stages in the business process and technological environments.

Control activities can be preventive or detective in nature and can encompass a range of manual and automated activities, such as authorisations and approvals, verifications, reconciliations and business performance reviews.

The segregation of duties is typically incorporated into the selection and development of control activities. When the segregation of duties is not possible, the management should develop and apply alternative control activities.

• INFORMATION AND COMMUNICATIONS

Communication is the ongoing process that enables staff to understand the responsibilities of internal controls and their importance to achieving the objectives.

• MONITORING ACTIVITIES

These are performed with a view to ensuring the appropriateness and effectiveness of the ICS itself over time, which furthermore ensures the timely identification of any deficiencies or opportunities for improvement.

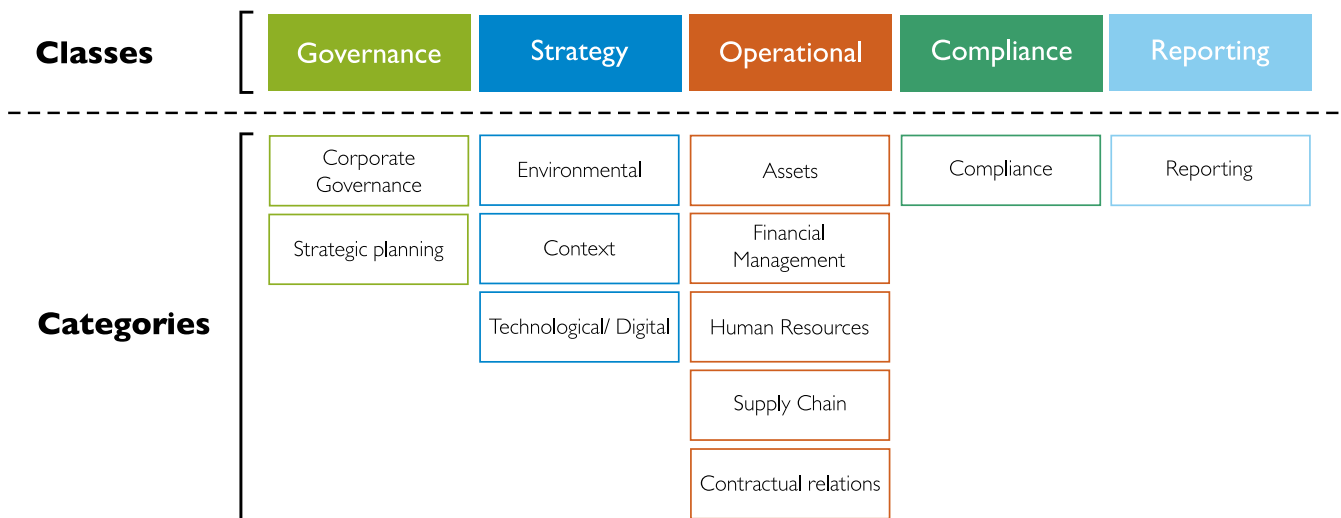
Ongoing, one-off/independent, or a combination of both, audits serve to determine whether each of the five internal control components, including the controls that apply the principles within each component, are present and functioning.

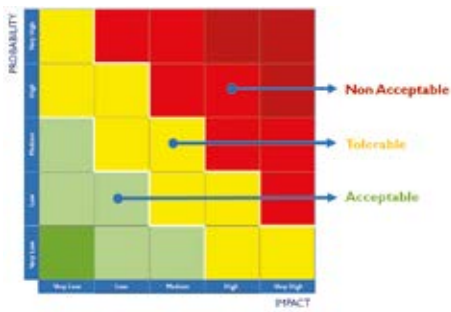
The results are assessed in accordance with criteria established by the regulators, recognised by regulatory bodies and the recognised normative bodies and with shortcomings communicated in a timely manner.

Within the scope of the first project phase, the following activities took place in 2021:

- i. Mapping the 15 initial processes at Group companies based on the systematised information from the MRC – the Matrix of Risks and Controls at two pilot companies, implying adjustments to the information collected on the reality of the risks and controls existing in each company. The work, begun in the 4th quarter of 2020, respected the initially defined chronogram and had achieved conclusion at almost the majority of AdP Group companies at the end of the 4th quarter of 2021;
- ii. Undertaking preliminary analysis of the Maturity of Internal Controls at AdP Group companies and producing the respective reports that systematise the main conclusions of the questionnaires submitted and that identify the existing level of knowledge and awareness in each company on these issues;
- iii. Conclusion and sending of the MRCs for procurement processes, with their drafting resulting from the audit carried out of this process in companies, which identified the risk events and the existing controls;
- iv. Joint review of the MRCs submitted by the companies in order to ensure the consolidation of systematised information and improve on the contents presented;
- v. Undertaking of an audit of the tests and evaluation of the effectiveness of the controls associated with the accounts payable processes of Group companies based on their respective MRCs;
- vi. Reviewing the processes identified within the framework of the Group's Internal Control System and map the second project phase, ensuring the maintenance of the alignment with the strategic objectives and significant accounts of the companies;
- vii. Adjudicating the entity responsible for undertaking this mapping, in conjunction with the pilot companies, the remaining business processes within the scope of the second phase of implementing the Group's Internal Control System beginning at the start of 2022;
- viii. Reviewing of the AdP Group Internal Control Manual and the Metrics defined for evaluating the ICS in order to guarantee its adaptation to the reality of AdP Group companies, incorporating the knowledge acquired over the course of implementing the first phase in this project, with the provision of approval by the companies at the beginning of 2022.

The corporate risk management model currently implemented in the AdP Group, also defined according to the COSO methodology, presents the risks organised according to a structure of defined classes and categories, as set out below:





Risk assessment is made based on the probability and impact of events occurring, considering the respective inherent and residual risks. Hence, we try to ascertain the efficiency of the ICS as devised to maintain the level of risk at thresholds deemed acceptable in accordance with the following matrix:

Risk assessment from the perspective of impact analysis includes the following analytical dimensions:

- Financial;
- Reputation;
- Legal or regulatory; and
- Level of alignment with business goals.

The probability of risk occurrence is also evaluated according to a wide range of factors, including:

- Existence and effectiveness of controls;
- Previous occurrence of the risk;
- Complexity of the risk; and
- Installed capacity to manage risk (people, processes, systems).

The Internal Audit and Risk Control Department is the AdP SGPS department responsible for identifying the risks to AdP Group businesses, pinpointing the key control factors required to minimise or eliminate their impacts, undertaking compliance tests to assess the results and performing internal audits of those subsidiaries in which it holds a majority interest.

Reporting directly to the AdP SGPS Board of Directors, the department's independence is strengthened in relation to the management of the audited companies and correspondingly experiencing an appropriate degree of autonomy to carry out its work, optimising the resources available and avoiding any duplication of structures.

In managing business risk, those risks related to the categories of governance, strategy and planning, compliance and reporting are both handled directly and monitored at the Group company level while periodically examined by AdP SGPS in its capacity as majority shareholder. Operational and infrastructure risks are addressed not only by the Group companies and their governing bodies but also by the majority shareholder's centralised monitoring and control units, which are responsible for both identifying and managing the main risks.

Taking into consideration the risk evaluation process carried out in 2021, some of the core risk exposure faced by the Group are the following:

- **Extreme climate events** - Loss of human life, damage to ecosystems, extinction of species, destruction of property and/or financial loss on a global scale as a result of extreme weather events: cold fronts, fires, flooding, heat waves, extreme drought, storms and tornadoes, etcetera.
- **Information security** - Risk of loss of confidentiality, integrity and availability of information systems, resulting from a non-existent or inadequate definition of information security policies.

- **Foreign exchange and commodities** - Risk of the Organisation's financial statements being affected by its exposure to changes in commodity costs, specifically the costs of energy and reagents.
- **Losses in retail supply** - Risk of water resource losses along the downstream supply chain, with a consequent reduction in supply capacity and financial losses, resulting from malfunctions and failures not detected in time or from ageing infrastructures.
- **Bulk sanitation infiltrations** - Risk of infiltrations along the bulk sanitation chain with a resulting reduction in treatment capacity and financial losses due to undetected malfunctions and faults, ageing infrastructures and the absence of network separation.

Whenever risk assessment deems an aspect intolerable or unacceptable to a company, risk handling plans are drafted, approved and adopted as mitigation measures. These identify the corrective actions to be taken, the strategy for handling them (avoiding, accepting, reducing or sharing the risk), the respective timeframe for implementation and the person in charge for each dimension to the implementation plan in question. Depending on the duration of the defined handling period, monitoring date schedules may be defined as well as their designated officers and the impact of such actions is ascertained during subsequent evaluations.

According to the methodology implemented, having concluded the risk evaluation processes carried out by AdP Group Companies, the Boards of Directors are to evaluate the need to identify and/or implement corrective actions that then require regular monitoring so as to accompany their implementation, their impact on mitigating the risks identified and ascertaining the respective level of control.





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.

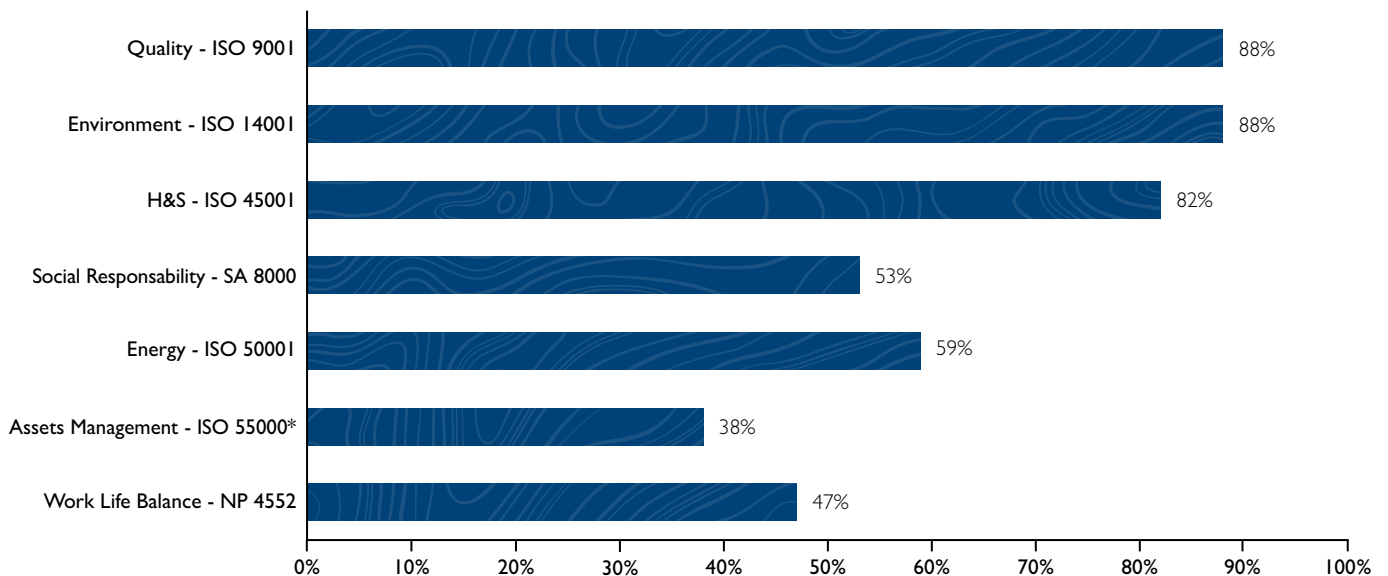
The portuguese State entrusted AdP Group with a central role in meeting national challenges in environmental terms. With our performance, over almost three decades of operations, we have greatly contributed, both directly and indirectly, to the development of the country.

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.

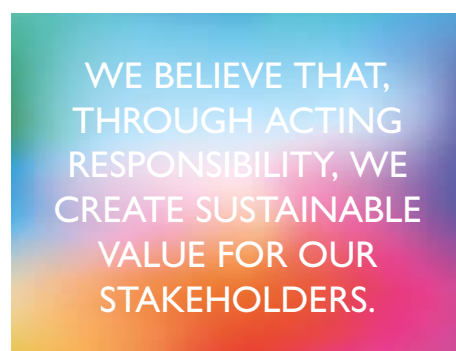
The AdP Group Manual of Sustainability Indicators guarantees the consistency of the indicator collected, ensuring reliability in the consolidation of information referring to the entire Group.

Management model functional control mechanisms:

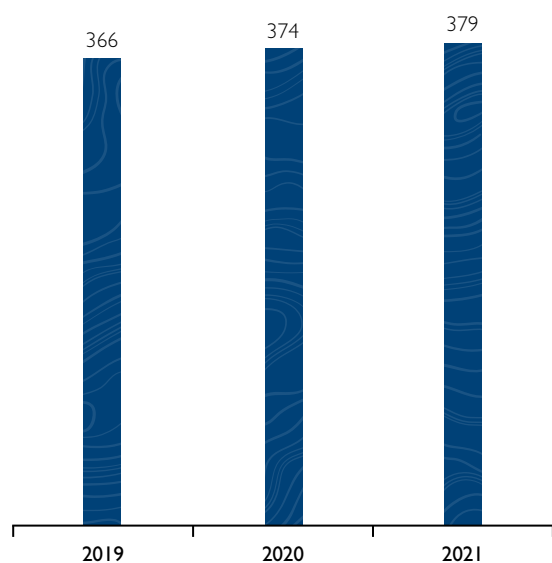
- Audits of the accounts by external entities;
- Legal certification of the accounts;
- Audits of the concession contracts, supply and collection contracts and holding company contracts for the delivery and reception of wastes;
- Audits of investments carried out by the holding company;
- ERSAR regulatory 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.

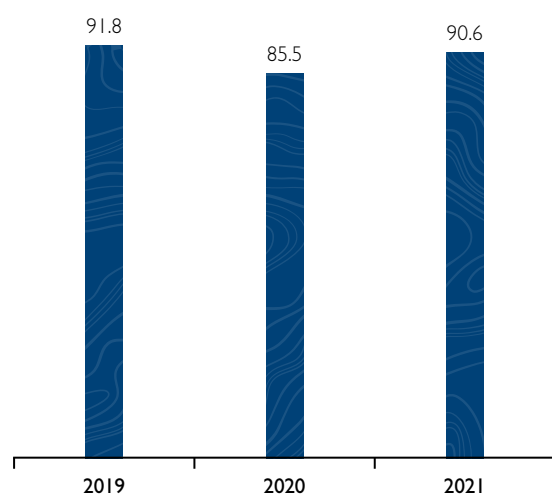
The shareholders play a fundamental role in the business model as they value the diverse interests in different ways and create a reconciliation challenge for the management. The municipalities, one of the leading stakeholders, stand out simultaneously as shareholders and clients. In 2021, 214 municipalities 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)

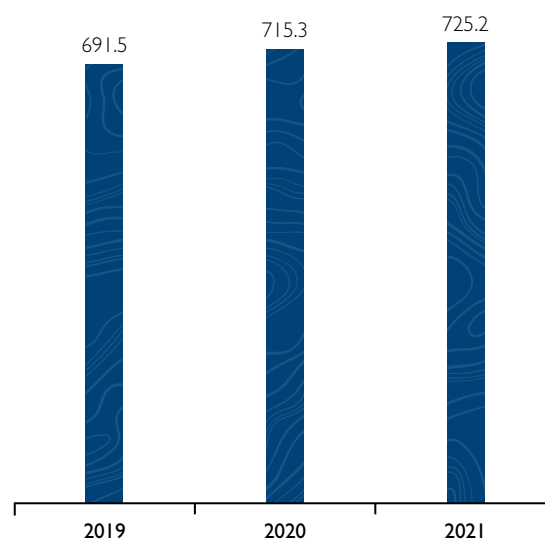


In 2021, the AdP Group net result came in at 90.6 million euros.

(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.



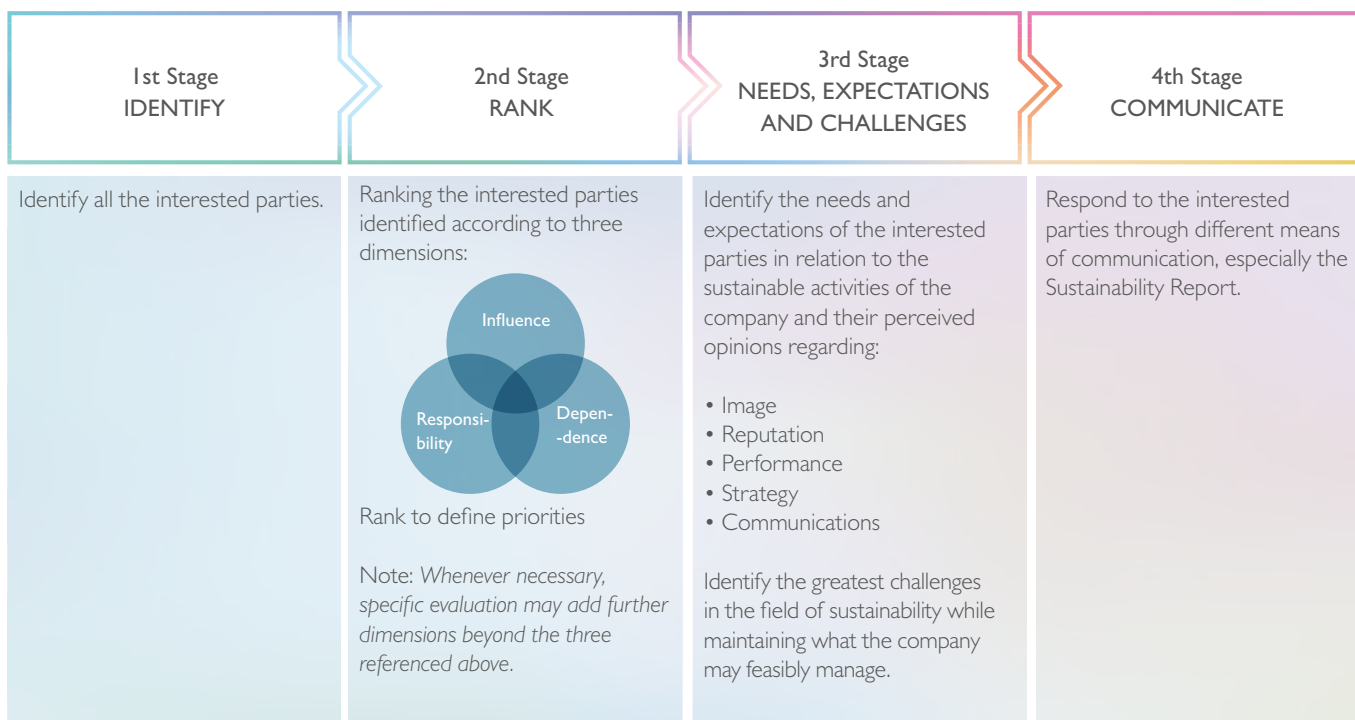
2.4 LISTENING TO OUR STAKEHOLDERS

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.

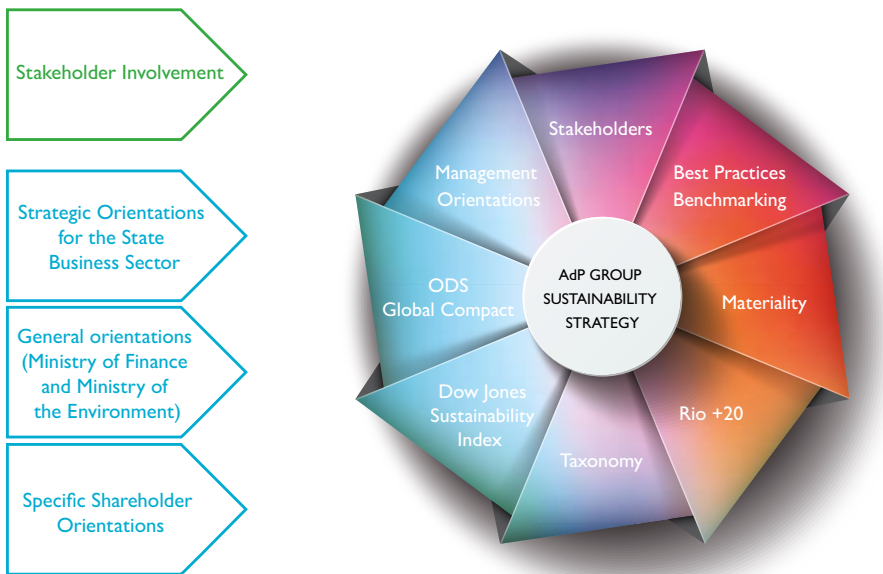
As regards the level of compliance with the fixed targets, we would highlight:

- 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.

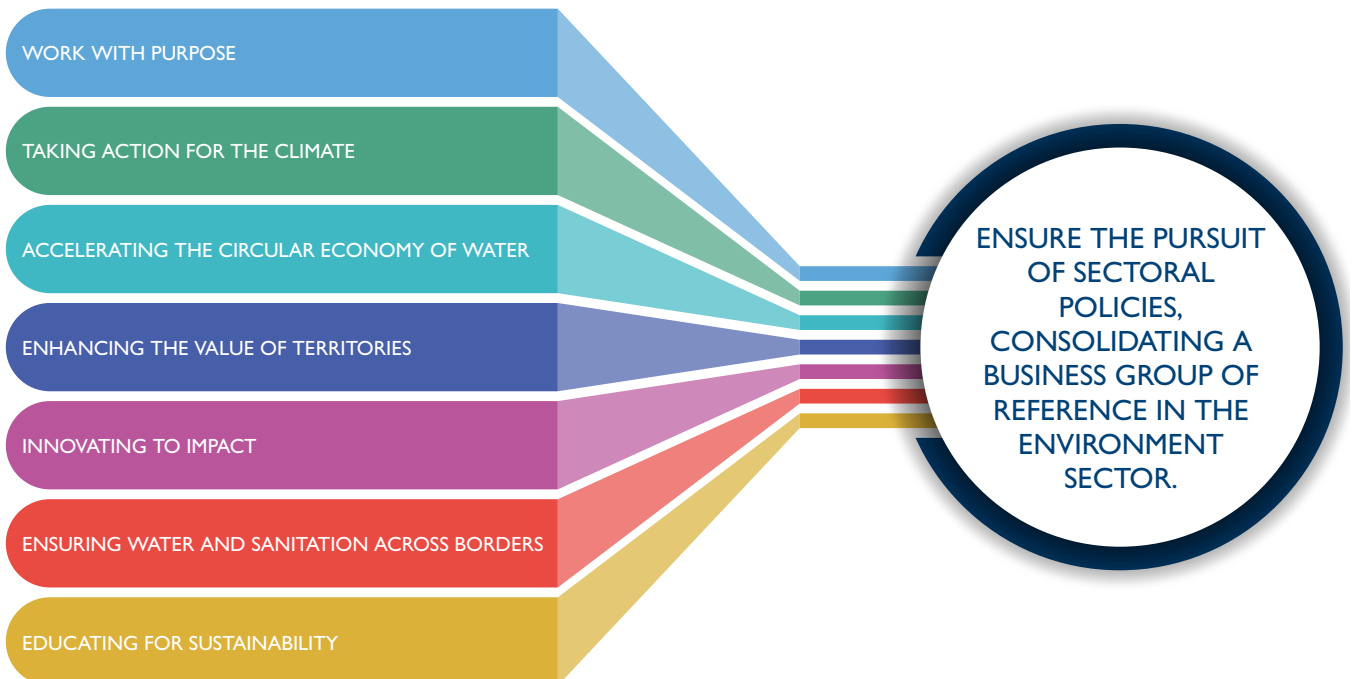
This Commitment to Sustainability 2022-2025 resulted from analysis of the management orientations and the business strategy, reflection on the expectations of the stakeholders, consolidation of the best existing practices, the commitments taken on according to the principles of the Global Compact, under 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>
	<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% 	<p>ZERO – Energy Neutrality Program</p>



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"



**3. MAKING THE
DIFFERENCE IN
THE LIVES OF
PEOPLE
OUR
PERFORMANCE**





We manage the urban water cycle in balance with the cycles of nature.



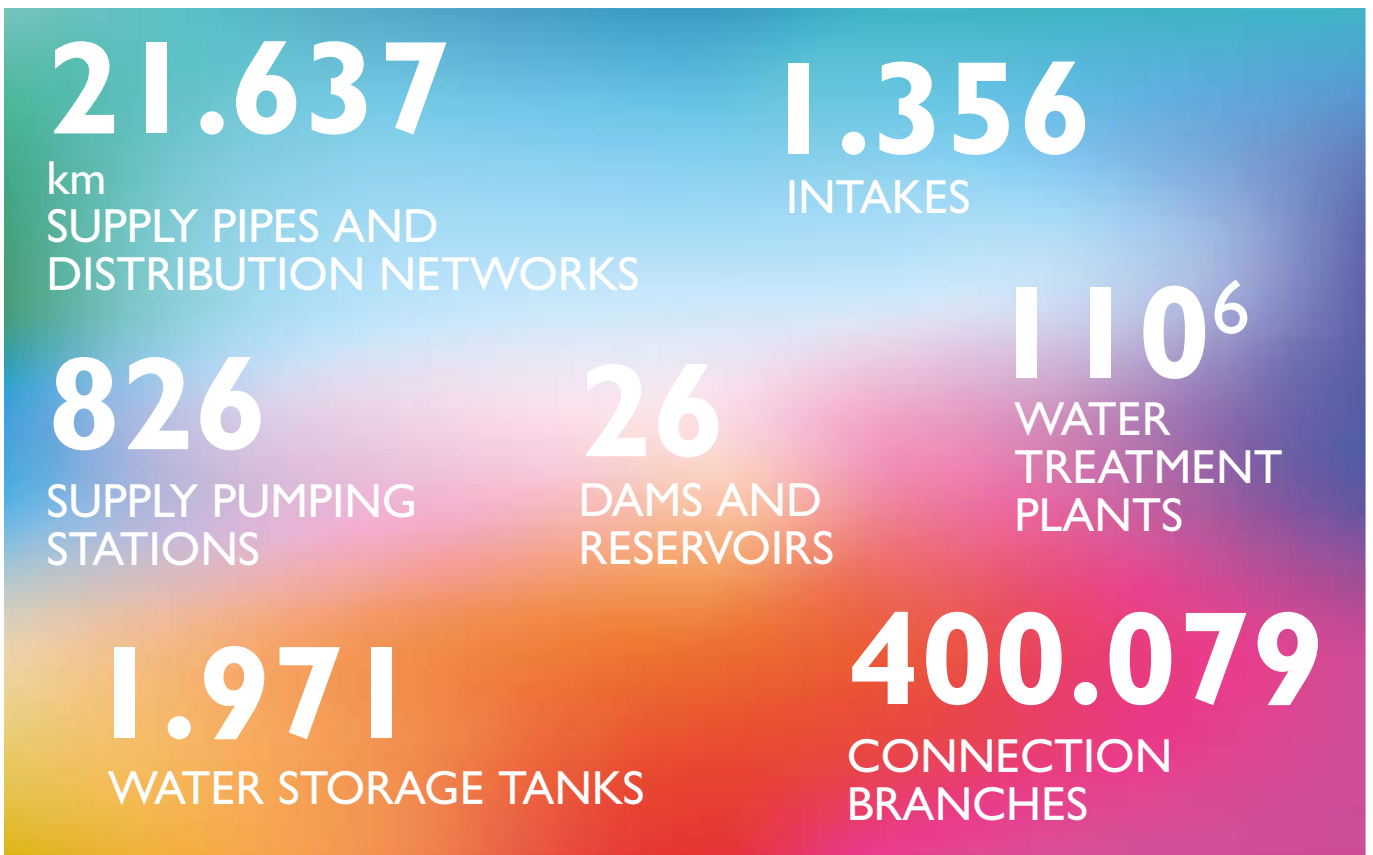
Water provides the fundamental link between societies and the environment.

The supply of water in sufficient quantity and quality is essential to public health and to the wellbeing of populations.

The Águas de Portugal Group contributes through operating and maintaining water treatment and supply systems as well as the rehabilitation and construction of infrastructures so that such a simple act as turning on the tap and getting quality water at whatever the time has become a reality that society can no longer imagine doing without.

We take on the dual responsibility for the continuous supply of drinking water to populations and extracting only the essential water flows (minimising waste), thus preserving and valuing bodies of water as a natural resource.

TREATMENT AND SUPPLY OF WATER⁵



The AdP Group contributes significantly to the position Portugal holds in the rankings of countries that best respect the right to water.

⁵ Does not include AdSA infrastructures for the production of industrial water.

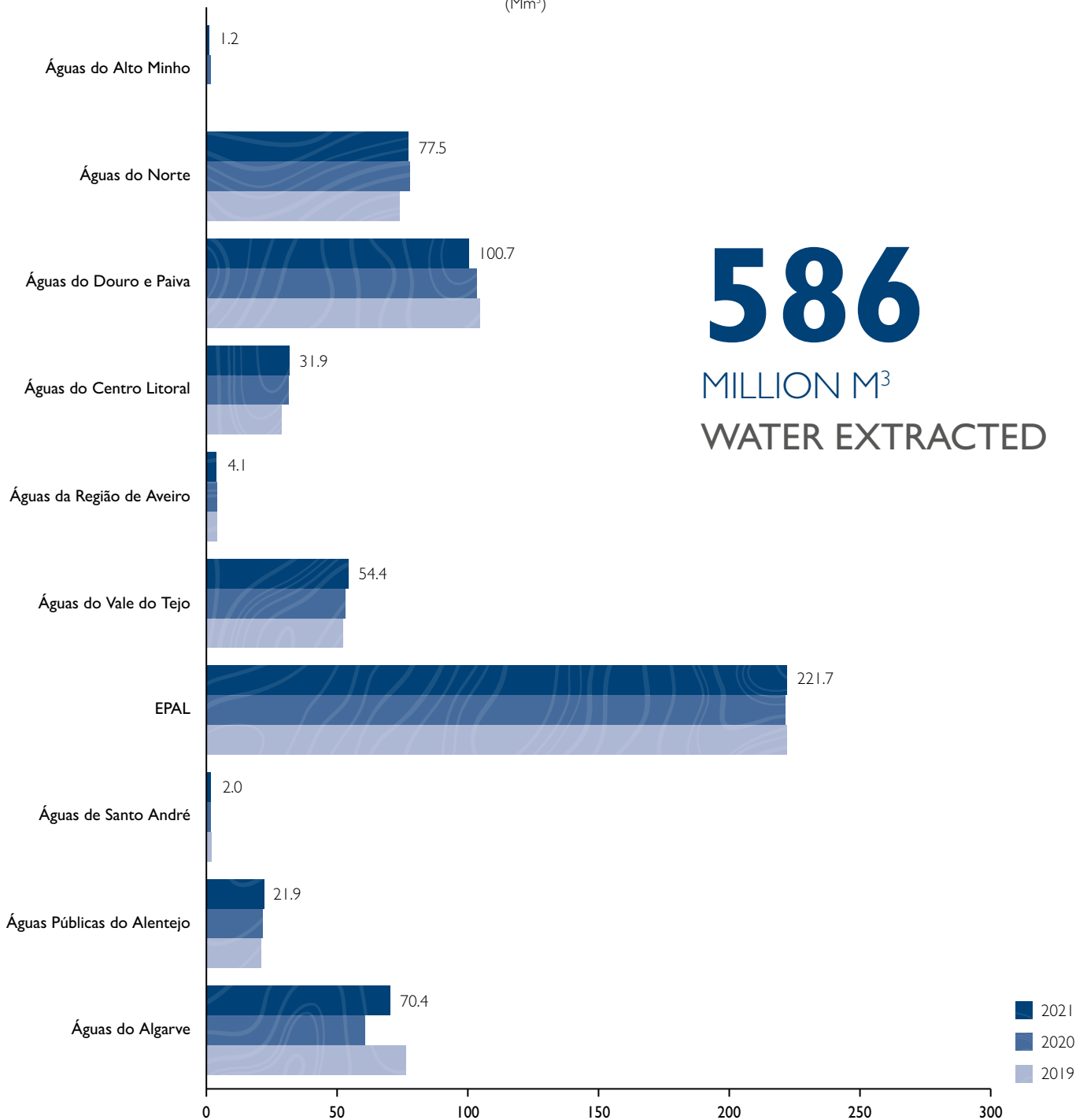
⁶ There are another 459 treatment installations. The total number of water treatment plants is lower than 2020 following the taking out of operation of two plants and with a third classified under the item of "Other treatment installations".

The path to the sustainable development of water resources increasingly involves extracting only the quantities necessary, recourse to surface capture points and cutting real water losses. The daily management of water capture takes place to avoid reducing the water availability in the surface and subterranean reserves and to guarantee the maintenance of minimum flow levels to thereby safeguard the ecosystems depending upon them.

In 2021, 586⁷ million m³ of water was abstracted, which reflects an increase of 1.47% on 2020, for the supply of 214 municipalities.

⁷ Water obtained by AdP Group company catchment or by companies under its management. Águas de Santo André in 2021, abstracted 23 million m³ from the River Sado to feed the Morgavel reservoir (an amount not included in the graph as this does not result in water for human consumption), from which 18.45 million m³ was sourced for the production of industrial water.

Water extracted for supply (Mm³)



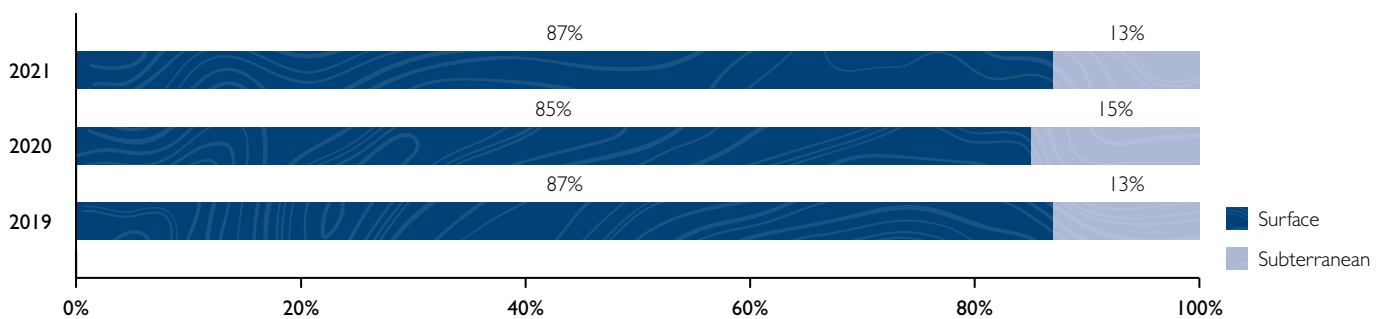
586
MILLION M³
WATER EXTRACTED

Through its sustainable management of water resources, the AdP Group generates a positive long term impact on current society and on the generations to come.

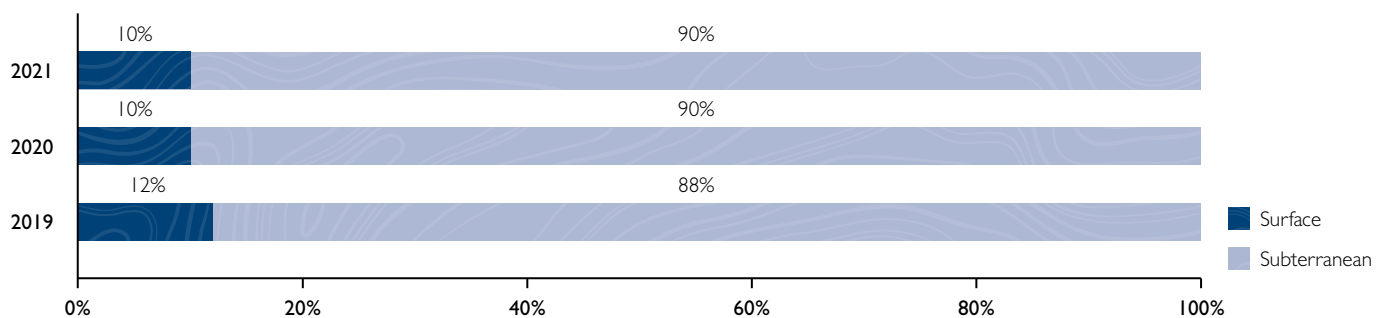
Respect for the limitations set by the licences issued by the competent authorities guarantees the sustainable utilisation of resources. Currently, 92% of the water was abstracted under licence (with the remainder under the process of licencing). In 2021, 48% of the maximum volumes defined by the licences was abstracted.

In 2021, the number of surface abstraction points (133) accounted for 87% of the total volume abstracted, a higher level than 2020. The number of subterranean abstraction points declined from 1 227 to 1 223. The greater surface abstraction capacity existing at Group companies enables the preferential usage of this water source to the detriment of subterranean catchment and thereby guaranteeing high levels of replacement and safeguarding subterranean aquifers to better conserve the water resources. In 2021, the volume of water obtained via surface abstraction stood at 510 Mm³ and against 75.6 Mm³ from subterranean sources.

Water sources - volumes (%)



Water sources - abstraction (%)



Another fundamental aspect for the conservation of water bodies is to minimise inefficiencies. In addition to the economic facet of this question, the reduction of real water losses is a matter of environmental concern. The AdP Group is duly attentive and has been investing continually to this end, especially targeting the real losses in the transport and distribution of water. In 2021, we may correspondingly report that the real losses in the bulk systems did not experience any major variation, rising from 3.7% to 3.9%. In the retail distribution systems, the real losses advanced from 12.3% to 12.9%.

The reduction in leaks through preventive maintenance and the renovation of networks, the existence of specialist teams for such purpose associated with the technological investment has contributed efficiently to improving the AdP Group results in water resource management.

**THE RELIABILITY
AND RESILIENCE
OF OUR WATER
SYSTEMS ENSURE THE
CONTINUITY AND
QUALITY OF SUPPLY.**



**MEASURES ADOPTED
TO COMBAT LOSSES:**

- Continuously monitoring the flow and pressure (by remote inspection);
- Carrying out load tests on the pipes and storage tanks;
- On site periodic inspection routines (e.g.: areas with pipes, storage facilities);
- Verification and ascertaining the flow levels;
- Renovating storage facilities and replacing pipes at the end of their working life spans;
- Undertaking monthly water balance reports;
- Specialist teams;
- Investment in technology.



Portugal with 372
beaches awarded
the Blue Flag
in 2021



In the basic sanitation sector, we perform a fundamental role in protecting both the environment and public health through contributing daily with services of excellence. The conservation and valuation of bodies of water intrinsically interconnects with the operation of sanitation systems and conveying the company commitment towards people, public health and the environment.

The effective collection, treatment and discharge of wastewaters safeguards the quality of the receptor environments and their respective ecosystems. Compliance with the limits defined in the licences issued by the competent authorities enable the sustainable utilisation of resources for their own respective purposes. Improving the quality of bodies of water as a result of the impacts of AdP Group activities enables the national economy. For example, we may point to the consequences of depolluting beaches and watercourses for the tourism activities ongoing in Portugal.

TREATMENT AND TRANSPORT OF WASTEWATERS

11
km
SEWERS

622¹⁰

227 659
CONNECTION BRANCHES

2 408⁹
SANITATION PUMPING
STATIONS

1 029⁸
WASTEWATER TREATMENT
PLANTS

19
SUBMARINE
WASTEWATER EMITTERS

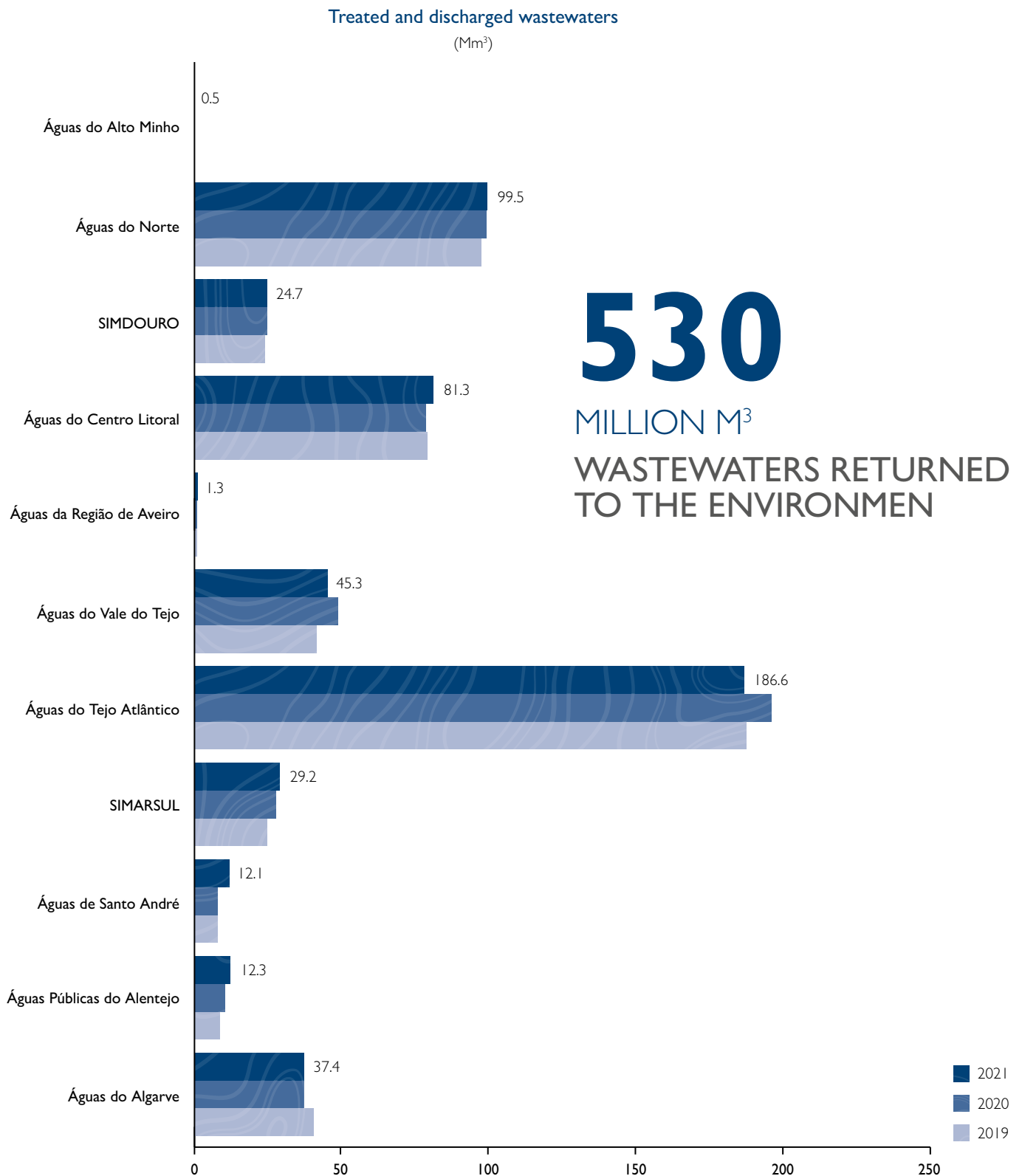
90%
REPLACEMENT OF WATER INTO THE
ENVIRONMENT IN RELATION TO THE
VOLUME OF WATER ABSTRACTED

⁸ This does not consider the septic tanks in the total number of treatment plants. The year-on-year rise in their number took place primarily due to the reclassification by AdVT of collective septic tanks as a wastewater treatment plant in accordance with instructions from the regulator, ERSAR.

⁹ The annualised increase in the number of Lifting Stations stems from the completion of construction work and the entry into operation of facilities in the majority at AdRA and AdTA.

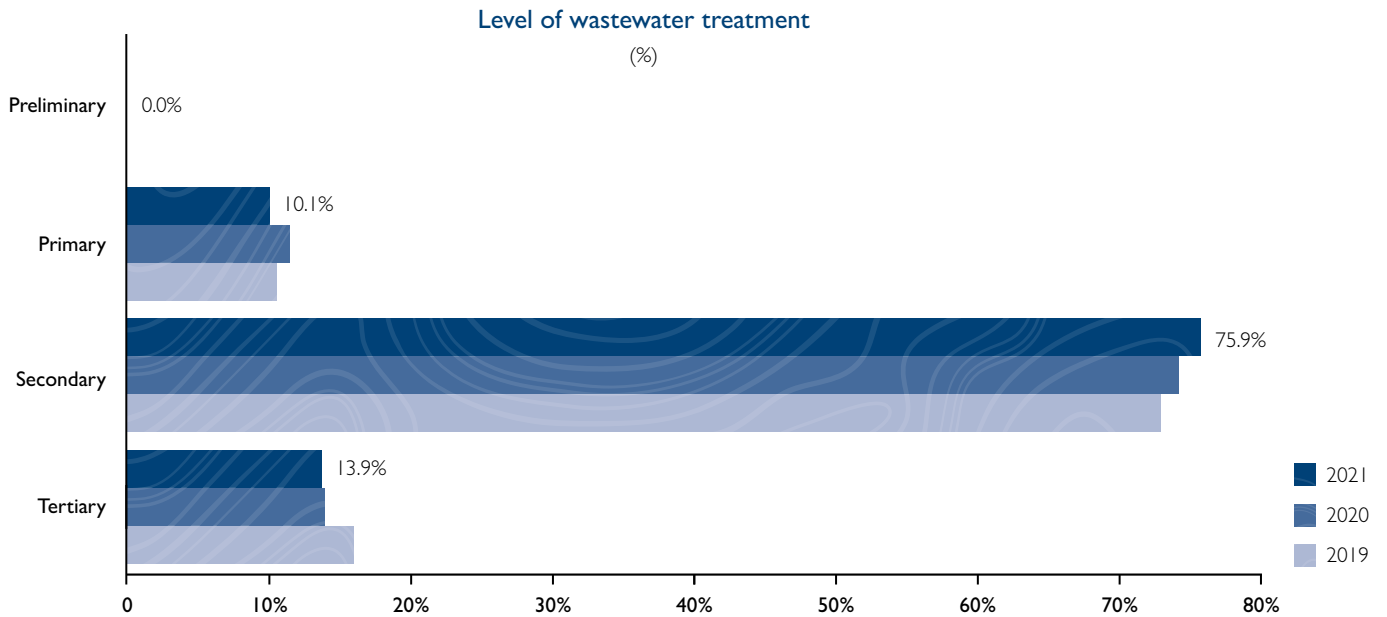
¹⁰ The reduction in the total as regards 2020 results from a deviation in the total reported by AdN that year.

In 2021, 217 municipalities received sanitation services from the AdP Group. The volume of wastewaters treated and returned to the environment totalled 530 million m³, down 2 million m³ on 2020. AdP Group companies with retail sanitation services collected 48 million m³ of wastewaters in 2021, with the majority of these flows delivered to bulk companies for treatment and discharge.

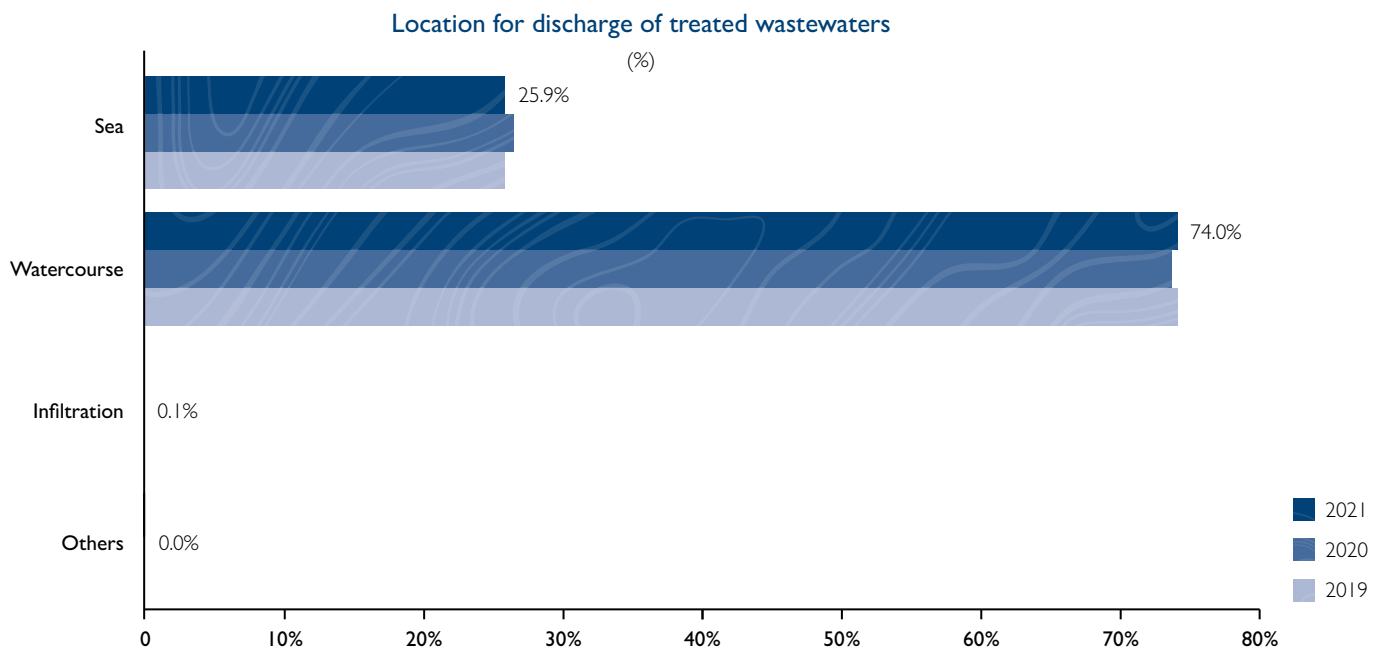


The return of treated wastewaters into watercourses contributes decisively to the maintenance and safeguarding of the riverside ecosystems, especially in zones subject to long dry seasons.

The high quality levels required by diverse uses in the receptive environments needs different types of wastewater treatment. The predominant treatment ongoing at AdP Group installations is secondary. In particular situations, defined in the discharge licences, wastewaters are additionally subject to tertiary treatment for the removal of nutrients, particularly nitrogen and phosphorus.



Watercourses are the preferred sites for the discharge of treated wastewaters (74% of effluents) given their proximity to treatment installations followed by rejection through underwater emitter into the sea (26%).



The environmental management systems provide an important contribution to the appropriate management and valuation of the resources, enabling the minimisation of risks and the elimination of wastes, bringing added value to the Group and to the societies we operate in. 88% of AdP Group companies are certified by the ISO 14001 norm. The extent of certification, 14 of 16 companies with certification, reflects throughout the core business and all the infrastructures. The remaining two companies have obtained partial certification with the target of obtaining the certification of all companies almost reached across every facet.



ENVIRONMENTAL PROTECTION

7th Principle

Companies should support preventive approaches to the environmental challenges.

Criterion 9: Existence of robust commitments, strategies and policies for environmental management.

Criterion 10: Management systems effectively integrate environmental principles.

Criterion 11: Effective monitoring and evaluation of environmental management mechanisms.

in "Progress Information on the United Nations Global Pact"

WE SUPPORT



NEGATIVE IMPACTS

- Large volumes of water abstracted
- Consumption of energy (electricity and fuels)
- Emissions
- Production of waste
- Impacts on biodiversity
- Alterations to the discharge environments
- Impacts on the local population (construction works, operating infrastructures)

POSITIVE IMPACTS

- Preservation of natural resources
- Preservation of ecosystems
- Promotion of alternative sources of energy
- Protection of public health
- Promotion of the economy (creating wealth), at the regional and national levels
- Posts of employment (direct and indirect)
- Tourism (raising the standards of watercourses and soils)
- Environmental education







THE PATHWAY TO OUR AMBITIONS

WORK WITH PURPOSE

TAKING ACTION FOR THE CLIMATE

ACCELERATING THE CIRCULAR ECONOMY OF WATER

ENHANCING THE VALUE OF TERRITORIES

INNOVATING TO IMPACT

ENSURING WATER AND SANITATION ACROSS BORDERS

EDUCATING FOR SUSTAINABILITY

3.1 WORK WITH PURPOSE



3.1 WORK WITH PURPOSE

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



3 589

TOTAL NUMBER OF EMPLOYEES

47¹¹

SENIOR MANAGEMENT POSITIONS

Within the framework of its corporate human resource management policy, the AdP Group assumes the commitment to actively foster the continuous development and valuation of all employees and thereby contributing to their involvement and commitment to the mission they are attributed. The main challenges that we face are motivation and satisfaction, the qualification and valuation of work, equal opportunities and the guarantee of working conditions with a major focus on workplace health and safety.

The AdP Group, which currently has 3 589 employees¹², 3 501 in active employment, has greatly contributed to boosting employment and local economies, strongly assisting in combating the desertification of the inland regions of Portugal. In 2021, 213 members of staff joined AdP Group companies with 127 departing.

In 2018, the AdP Group signed the Collective Working Agreement, applicable to all employees who were not hitherto covered by any collective regulatory agreement. The Collective Working Agreement constitutes an important instrument for the normalisation of labour relations, the sustainable development of companies and the valuation of employees. In 2021, the AdP Group launched the work of the parity commission under the auspices of the Collective Working Agreement, seeking to clarify any questions that may exist about the terms for interpreting the respective clauses.

¹¹ Positions held on the company bodies. In absolute terms, there are 38.

¹² Refers to the total of employees as at 31 December 2021, including employees with suspended contracts. Throughout the chapter "Work With Purpose" the ratios presented relate to the active number of employees.

WE SUPPORT



HUMAN RIGHTS

1st Principle

Companies should support and respect the protection of the internationally recognised human rights.

2nd Principle

Companies should guarantee their non-participation in violations of human rights.

Criterion 3: Existence of robust commitments, strategies and policies for human rights.

Criterion 4: The AdP Group management effectively integrates the principles of human rights.

Criterion 5: Effective monitoring and evaluation of the management mechanisms for human rights.

in "Progress Information on the United Nations Global Pact"



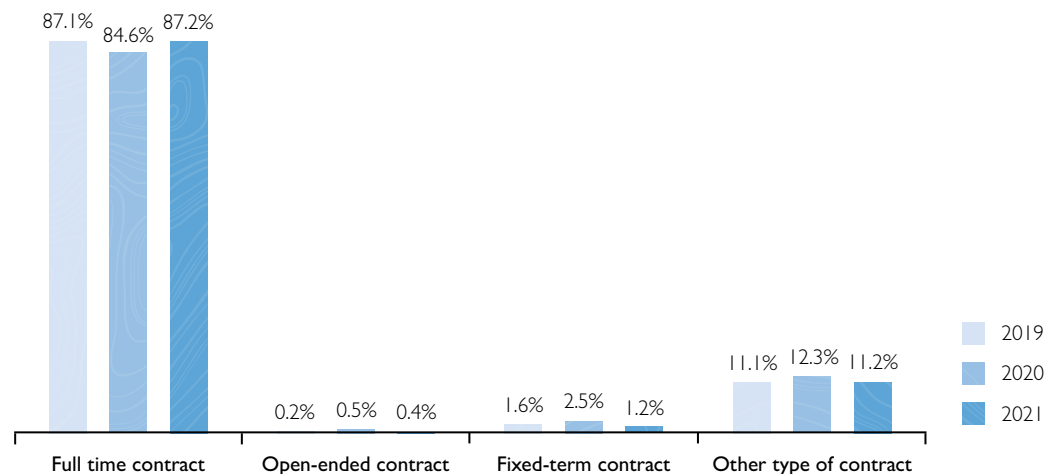
AdP GROUP COMPANIES ARE DRIVERS OF LOCAL EMPLOYMENT.

Total number of employees per company	2020	2021
AdAM	149	154
AdNorte	589	588
AdDP	140	138
SIMDOURO	80	78
AdCL	218	234
AdRA	273	272
EPAL+AdVT	998	1 019
AdTA	370	383
SIMARSUL	98	96
AdSA	59	57
AgdA	123	145
AdA	163	177
Holding and Instrumental Companies ¹³	151	160
Total	3 411	3 501

CHARACTERISTICS OF AdP GROUP HUMAN RESOURCES

The Group Human Resource policy rests on the pillars of trust, integrity, responsibility and respect for employees and prioritising stable and lasting working relationships reflected in the fact 87% of contracts are open-ended. Workers under an occasional loan regime between Group companies, or loaned in the public interest to other state organisms, are represented in the graph as “other type of contract” and are contractually bound to their companies of origin.

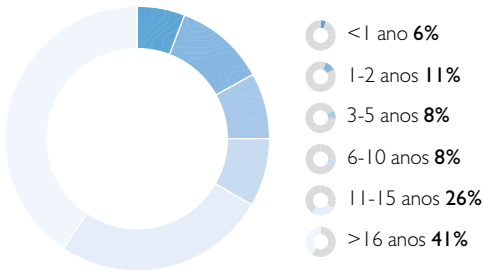
Employees by type of working contract (%)



¹³ Includes the offices and subsidiaries of AdP Internacional

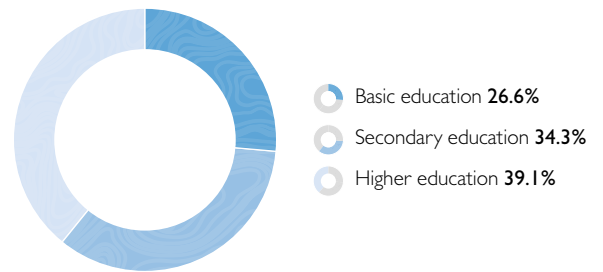
Around 8% of Group employees have a length of service record of between 6 and 10 years while 41% have been with the Group for over 16 years. The average length of Group service stands at 13 years.

Length of service (%)

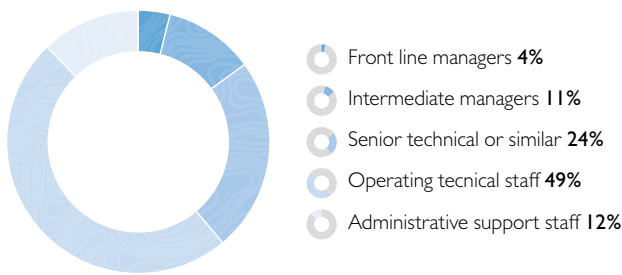


39%
GROUP EMPLOYEES WITH HIGHER EDUCATION DEGREES

Education Levels (%)



Employees by segment (%)



A significant proportion of Group employees are operating technicians.

EQUALITY OF OPPORTUNITY AND FOSTERING A BALANCE BETWEEN PERSONAL AND PROFESSIONAL LIVES

45%

SENIOR TECHNICAL SPECIALISTS AGED BETWEEN 36 AND 45

29%

FRONTLINE MANAGERS AGED BETWEEN 36 AND 45

57%

WOMEN SENIOR TECHNICIANS OR EQUIVALENT

100%

RETURN FOLLOWING PARENTAL LEAVE

21

EMPLOYEES NATIONAL MINORITY

19¹⁴

WOMEN DIRECTORS

¹⁴ Executive positions held by women

INVESTING IN THE DEVELOPMENT OF OUR PEOPLE

Professional and Personal Valuation and Development

The AdP Group Human Resource Strategy is leveraged on compliance with the objectives of excellence in our core business through the individual contributions of our members of staff. Efforts are deployed within the scope of fostering their motivation and the development of their competences. One of the AdP values is the contribution of employees through the acquisition of competences and life long learning. Members of staff are correspondingly encouraged to participate in Post-Graduate, Master's and Doctoral Degree programs in fields directly related with their activities and that unquestionably contribute to raising their intellectual capital. The participation in Professional Class Associations that contribute to professional recognition or that align with the objectives of the company is also encouraged and supported.

Performance Management

The Performance Evaluation Process contains the objective of managing and developing the individual contributions so as to guarantee the alignment of performance with the company strategy and objectives as well as enabling continuous improvement. The Performance Evaluation System foresees that this evaluation does not represent an isolated act but rather forms part of a permanent and continuous process that integrates the alignment of expectations, the definition of the targets and objectives to be obtained, the identification of the opportunities for the improvement and development of workers. Over the course of 2021, we evaluated all members of staff and embarked on a process of profound reflection and revision of the current system, with a new model having already been designed with implementation ongoing throughout 2022, which shall enable the perception of performance from the view of the true individual potential, strengthening as best we can the maxim that our people and their development are our core focus.

Continuous Training

Encapsulating the culture of continuous improvement, we understand that it is fundamental to empower our human resources with the competences necessary to enable them to achieve all their potential, thus contributing towards the success of AdP. Hence, the training of staff represents a core priority for Human Resource management policies for the professional and personal growth of our teams.

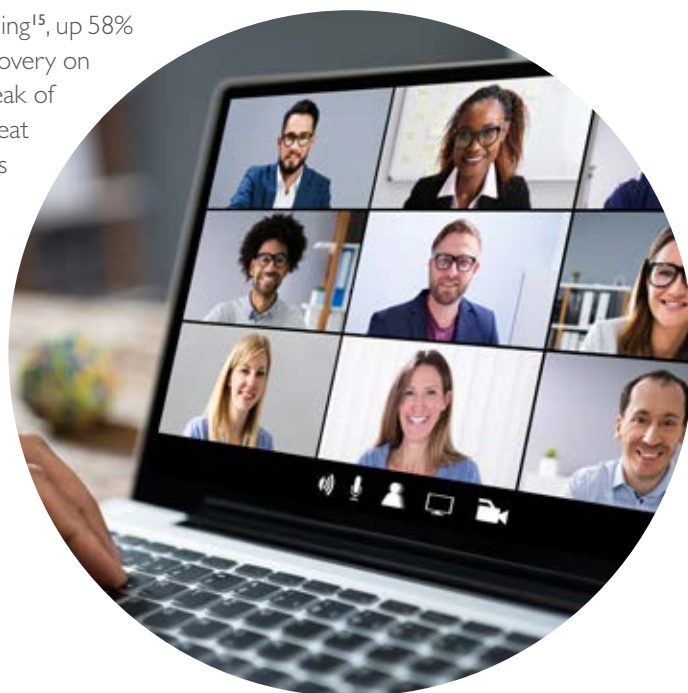
The training planning, management and evaluation processes seek to respond to the training needs identified and guarantee the quality, effectiveness and appropriateness of the programs. There are also dynamic training programs with a transversal and strategic focus in order to promote organisational development as well as strengthening and consolidating the values of sharing and aligned and joint working and development.

In 2021, we implemented our internal webinars model, held every fortnight, designated AdP T@lks, which were produced in a digital format and open to all AdP Group members of staff. With the objective of inspiring and promoting new ways of thinking and being, this led to 22 sessions over the course of 2021, with internal and external guest speakers, who brought their reflections, openness to the world and new perspectives.

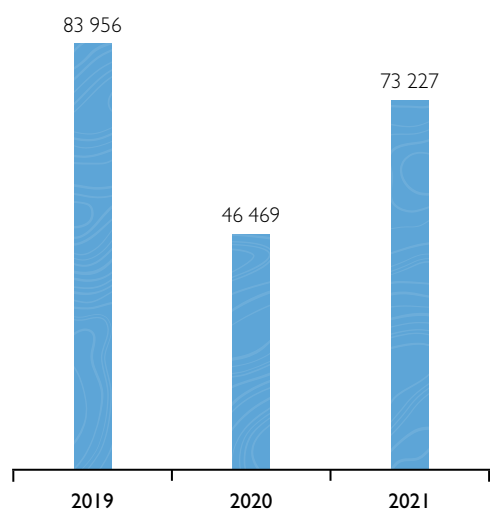
We invest in the policies and practices for human resource management that foster the acquisition of the competences necessary to achieve our strategic objectives and the personal and professional development of our employees.



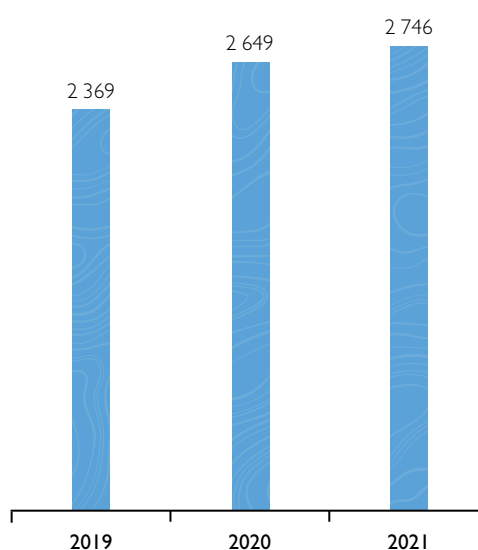
In 2021, Group employees received around 73,000 hours of training¹⁵, up 58% on 2020. This rise in the number of training hours reflects a recovery on the low levels registered in 2020, a year impacted by the outbreak of the pandemic. This recovery was only possible courtesy of the great capacity for adaptation shown by the participants, training entities and trainees, who easily incorporated the staging of training initiatives in a digital format in substitution of the traditional in-person sessions. The number of trainees has been rising consistently, especially through the digital format training initiatives made available to all employees.



Number of training hours

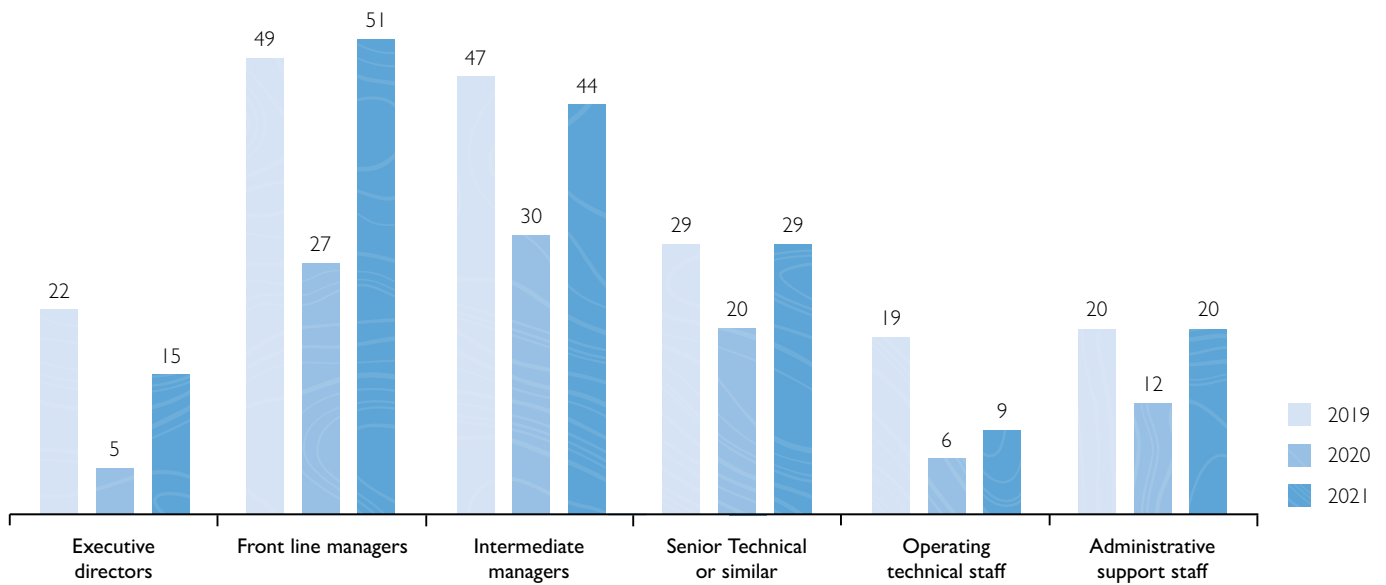


Trainees



¹⁵ Includes 1 472 hours of training taken by employees with their contracts suspended as at 31 December and who departed in the year under analysis. This does not include directors.

Average number of annual hours of training for staff and executive directors by segment



ACADEMY OF ÁGUAS LIVRES (AAL) - EPAL

The Academy of Águas Livres (AAL) holds the objective of overcoming the shortcomings in training supply for the technical and operational specialists in the water and environment sector at the national level. Hence, in addition to Group employees, AAL also takes in external trainees who recognise the excellence of its services.



HIGHLIGHT: AWARE LEADERSHIP

The Aware Leadership Program was set up with the mission to foster the vitality, passion, purpose and cohesion of the AdP Group leadership across its organisations and their surroundings, making teams more committed, working harder and better, with better results, better team spirit and greater motivation and personal realisation. Over the course of 2021, there were eight training groups, made up of senior management (directors, senior and frontline managers). We thus took our first steps along a path in which we believe and recognise ourselves – leadership by example.

In 2021, we may highlight the certification of AdDP and SIMDOURO in the wake of the holding company AdP SGPS, AdP Valor, AdP Energias and AdP Internacional under the Portuguese Norm 4552:2016 – a management system for work life balance.

The AdP Group has implemented a systematic policy for Gender Equality. In addition to the specific policy, there is a set of human resource policies striving to ensure non-discriminatory practices, the specific Code of Ethics and Conduct and the certification under the norms for Social Responsibility SA 8000 and for work life balance apply this theme. In 2021, eight of the 17 Group companies are certified according to the Portuguese Norm 4552:2016.



The AdP Group is also among the eight Portuguese flagship corporations leading the objective to obtain 40% of women in decision-making positions by 2030, having in 2021 subscribed to the National Target for Gender Equality, an act that reiterates the objective of promoting gender equality in treatment, opportunities and the balanced participation of men and women in professional activities.

GENDER EQUALITY POLICY

Equality between women and men means equal opportunities for their participation in every sphere of public and private life. This is consecrated in the Constitution of the Portuguese Republic, in article 13, and establishes a fundamental principle in European law under the auspices of article 2 of the European Community Treaty.

In terms of the workplace, this principle reflects in:

- Equality of opportunities in the access to labour, employment, professional training and career progression;
- Balanced participation of men and women in professional and family life, especially as regards the need for leave of absence on the occasion of maternity and/or paternity and to provide care for dependents.

Gender equality and reconciliation policies for professional and family obligations are not only a factor of development that enable progression and fostering the better deployment of human resources but are also a necessary component for the evolution of societies..

The Águas de Portugal Group, recognising the importance and added values from the balanced participation of the genders in professional activities as well as in family life, with this policy, aims to make an active contribution towards implementing best practices in promoting equality in society.



The principles underlying the key for Gender Equality Policy guidelines are the following:

I. Strategy, Mission and Values – this requires assuming the transversal nature of the Equality Principle through its inclusion in the company strategy and activity plans and materially expressed in the definition, in terms of human resource policies, measures and concrete targets to be achieved as regards equality between male and female workers.

II. Equality of Treatment and Opportunit – this requires implementing human resource policies and practices that guarantee equality of opportunities across every facet of labour relations, especially as regards recruitment and selection, performance evaluation, remunerations, contract management and career progression. This should release information relating to the rights and duties of male and female employees in the field of equality, non-discrimination, maternity and paternity.

III. Work life balance – this provides for the implementation of the flexible organisational working policies and practices that foster a balance between the professional, family and personal lives of male and female members of staff. This should pay particular attention to whoever experiences particular family situations, such as single parent households, staff with children facing disability issues or with chronic diseases, employees with grandchildren born to young parents, among other cases..

IV. Prevention of workplace harassment - This involves implementing policies and practices that guarantee the prevention and combat of workplace harassment, especially the prevention of practices offensive to the physical or moral integrity, freedom, honour or dignity of any employee.

V. Social Dialogue and Participation – Male and female employees should be called on to participate in the definition, implementation and evaluation of measures regarding gender equality, work life balance and the protection of maternity and paternity. This participation adds value to the companies in terms of their capacities for integration and motivation of their staff whatever their gender.

VI. Initial and Continuous Training – This needs to provide broad knowledge on the themes interrelated with equality, non-discrimination and balancing personal, family and professional lives through training actions and/or awareness programs, including the welcoming of new staff, guaranteeing equal access to information for all members of staff.

VII. Communications and Image – This should deploy language (written, unwritten and images) neutral, inclusive and non-discriminatory into internal and external communications processes. This should not make recourse to terminology and/or grammatical structures that cause differentiated impacts on men and women.

OTHER INSTRUMENTS FOR EQUALITY BETWEEN WOMEN AND MEN

In addition to the aforementioned specific policy, the existence of a set of human resource policies, non-discriminatory, the respective Code of Ethics and Conduct, the Collective Working Agreement, the certification under the norm for Social Responsibility SA 8000 and Work Life Balance 4552:2016 substantiate this theme. The Group Human Resource Policy guarantees respect for diversity and equality of opportunities, thereby boosting the corporate culture and social cohesion.

In order to solidify its positioning, in 2017, Águas de Portugal formally signed up to the iGen - Business Forum for Equality, strengthening the commitment to promote gender equality and improve the level of sustainability of organisational justice and the satisfaction of company employees. Through this participation, Águas de Portugal committed to developing actions capable of fostering gender equality, assuming commitments to improve on the dimensions incorporating the principles of equality and non-discrimination between males and females in their jobs and the workplace and as well as reconciling professional, personal and family lives and protecting parenthood.

Águas de Portugal is a flagship organisation for the Reconciliation Pact alongside eight companies, which highlights AdP SGPS, certifying the norm 4552: 2016 – management system for work life balances.





GENDER EQUALITY PLAN

Incorporating the principles declared in the Gender Equality Policy, the AdP SGPS Plan seeks to implement a set of measures aiming at obtaining effective equality in treatment and opportunities between men and women, eliminating discrimination and enabling the work life balance.

The Gender Equality Plan is structured into seven aggregating dimensions:

- Strategy, Mission and Values;
- Equality of Treatment and Opportunity;
- Work life balance;
- Prevention of workplace harassment;
- Social Dialogue and Participation;
- Initial and Continuous Training;
- Communications and Image.

Furthermore, the Sustainability Commitment of the AdP Group for 2022-2025 takes on the objectives of “Guarantee equal opportunities and promote diversity and inclusion” and “Promote a balance between work, family and personal life” and setting out four targets to be applied in every Group company:

- 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

Their implementation takes place through, among other measures, the Gender Equality Plans.

As the main initiatives in 2021 that strived to comply with the Gender Equality Plan, we would highlight here:

- Nomination of the Ethics Committee and a new Ethics Commission. Implementation of an Integrity Policy. Review of the Code of Ethics and Conduct. Implementation of new channels of communication.



- The AdP Group annually publishes its Business Report and Accounts (R&C) and the corporate Sustainability Report with relevant information on human resources, broken down by sex (as well as by each company). The Sustainability Report is sent to the leading stakeholders and made available on the Group and company websites as well as over the intranet.

- Membership of the Portuguese Association for Diversity and Inclusion, established to manage and guarantee the sustainability and development of the Portuguese Charter for Diversity and Inclusion. Signing up to GRACE – the Association of Responsible Companies.
- Monitoring of the explicit and measurable objectives of the Corporate Responsibility Management System and the definition of new targets within the scope of repositioning the Sustainability of the AdP Group.
- Consulting the Group's employees about their level of satisfaction with the policies and measures implemented in the field of diversity and equality, ethics, non-discrimination and balancing and reconciling professional, family and personal lives within the scope of sounding out the Organisational Climate.
- Staging training actions targeting all members of staff with the objective of mitigating the risk of unconscious bias in processes of performance evaluation: "Evaluation with Purpose" and disseminating the support document "Unconscious bias – a practical guide to evaluating with purpose."
- Staging the session Encontro em Nós AdP (Meeting with Our AdP) with witness accounts from members of the Paralympic Committee and awareness about equality and non-discrimination, resilience, motivation and spirit of mutual assistance in teams.



- Participation in the project "Engineers for a day" through the companies AdDP and AdP Energias with the empowerment of young students and breaking down the gender based barriers and prejudices associated with water and sanitation operations and maintenance and the choice of technical or higher education study programs. Furthermore, within the framework of empowerment and breaking down barriers and prejudices, we carried out a session with a vocational orientation towards the children of employees.
- Certification of AdDP and SIMDOURO according to the Portuguese Norm 4552:2016 – the management system for work life balance. This certification demonstrates our commitment to the objective of reconciliation as a management criterion compatible with the strategy and integration of its processes, leveraging benefits in terms of the retention and attraction of talent, reducing absenteeism and raising productivity, cutting labour conflicts, valuing the organisation before the local and international communities, and enhancing its products and/or services.
- Training in the 4552 norm at the focal points of the AdP Internacional and AdP Energias companies.



- Participation in the project "Divers@s and Ativ@s: Promoting Diversity and Non Discrimination in the Professional Context", run by APPDI in conjunction with the following partner entities: EAPN – the European Anti Poverty Network; KUN – the Intercultural European Club and the European Centre for Equality and Diversity.
- Carrying out a study of the psycho-social risks with the results referring to the non-existence of tendencies towards gender based discriminatory practices.



- Internal promotion of the Guide to Parenting Rights.



LABOUR PRACTICES

6th Principle
The elimination of discrimination in the workplace

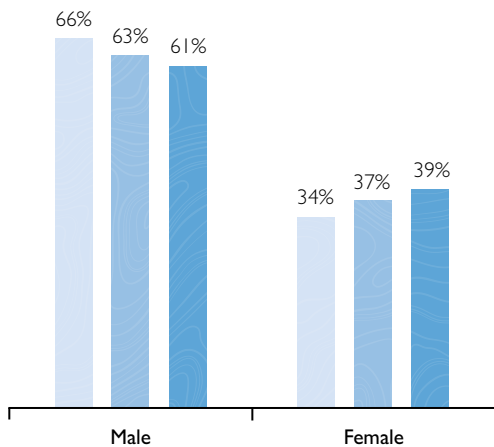
in "Progress Information on the United Nations Global Pact"

WE SUPPORT
UN GLOBAL COMPACT

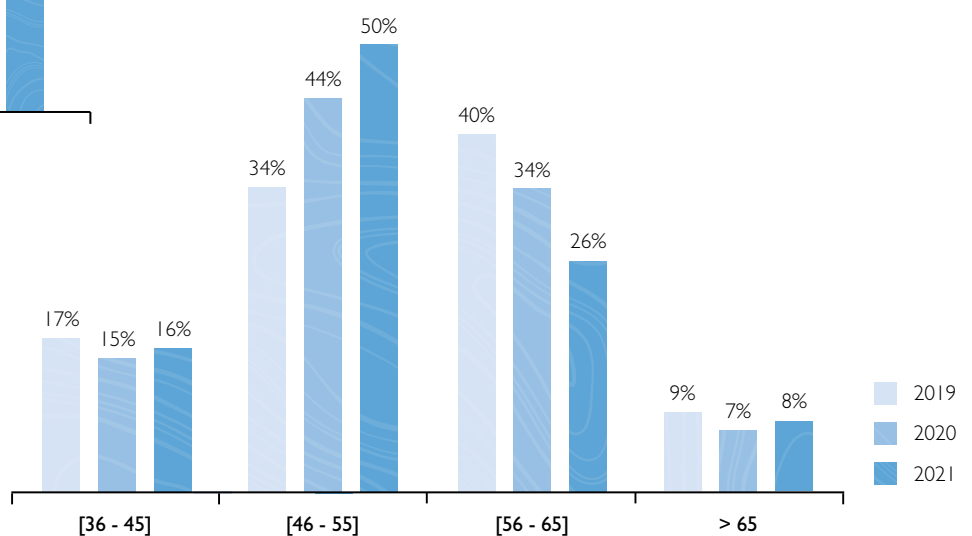
- Signing up to the National Target for Gender Equality, 40% of women in decision-making positions by 2030, as a company flagship commitment, deepening its commitment to SDG5 – Gender Equality in the United Nations Agenda 2030.
- Participation in the organisation of the IV National Forum for Diversity and Inclusion – Perspectives on Diversity and Inclusion.
- AdP SGPS promoted the drafting of reports on that stipulated by no. 2 of the Council of Ministers Resolution no. 18/2014, of 7 March, as regards the 2020 financial year, on the remunerations paid out to women and men, releasing them internally and making them available for consultation via the following link: <https://www.adp.pt/pt/grupo-adp/governo-da-sociedade/remuneracoes/?id=93>. Given this report demonstrates the non-existence of differences in the remunerations paid to women and men, there is no need to foresee the adoption of specific measures to deal with eventual situations of wage inequalities detected between women and men as stipulated in no. 3 of the aforementioned resolution.
- All the indicators relevant to gender equality are made annually available in the AdP Group Sustainability Report.

In the Group, there are 47 executive directors¹⁶, 28 men and 19 women.

Executive directors by gender (%)



Executive directors by age (%)

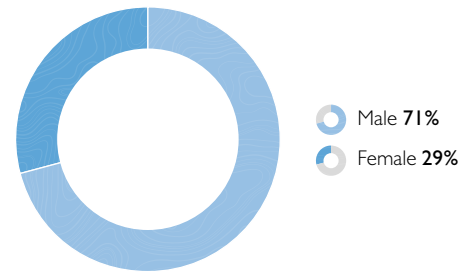


¹⁶ Executive positions held (with directors holding positions in more than one company). The statistics refer to the absolute number of directors.

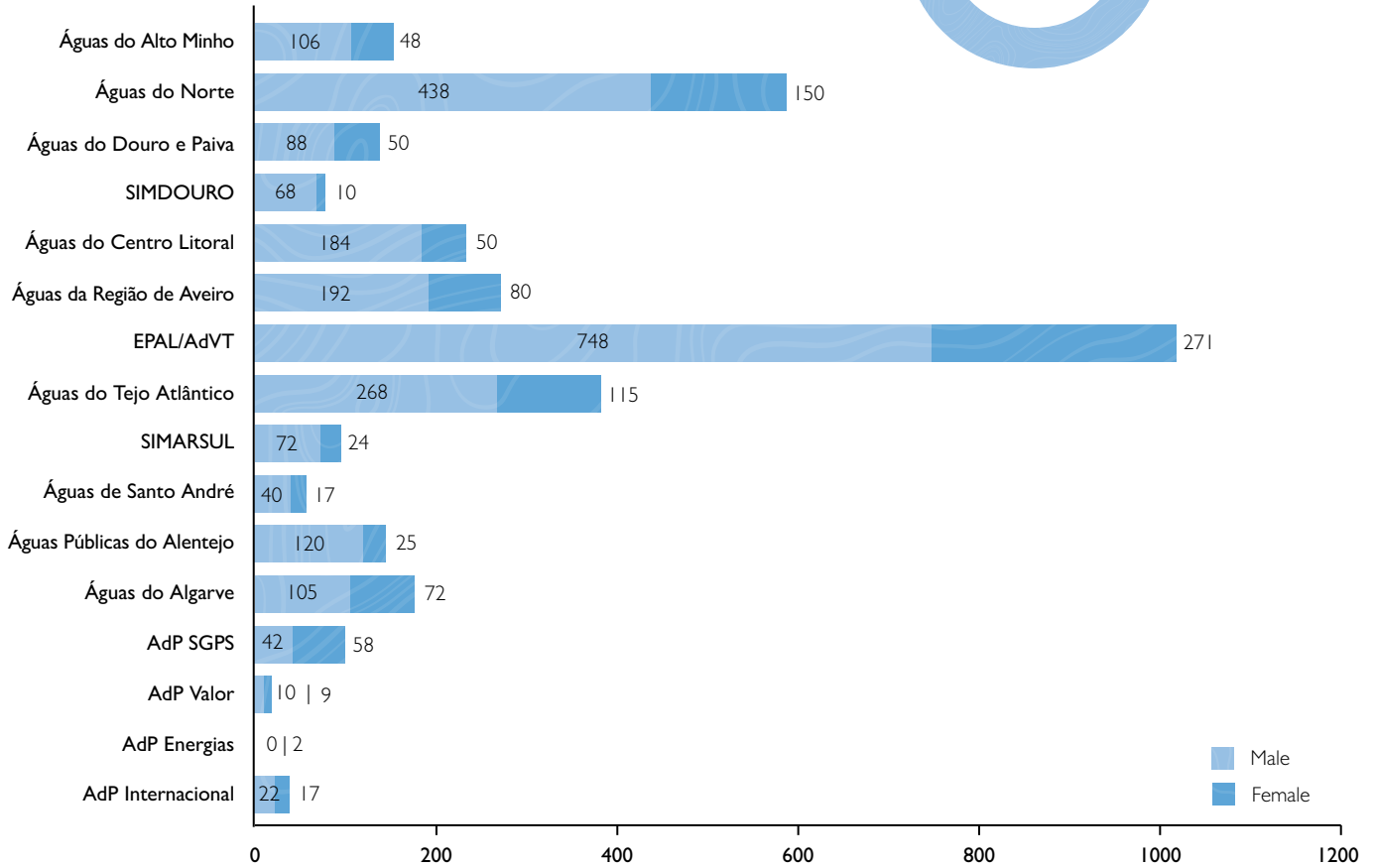
Across the Group, there is a balance between the number of male and female workers. At operating companies, given the greater emphasis on physical activities and taking into account the characteristics of the inherent types of function, there is a naturally greater representativeness of the male gender. Both genders are present in every professional category.

Gender distribution

(%)

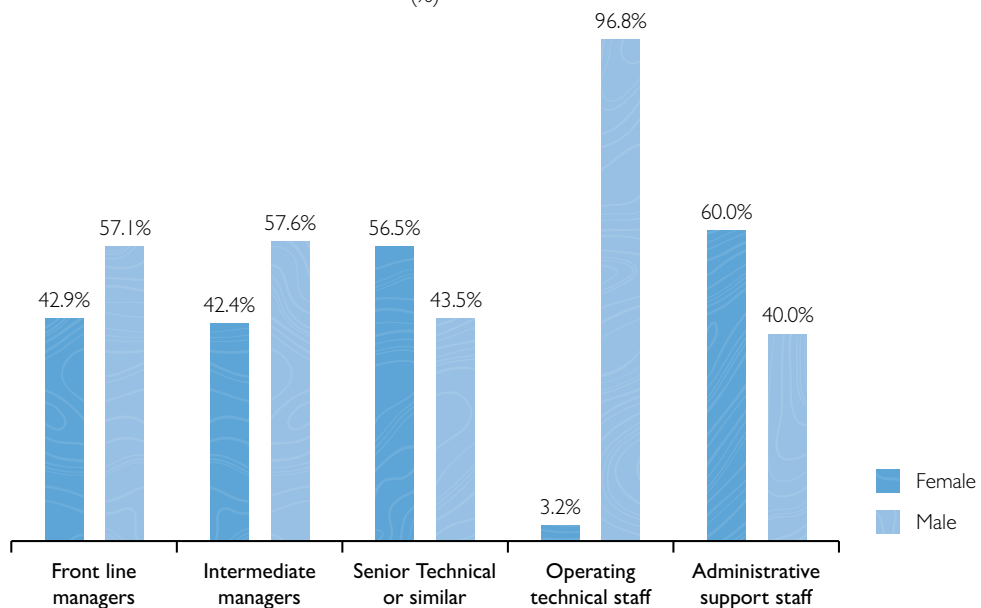


Male vs. female company members of staff



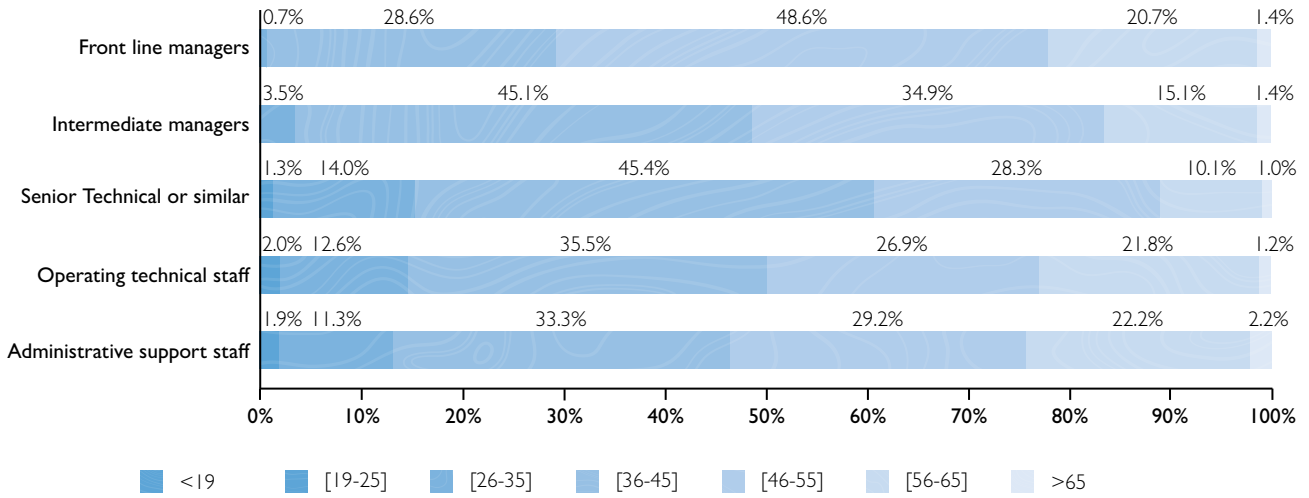
Employees by segment by gender

(%)



Employees by segment and age group

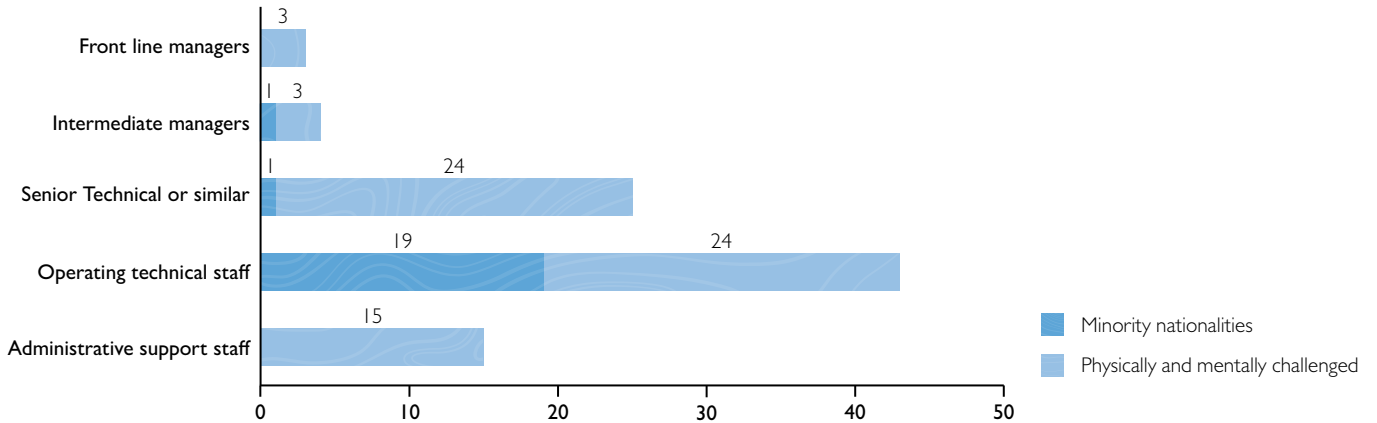
(%)



We currently count on 21 members of staff of non-national origin.

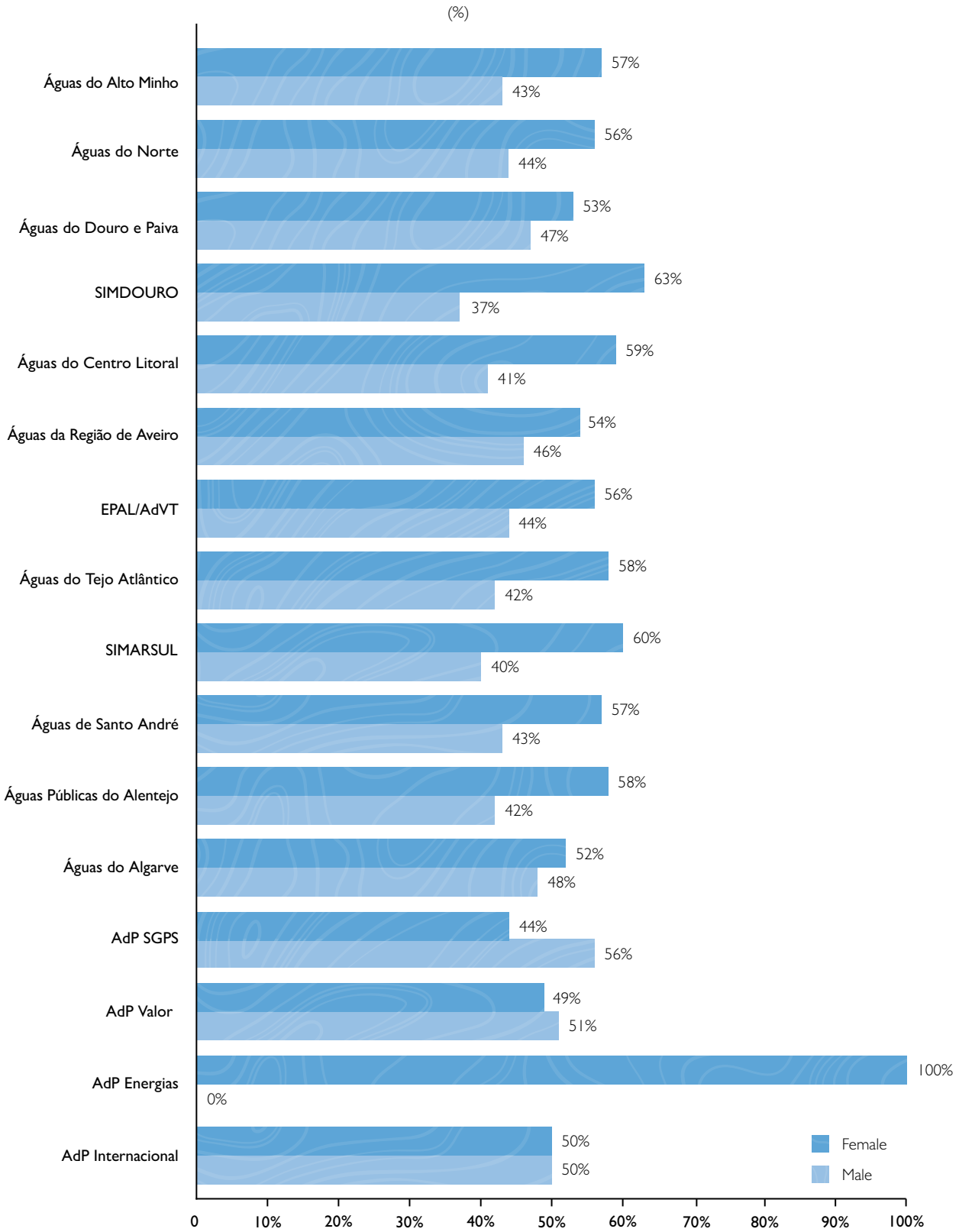
Diversity and inclusion

(n.º)

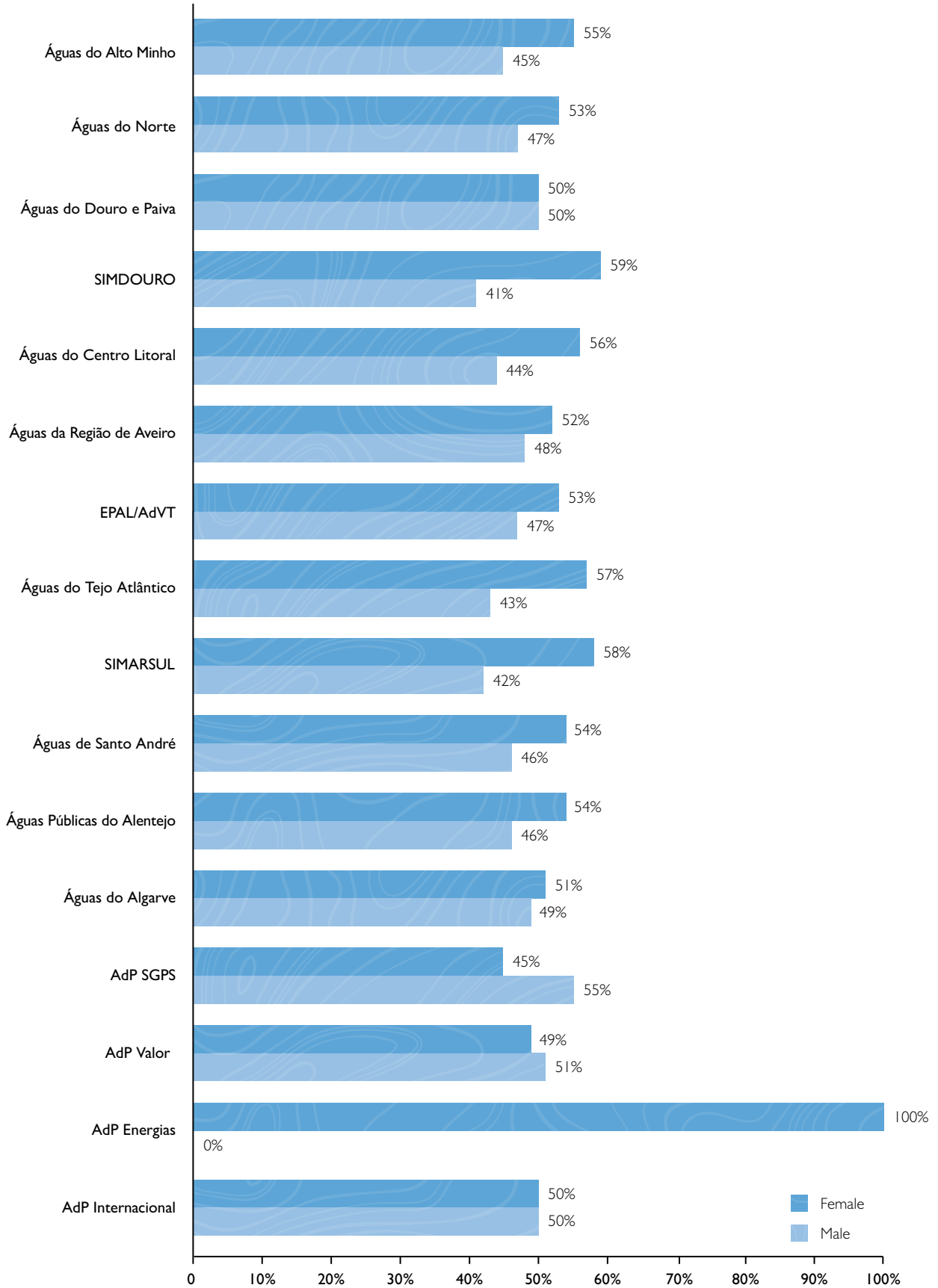


The AdP Group practices equity in the remunerations paid out to men and women.

Average base monthly wage by gender and by company

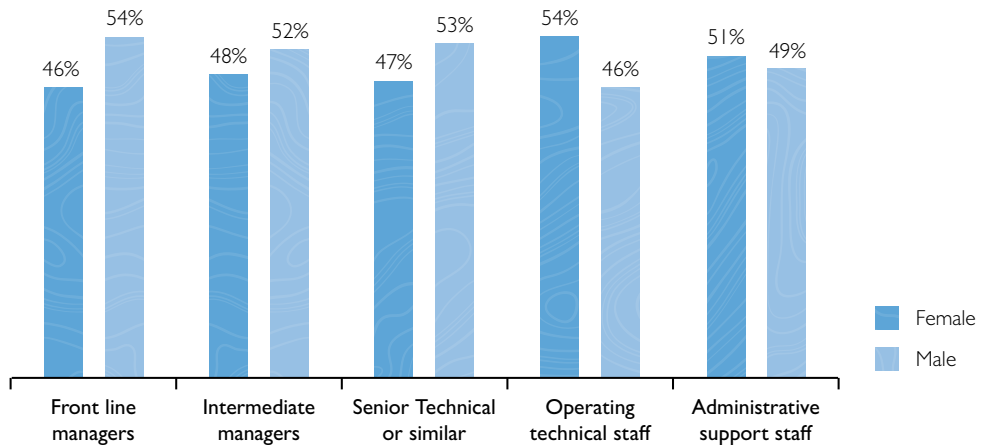


Average total monthly wage by gender and by company (%)



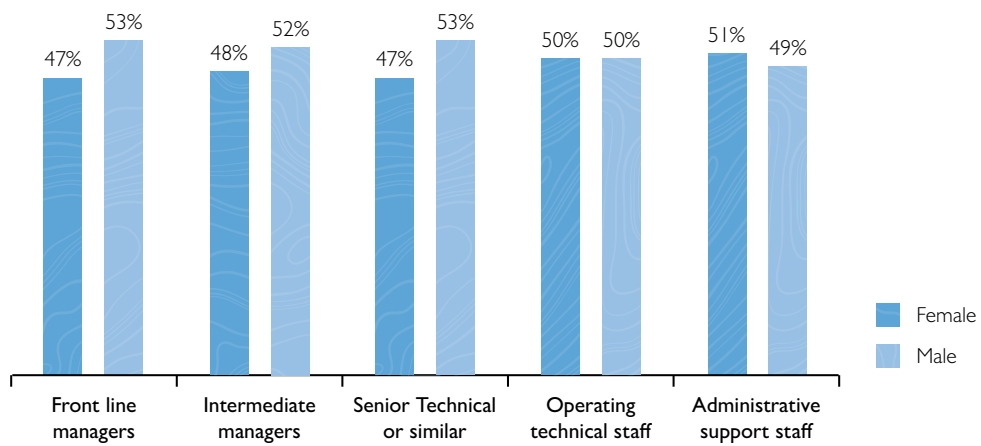
Average base monthly wage by gender and by segment

(%)



Average total monthly wage by gender and by segment

(%)



The principles of equality of opportunity foster a competitive, “value of employment” culture.

WE SUPPORT



LABOUR PRACTICES

3rd Principle

Companies should support freedom of association and the effective recognition of collective negotiation.

4th Principle

The abolition of all forms of forced and compulsory labour.

5th Principle

The effective abolition of all forms of child labour.

6th Principle

The elimination of discrimination in the workplace.

Criterion 6: Existence of robust employment commitments, strategies and policies.

Criterion 7: Effective management by the AdP Group as the means to integrate labour principles.

Criterion 8: Effective monitoring and evaluation of labour management mechanisms.

in "Progress Information on the United Nations Global Pact"

The AdP Group considers its human resources as the main factor of differentiation in the achieving of continuous service excellence. In 2021, we consolidated the "NÓS AdP" (We AdP) identity.

We invest in human resource management policies and practices that foster the acquisition of the competences necessary to achieving our strategic objectives and the personal and professional development of our staff. The continuous improvement in the hygiene and workplace health and safety management systems, in the Work Life Balance system and the social responsibility enables the appropriate management of the risks associated with AdP Group activities and the guarantee of best working practices, with 82%, 47% and 53% of companies certified by the ISO 45001, NP 4552 and SA 8000 respectively.

Core requisites considered under SA 8000:

- Child labour;
- Forced labour;
- Health and safety;
- Discrimination;
- Freedom of association and the right to collective bargaining;
- Disciplinary practices;
- Working timetables;
- Remunerations;
- Management systems.

The AdP Group aligns with the international conventions on social relationships and working conditions adopted by the ILO – the International Labour Organisation.



We prioritise internal mobility in recruitment processes: internal recruitment is perceived by us as a tool for the personal and professional development of employees, enabling them to encounter new contexts and challenges that drive the acquisition of new learning and competences.

The internal mobility of Group company works has been a strategic option contributing, on the one hand, to the continuity of human resource management and, on the other hand, to professional development through the sharing of experiences and/or better balancing the personal and professional lives of members of staff. The internal recruitment of professionals for allocating to projects and/or to overcome needs for specific know-how represents a process that adds value to the AdP Group and enables the exposure of employees to new contexts and challenges that foster their acquisition of new learning and competences in both national and international contexts.

AdP Group mobility	2020	2021
Temporary mobility among Group company workers	46	28
Temporary mobility of employees for Group company bodies	19	22
Definitive mobility, with contract termination in the company of origin ¹⁷	68	11

The complementary benefits made available by the AdP Group reflect the priority attributed to social policies in our companies and while also contributing to the work life balance.



COMPLEMENTARY BENEFITS¹⁸

- Health insurance, extended to the household unit
- Life insurance
- Transport allowances
- Agreements with sports facilities
- Workplace gymnastics
- Protocols with pharmacies
- Holiday camps for staff children
- Agreements with culture institutions
- Birthdays
- Christmas hampers
- Cradle giftsets
- Support for complementary training
- Study grants for the children of employees
- Distribution of fresh fruit in the workplace



CONCILIATION

representing a means of managing professional responsibilities with family commitments and personal development.

¹⁷ The total for 2020 includes staff transferred from AdP Valor to AdP SGPS within the scope of the corporate reorganisation process.

¹⁸ These benefits are not homogeneous across all AdP Group companies.

WHAT DO YOU WANT TO BE WHEN YOU GROW UP?

The children of AdP Group staff gained the opportunity to attend an animated Session of Vocational Orientation.

This was an initiative by the Department of Sustainability and Social Responsibility, dynamically staged by Design the Future. In this type of session, young persons gain access to tools that enable them to make more clarified options about their futures.



PSYCHOLOGICAL SUPPORT PHONE LINE

In 2021, the AdP Group ran a psychological support telephone line from Monday to Friday between 9am and 7pm for all members of staff and their family members.

Everybody goes through moments of anxiety, panic, insomnia or depression and when this happens, we should not hesitate to make recourse to professional support.



AdP STUDY GRANTS

The corporate study grant program seeks to contribute to the development and learning of the children of members of staff and represents an internal Social Responsibility program with high impacts.

The children of staff applying to/attending Higher Education, with the best academic results and the lowest financial resources. In 2014, this program expanded to include the children attending Special Education establishments.

The program awarding study grants to the children of employees was first launched in 2013 and with 333 Higher Education and Special Education study grants hitherto awarded.

In 2021, the year with the largest number of applications submitted, a total of 64 study grants were awarded, 33 Higher Education scholarships and 31 grants for special needs education, each for the amount of 1,200 euros.



HEALTHY MIND, HEALTHY BODY. KEEP YOURSELF HEALTHY!

Doing physical exercise and adopting healthy habits holds particular relevance given the current period we are living through.

Águas de Portugal adapted its gymnastics program to the current pandemic situation and made available a program of post-working gymnastics classes online and prepared exclusively for employees from every company.



Para nos mantermos saudáveis e ativos

AULAS DE GINÁSTICA ONLINE
2ª, 4ª e 6ª, às 19h00

It is our responsibility at the AdP Group to guarantee the safety of our workers and correspondingly provide safe and healthy places to work in. Balanced and healthy life styles sustain long and rewarding careers and also help us retain our talents.

The health and safety area is a constant concern at the core of Group activities with the approach to these questions essential to guaranteeing the physical and psychological integrity of our members of staff.

The identification and evaluation of workplace conditions in our companies have contributed towards safer working environments, driving a decrease in the potential risks that employees are exposed to within their daily activities.



In 2021, fourteen Group companies had Worker Representative elected and/or assigned to social performance teams.

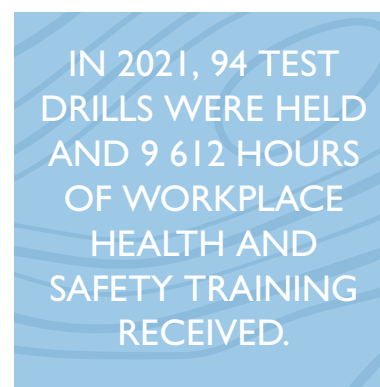
2,985 workers have had their representation ensured for matters related to workplace hygiene, health and safety. These representatives provide an important channel of information between the management, the senior workplace health and safety managers and workers in general.

	2019	2020	2021
Number of accidents*	233	168	180
Frequency rate (based on the no. of accidents)	41	30	31
Total of accidents require medical leave	139	122	125
Total of serious accidents**	1	1	8
Rate of serious accidents	0.18	0.18	1.38
Number of employees with professional diseases	6	6	11
Rate of professional diseases	1.06	1.08	1.90
Rate of seriousness	717	561	487
Rate of absenteeism	4.95%	5.09%	10.89%
Number of deaths due to workplace accidents	0	2	0

*Notified to the insurer.

**With medical leave in excess of six months and potential.

The emergency plans developed are regularly tested through staging drills that seek to evaluate the responses made in terms of human resources, internal procedures and the equipment available.



ÁGUAS DO TEJO ATLÂNTICO TEAMS CARRY OUT HEIGHT WORKING TRAINING

The correct application of safety equipment, for example harnesses, working ropes, safety lines, provisional or fixed, are all fundamental to avoiding accidents when working at height. With the objective of endowing teams with the tools necessary for planning and carrying out repairs and other works that require climbing heights, a set of AdTA employees carried out training in working at height and in confined spaces. During this activity, it was possible to implement various techniques for working in such conditions and as well as means of rescue.



ERGOCOACHING AND BIOMECÂNICA 3D

Ergo-coaching and Biomechanics 3D – Innovation in safety

"Occupational muscle-bone injuries account for the majority of injuries occurring at AdDP and at SIMDOURO and the leading cause of lost days of work, which impacts on the organisation and the productivity of operating teams. This is a transversal problem to multiple sectors and hence the urgency in encountering innovative solutions for its mitigation. In AdDP, the solutions implemented include Ergo-coaching and Biomechanics 3D programs.

The design and implementation of the Ergo-coaching 2.0 program exceeded the objectives and expectations, which was confirmed by the high levels of satisfaction expressed by participants and the positive consequences for their health and bringing about a reduction in the injury rate. The dimension approached by Biomechanics 3D involves recourse to a NOTCH Wearable 3D Motion Capture system for monitoring movements which enables the coupling of technological innovation with the level of detail of relevance to ergonomic evaluations. Through digitalisation of the tasks via creating a virtual avatar that then dismantles the task into diverse variables: joint angles, body positions, lateral movements, speed of execution and strength applied in order to evaluate how each body segment moves during task performance and what types of impact are experienced.



BEHAVIOR BASED SAFETY – WATER AND SANITATION

At AdDP and SIMDOURO, safety management stems from implementing innovative and disruptive solutions to respond to the risks and responsibilities in order to create organisational value and discipline and facilitate significant advances in the safety culture ensuring this becomes the first priority for every worker. In 2021, the 360° Safety Strategy gained greater interdisciplinarity in order to respond to the challenges set by the ILO – the International Labour Organisation, which set out a human-centred agenda for the future of work. To achieve this evolution, the Behavior Based Safety – Water and Sanitation program was designed and developed based on behavioural psychology, the training of social and affective competences that directly or indirectly influence behaviours and the relationships with work and safety.

WORLD DAY OF WORKPLACE PREVENTION AND SAFETY

AdA took part in the commemorations on 28 April to reinforce some of the main objectives associated with this date and pay homage to all the victims of workplace accidents and professional diseases with this a relevant means of fostering awareness about the importance of workplace health and safety. This data was also commemorated through a dynamic internal event with the various Workplace Health and Safety technical staff that work with us on this World Day for Workplace Prevention and Safety.

The Group pays particular attention to social dialogue within the scope of its human resource policies. Social cohesion is a highly important factor to the good performance of companies.

Transversal communications within our organisation, given the scale and geographic dispersion of the Group, are of the greatest importance, enabling employees to accompany the evolution of their own companies and the Group business.

We invest in the continuous improvement of our internal channels of communications, both at the company level and at the Group level. The internal website, a tool for intra and inter company communications, is available to all employees in AdP Group companies.

Given the pandemic context we have experienced since 2020, there was the acceleration of the digital transformation through the provision of more and better collaborative and productive tools (Microsoft Teams, for example).

As a year of change, this also represented a favourable period for launching the diagnosis of major human resource processes in order to update, modernise and simplify them and transversally place people at the heart of this discussion.

In 2021, nine Group companies ran Social Performance teams, ensuring the representation of workers in terms of company social responsibility, thereby enhancing communications between the management and the employees.

Internal mechanisms were developed and implemented for staff to submit suggestions and recommendations that thus contribute to improving the performance of companies and the satisfaction of employees and their expectations.

WE GUARANTEE
INTERNAL,
TRANSVERSAL
AND EFFECTIVE
COMMUNICATION.



LABOUR PRACTICES

3rd Principle

Companies should support freedom of association in the workplace.

in "Progress Information on the United Nations Global Pact"



99%

WORKERS

COVERED BY COLLECTIVE NEGOTIATING AGREEMENTS

895

WORKERS

(26% OF THE ACTIVE TOTAL)

BELONG TO TRADE UNIONS

The AdP Group respects Freedom of Association and the Right to Collective Negotiation at the Group and company levels.

3.2 TAKING ACTION FOR THE CLIMATE



3.2 TAKING ACTION FOR THE CLIMATE

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



The activities for producing and distributing water and the collection and treatment of wastewaters consume large quantities of energy, hence, the AdP Group has long since assumed its commitment to energy efficiency and consequent reductions to greenhouse gas emissions.

Water takes on an increasingly high profile within the framework for the urgency of climate change actions with a transversal importance to the Sustainable Development Goals (SDG) of Agenda 2030, even while the effects of climate change call into question its availability in quantity and quality and therefore one of the great challenges facing the AdP Group.

According to the 2018 Global Risks Report from the World Economic Forum, extreme events, the incapacity to act to combat, mitigate and adapt to climate changes and the water crisis rank in the TOP 5 of the risks identified, which reflects their importance around the world.

The rise in the temperature and the heatwaves, torrential rain or the absence of precipitation and the consequent period of extended droughts have extraordinary impacts, affecting the health and quality of life of people, the environment and the sustainability of the Planet.

Company may play a decisive role in the adaptation, mitigation and combat of climate change not only through their impacts on their chains of value but above all by the potential investment, knowledge and innovation their businesses may drive.

There is a general consensus that the supply of water and wastewater sanitation services, fundamental to the quality of life and the environment of our society, are responsible for the consumption of significant amounts of energy and the consequent greenhouse gas emissions, in particular CO₂. As such, the AdP Group accepted our responsibility as regards climate change placing priority on the resilience of systems, establishing a model for the circular economy that fosters water efficiency, its recycling and the recovery

of other subproducts of high ecological value (see the chapter on “Accelerating the circular economy of water”) and as well as raising awareness on the value of water and its efficient usage (see the chapter on “Education for Sustainable Development”). In parallel, we hold clear objectives in terms of mitigating our impacts, which aim to achieve energy neutrality in 2030 through the ZERO program, involving every Group company and activity and integrating the reduction in energy consumption into sharply increasing the inhouse production of 100% renewable energy. Combating climate change includes a program designed to ensure complete neutrality in terms of greenhouse gas emissions within the nationally established deadline.

The AdP Group, through AdP Energias, has incorporated into its mission the rationalisation of energy consumption, the maximisation of usage of its assets and endogenous and renewable resources and the reduction or compensation for the greenhouse gas emissions of AdP Group companies within a framework of economic, social and environment sustainability.

In keeping with the structural role the AdP Group holds in the water sector in Portugal and given the rising challenge that the Group seeks to respond to, in 2015, it embarked on a Climate Adaptation Strategy, which has involved the implementation of measures and actions that lead to:

AdP PARTICIPATES IN THE UN GLOBAL COMPACT CLIMATE AMBITION ACCELERATOR PROGRAM

AdP SGPS and AdP Energias participate in the Climate Ambition Accelerator, the acceleration program of the United Nations Global Compact for the combat of climate change that promote the transition to zero net emissions, supporting and empowering companies in understanding and managing their risks in relation to greenhouse gas emissions and in defining targets aligned with The Science Based Targets initiative (SBTi).



- Promoting the energy efficiency of infrastructures through a reduction in their consumption resulting from the implementation of operating, structural and other management measures, within the scope of partnerships with other managing entities for the design of measures designed to reduce water losses and any undue excess flows in sanitation networks.
- Reducing costs, further improving the energy purchase process, optimising levels of tension, reducing the contracted potential, eliminating reactive energy, adjusting the consumption profile of the networks in accordance with the tariff periods and the functional cycles for the efficient management of energy.
- Raising the internal production of energy for self-consumption through means of leveraging the endogenous potential (in particular, enabling the production of biogas and the corresponding co-generation and taking advantage of the piezometric declines existing in micro-hydraulic installations) and the renewable sources (solar and wind), enabling a reduction in the consumption of national grid supplied energy and, consequently, reduced dependence on the markets.
- Maximisation of the energy produced for self-consumption through alterations in the operating patterns, incorporating the production and storage of energy within the core of supply, sanitation and reutilisation activities, promoting the re-engineering of systems and processes to boost their efficiency, digitalisation and investing in the qualifications of employees.
- Establishment of a network of energy flows, enabling the taking advantage of surpluses produced internally by renewable energy sources for other production company infrastructures and/or other infrastructures at other Group companies.
- Production and co-production of bio-methane and/or green hydrogen, fostering reutilisation and reindustrialisation.

ELECTRICITY

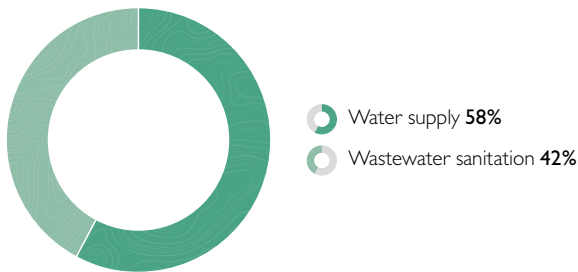
In every phase of the urban water cycle, from the production and distribution to the lifting and collection and treatment of wastewaters, the consumption of electricity is constant. Electricity consumption is therefore inherent to the activities of the Águas de Portugal Group. The better utilisation of the resources available, both in terms of boosting the efficiency of their utilisation and by the production of energy through renewable sources, represent essential measures for reducing the dependence on external energy sources and the emission of pollution and of corresponding importance to combating climate change.

In 2021, the electricity consumption of the AdP Group totalled 742.0 GWh¹⁹ (the total amount including "other consumption"²⁰ stands at 764.74 GWh). Of these, 715.7 GWh were sourced from the national grid (RESP), which corresponds to an 0.8% decrease on 2020, and with 26.3 GWh of self-consumption deriving from endogenous and renewable sources (+6.2% year-on-year). This total of 715.7 GWh results from supply by retailers of 713.8 GWh and supply by REN within the scope of the Regulatory Reserve pilot project of 1.95 GWh. The RESP consumption of the AdP Group in 2021 by level of tension was: 22.0% high tension, 68.0% of medium tension, 3.8% of special low tension and 6.2% of normal low tension.

The greatest contribute to electricity consumption stems from water supply services.

Electricity consumption²¹

(%)



We would note that 2021 saw AdP Energias provide continuity to the support rendered to AdP Group companies within the infrastructure certification process under the auspices of ISO 50001 relating to their energy consumption. At the end of 2021, 110 infrastructures had already been certified across 10 Group companies, an increase of 36 infrastructures (+48.6%) on the first year of evaluation (2018).

Another highlight derives from the role played by AdP Energias in supporting AdP Group companies as regards carrying out energy audits of their energy consuming infrastructures within the framework of Decree Law no. 68-A/2015, of 30 April. In 2021, there was one more audit undertaken than in 2020, totalling 389 audits at 13 companies, which represents an increase of +142 audited infrastructures (+57.5%) than registered in 2018 (the first year of evaluation).

¹⁹ Total corresponding to RESP consumption plus the self-consumption of energy produced inhouse.

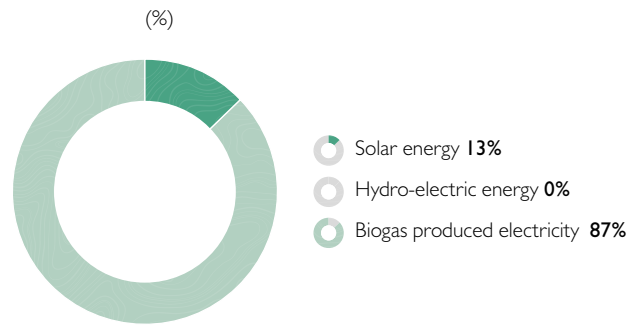
²⁰ The "other consumptions" item refers to outsourcing by AdNorte, the municipalities in AdCL and the reduction in consumption at the Beliche Lifting Station, at AdA (part relating to the lifting of water for reagents)

²¹ Includes other consumables.

In terms of compliance with Decree Law no. 68-A/2015, of 30 April, this requires 38 audits for full compliance.

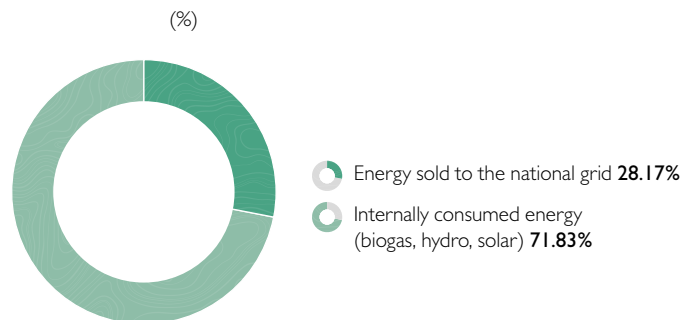
The year of 2021 stands out for the inhouse production of energy, whether for injection into the national grid or for self-consumption. The 2021 figures point to output of 36.6 GWh²², (+2.6% on 2020). In terms of energy self-sufficiency, the AdP Group obtained approximately 4.9%²³ of its total energy consumption (4.8% in 2020).

Energy produced by source



The energy produced for sale to the national grid amounted to 10.3 GWh in 2021 (-5.4% on 2020).

Destination of energy produced



In general terms, the AdP Group balance with RESP in 2021 came in at 705.4 GWh, which represents a -0.7% variation on 2020, when the balance stood at 710.7 GWh.

In terms of CO₂ emissions, the self-production of energy enabled a lower level, 7,982 tons, representing a reduction of 550 tons on 2020 (-6.5%).

The energy neutrality commitment assumed by the Águas de Portugal Group clearly emerges in the ZERO Energy Neutrality Program, which aims to reduce consumption and sharply raise the internal production of 100% renewable energy enabling the energy neutrality target to be met in 2030.

²² Includes energy produced for self-consumption and injection into the national grid.

²³ Considering electricity consumption without "Other Consumption."

As a benchmark Group in the field of the environment and a consistent partner in achieving the Sustainable Development Goals (SDG) of Agenda 2030, energy and carbon neutrality is approached by the AdP Group as a priority commitment.

ZERO - THE AdP GROUP ENERGY NEUTRALITY PROGRAM

The program, defined in accordance with the results of PEPE (Plan for Energy Efficiency and Production), the EPAL 0% innovation program for energy neutrality and the European and Portuguese government targets for environmental and carbon sustainability, involve all the AdP Group companies and will enable the Group to become self-sufficient in energy and appropriately sustainable by 2030, making a strong contribution to the regional cohesion, economic development and environmental sustainability of Portugal. In achieving this, we shall become the first Group worldwide in the water sector to attain energy neutrality and self-sufficiency.

The Program is promoting the maximisation of the energy produced for self-consumption through alterations to the patterns of operation, incorporating the production and storage of energy into the core of water supply, sanitation and reutilisation activities, bringing about the re-engineering of systems and processes to raise their efficiency, digitalisation and investing in the qualifications of our employees as well as regional development and social support beyond taking advantage of the opportunities for the production and co-production of green hydrogen, nurturing reutilisation and reindustrialisation, boosting the competitiveness of regional economic structures, creating value for the country, and contributing to differentiating the competences of the Portuguese water sector in international markets.

Energy neutrality will enable a contribution to reducing CO₂ emissions and considering not only the electricity consumed by operating installations but rather electricity consumption at every AdP Group installation (operating and non-operating) in Portugal and internationally and as well as the service vehicle fleet.

The objective does not only involve the production of our own energy but sets out the reduction of energy consumption at Group company managed infrastructures as a priority and an ambition in conjunction with promoting partnerships for the reduction in water losses and leakages from bulk networks, and establishing opportunities in terms of taking advantage of the production and co-production of green hydrogen, fostering reutilisation and reindustrialisation.

The ZERO Program involves investment of 370 million euros and will enable production of 765 GWh, a level corresponding to the estimated energy consumption forecast for 2030, including both operating activities and the vehicle fleet, thus attaining energy neutrality and self-sufficiency across every AdP Group activity.

THE AdP GROUP HAS
DEFINED TARGETS TO
BECOME THE FIRST
INTERNATIONAL
SCALE GROUP TO
ATTAIN ENERGY
NEUTRALITY IN ALL
ITS NATIONAL AND
INTERNATIONAL
ACTIVITIES
WORLDWIDE.



FUELS

The provision of water supply and sanitation services requires frequent visits to infrastructures to undertake routines operations and maintenance. Such travel is responsible for the majority of the diesel and petrol fuel consumption of the AdP Group, even while there are other forms of consultation associated with the operating infrastructures (heating the digestors, emergency generators, among others), laboratory and administrative facilities.

Fuels	2020	2021
Petrol consumption (m ³) (fixed and moving sources)	55	91
Diesel consumption (m ³) (fixed and moving sources)	2 435	2 711
Liquified Gas (m ³)	7 144	1 711
Natural gas (m ³)	104	180
Propane (ton)	1,09	3,58

The AdP Group fleet totals 1 436 vehicle: 128 electric vehicles, 15 hybrid vehicle and/or plug-in and 1 293 combustion engine vehicles.

In 2021, the AdP Group combustion engine vehicles consumed around 2.8 million litres of fuel (diesel and petrol) and which represents a 12.5% variation on 2020 when 2.5 million litres were consumed - and down -1.7% on 2019 (with 2.8 million litres of fuel consumed), which in average terms represents global consumption of 7 676 l/day (in 2020, the average daily consumption stood at 6,803 l/day, and 7,806 l/day in 2019).

In terms of distances, in 2021, AdP Group vehicles covered 34.1 million kilometres (which spans the earth's perimeter 850 times).

Electric mobility

Sustainable mobility is another core factor for combating climate change. In 2021, the 128 100% electric vehicles that make up part of the AdP Group service fleet covered over 2.1 million kilometres, having avoided the consumption of over 176,000 litres of fossil fuels and accounting for a reduction in the equivalent of 593 barrels of oil.

In terms of primary energy, the reduction came to -57.4% (-86.47 tep), and with electricity consumption of 299 MWh and, in terms of CO₂ emissions, the reduction over combustion powered vehicles stood at -402 tons (-86.1%).

13 AdP Group companies, which in total account for 1 436 vehicles, have their vehicle fleets energy certified with classifications that vary between Class B and Class D, with an average classification of 57% (Class C). To maintain this certification, there was analysis of the practices adopted for fleet management by each company taking into account various facets – vehicles, drivers, maintenance and consumption.



TOTAL ENERGY CONSUMPTION BY THE AdP GROUP

In summary, in 2021, the total energy consumption of the AdP Group was 2 860 495 GJ.

Total energy consumption in GJ	2019	2020	2021
Effective electricity (RESP)+Other consumption	2 610 527	2 687 905	2 658 371
Diesel	100 287	87 405	97 312
Petrol	1 827	1 810	2 991
Natural gas	6 649	3 956	6 814
Liquified gas	461	670	161
Propane	167	51	167
Electricity for self-consumption	84 686	89 164	94 679
Electricity sold	37 226	39 259	37 133
Total²⁴	2 804 604	2 870 961	2 860 495

GREENHOUSE GAS EMISSIONS

In 2021, the AdP Group companies emitted 169,000²⁵ tons of CO₂ deriving from the consumption of electricity and fuels.

CO ₂ emissions	2020	2021
	(ton of CO ₂)	(ton of CO ₂)
Effective electricity (RESP) + Other consumption	191 140	160 981
Petrol	126	207
Diesel	6 476	7 210
Liquified gas	42	10
Propane	3	11
Natural gas	254	437
Total	198 041	168 856

The greenhouse gas emissions associated with the consumption of electricity are clearly those accounting for the largest proportion of the total emission. The production of electricity (for self-consumption and sale) impacted with a reduction of 7 982 tons of CO₂ emissions in 2021, in contrast with consumption of an equal amount from the RESP grid.

In 2021, and specifically analysing the items referenced in the table above, the AdP Group registered a reduction of around -22,500 tons of CO₂ emissions in comparison with 2020 (-11.8%). As regards 2019, the Group cut its emissions by -25,300 tons of CO₂ (-13.0%).

As the Group produced around 10.31 GWh/year of renewable electricity for sale to the grid, it avoided the network emitting 2,200 tons of CO₂/year.

²⁴ This total does not include electricity sold to the grid.

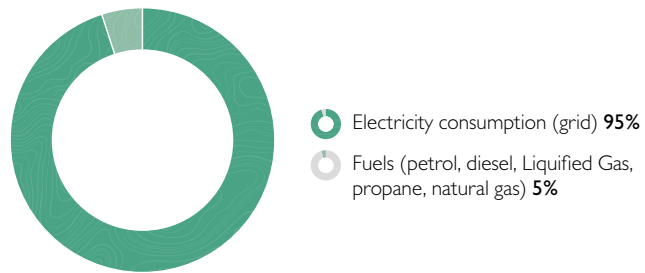
²⁵ In fact, electricity emissions were 0.218 kg CO₂/kWh. The 2020 totals were recalculated based on 0.239 and 0.253 kg CO₂/kWh, respectively. The electricity emission factors were sourced from the RNC 2050 (2015 and 2016), and the report "Energia em Número", a publication by the Observatory of Energy, DGEG, ADENE and APA (2019, 2020 and 2021).

As regards the contribution of the electric vehicles, despite the rising number of vehicles planned to take place gradually over forthcoming years, directly connected to the rise in energy consumption through means of their utilisation, their impact shall always be more relevant in the reduction of greenhouse gas emissions and the cutting of fossil fuel consumption than increasing the consumption of electricity with a clearly positive balance.

In terms of CO₂ emissions, the reduction obtained in comparison with combustion engine vehicle was -402 tons (-86.1%).

Origins of emissions

(%)

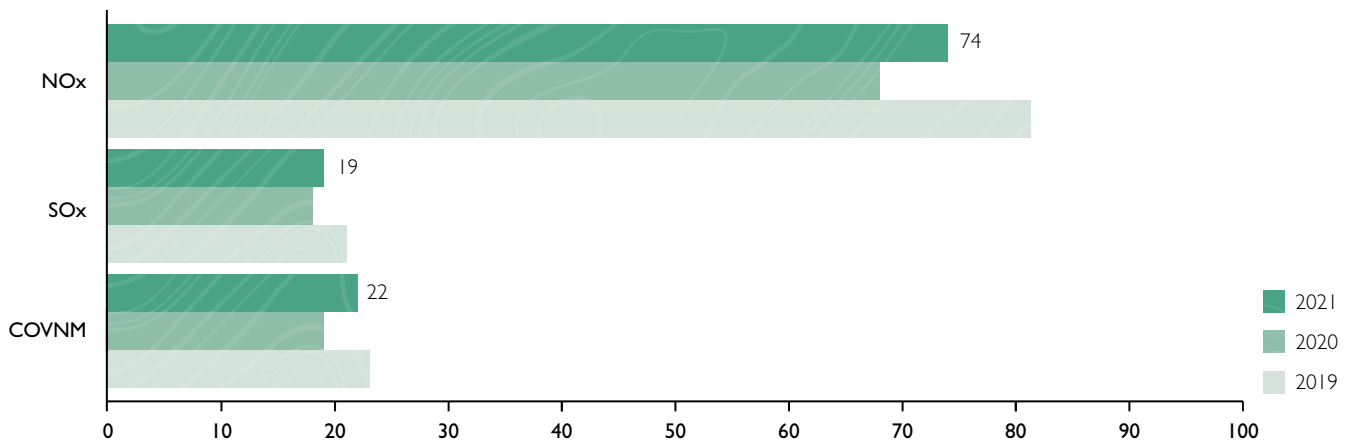


Emissions of NO_x, SO_x and NMVOC

Associated with the consultation of petrol and diesel by the service vehicle fleet, the Group companies emitted NO_x, SO_x and NMVOC.

Emissions of other pollutants – mobile sources

(tons)



From a perspective of continuous improvement, and within the scope of undertaking a rigorous inventory of the AdP Group carbon footprint, a project was launched to develop a tool for monitoring the emissions of all Group companies (scope 1, 2 and 3) that shall subsequently enable the operational launch of the AdP Group Carbon Neutrality Program – NEUTRO - for each of its companies as well as enabling the provisioning of multi-annual budgeting for carbon neutrality.

This additionally refers to how this perceives the NEUTRO Program as an essential piece in Group financing, enabling access to green bonds designed to generate support for climate and environmental projects and business and company sustainability.

INNOVATIVE PROJECT FOR THE PRODUCTION OF HYDROGEN AND BIOGAS

In partnership with Dourogás, Águas do Tejo Atlântico is to produce biofuels through using the biogas generated from the wastewater treatment process of the Frielas Water Factory.

This represents an innovative project capable of contributing to sustainable mobility with clear economic and environmental benefits that foster the decarbonisation of the economy, reduce greenhouse gas emissions and raise air quality.



3.3 ACCELERATING THE CIRCULAR ECONOMY OF WATER



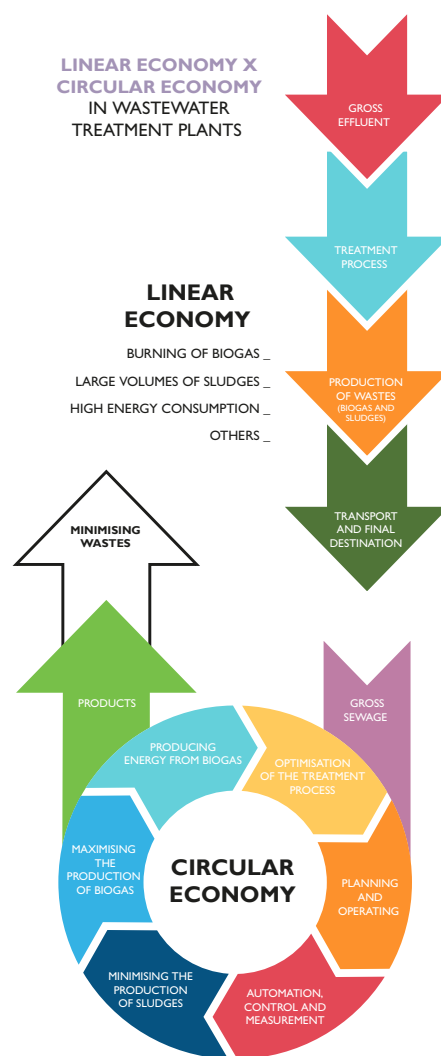
3.3 ACCELERATING THE CIRCULAR ECONOMY OF WATER

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



The circular economy makes a determinant contribution to balancing the management of the urban water cycle and nature. Along the path we are travelling, towards ever more efficient water and energy management, with lower environmental impacts and greater resilience to extreme situations such as water shortages, there are circular economy practices present in which the Group has been investing and strengthening its positioning in the production of water for reutilisation (ApR hereafter) and valuing the subproducts resulting from water treatment processes, including the sludges and nutrients for example, as well as making energy usage of the assets and endogenous resources on route to carbon neutrality (a theme approached in the “Taking Action for the Climate” chapter). We may state that our Wastewater Treatment Plants are coming to resemble Water Factories in which wastewater is perceived as a raw material replete with resources that should be rationalised, used, reused, recycled and valued. In these factories, in industrial processes, there is the transformation of used wastewaters into new products, recycled water for agriculture, irrigation, washing roads and vehicles, equipment and industrial facilities; recycled water for the production of green hydrogen; industrial water for the cooling systems of buildings and for producing algae and biofuels, biogas and/or biomethane for energy purposes; biosolids for agricultural purposes; bioplastics and/or nutrients to be incorporated into new production processes.

Following a long and intensive investment program, hitherto unprecedented in wastewater collection and treatment systems, focused on the Wastewater Treatment Plants, it is now the time for the AdP Group to evolve into a new paradigm, within the logic of a circular economy for the water in which attributing the maximum value to resources constitutes one of the key priorities.



THE APPLICATION
OF TREATED
WASTEWATERS
INCORPORATES THE
CHALLENGES OF THE
CIRCULAR ECONOMY
IN MANAGING THE
URBAN WATER
CYCLE, GENERATING
SIGNIFICANT
ENVIRONMENTAL,
SOCIAL AND
ECONOMIC BENEFITS.

WATER FOR REUTILISATION - ApR

Water is essential to life and, even while undergoing constant renovation, is limited and neither subject to fabrication nor replacement by other resources.

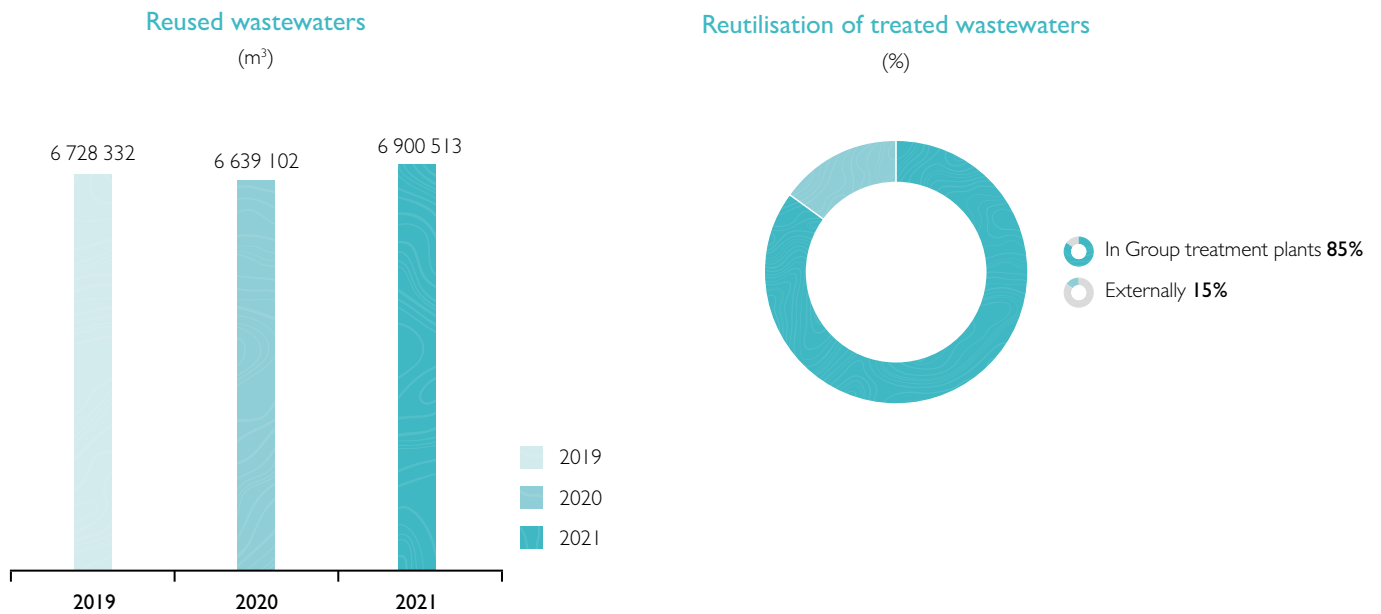
Aware of the great needs for water conjugated with increasingly inconstant and/or reduced periods of precipitation requires the search for alternative solutions, the Group perceives in the production of treated wastewaters a source with enormous potential for usages that do not require drinking water standards and also originating in sources without significant oscillations in availability and a vehicle for nutrients and micronutrients essential to the growth of vegetation. This is not any new utilisation, especially for the washing of equipment, the cleaning of public spaces, irrigating green areas, among other purposes with lower quality requirements, as well as their application for refrigeration systems and the production of green hydrogen. At the beginning of 2021, the production of water for reutilisation (ApR), deriving from the treatment of wastewater, was integrated into the core activities of the wastewater sanitation multi-municipal systems.

Hence, the AdP Group seeks to reach out and meet the needs of the societies and communities where it operates, furthermore contributing to the sustainable utilisation of water resolution enabling the maintenance of water in the environment and the respective preservation of future uses while safeguarding the present usage in accordance with the principles of the circular economy. One example stems from our Action Plan for Reutilisation that fosters an increase in the circularity of the utilisation of water and the improvement of water efficiency, involving diverse projects for the production of water for reutilisation (ApR) at around 50 installations across the Group - and regional plans that seek to study the viability of water reutilisation within the context of each operating company and defining concrete measures for each region, having already developed diverse and different reutilisation projects on different scales and in regional contexts – for example, for agricultural irrigation, watering golf courses and urban green spaces, industrial washing and usages, among others -, which have contributed to raising knowledge, enabling innovation and development to create synergies among stakeholders, overcoming barriers and developing safe and appropriate solutions.

The utilisation of recycled water constitutes an adaptation measure to climate changes and best practice in water management, specifically to respond to the rise in the frequency and intensity of the period of drought and water scarcity, thereby also enabling increased system resilience.

The disinfection of treated wastewaters corresponded to 33% of the total effluent flow treated in 2021. Of the 167 million m³ disinfected, around 7 million m³ were reutilised internally and externally (+3.9% on 2020), which enabled the minimising of network water consumption and contributing to the active preservation of natural resources.

1.35% of treated wastewaters reutilised in the internal and external installations of our companies.



WHAT ARE THE PURPOSES OF WASTEWATERS TREATED FOR REUTILISATION:

- Irrigation for agriculture, green spaces and forests
- Reutilisation for recreational purposes
- Reutilisation for environmental purposes
- Reutilisation for industrial purposes
- Reutilisation for the production of renewable gases

EXAMPLES INCLUDE:

- Washing installation pavements, equipment and treatment components;
- Irrigation of green spaces (private and public, including golf courses);
- Refrigeration cooling systems;
- Municipal usages, such as washing vehicles, streets and containers;
- Discharge of sanitation installations;
- Fire fighting;
- Production of green hydrogen.

The diverse reutilisation projects developed by the Águas de Portugal Group, on different scales and in different regional contexts, have contributed to raising awareness, creating synergies among stakeholders, overcoming barriers and developing safe and appropriate solutions in cost-benefit terms, based on the fit-for-purpose approach and risk evaluations enabling proportional solutions tailored to the forecast usages and any specific prevailing conditioning factors.

GOLF COURSES AND PUBLIC GARDENS OF THE ALGARVE IRRIGATED WITH RECYCLED WATER

2021 saw the utilisation of around 8 Mm³ ApR from the Quinta do Lago and Albufeira Poente wastewater treatment plant for the irrigation of golf courses and public gardens respectively by Golfe São Lourenço and Salgados and the Infraquinta Municipal Company.

The amount of recycled water in the Algarve region led to a clear reduction in the volumes abstracted and, therefore, better safeguarding of water resources that then remain available to the environment, eventually for more worthwhile purposes, such as the production of water for human consumption. The need to channel efforts into the usage of ApR constitutes a strategy identified in the Regional Water Efficiency Plan of the Algarve Region enabling the safeguarding of both the water available and the water reserves in the region, which shall ensure a better balance between demand and the availability of this hydric resource.



ÁGUAS DO TEJO ATLÂNTICO WITH A STRONG COMMITMENT TO THE DYNAMIC IMPLEMENTATION OF ÁGUA+ UTILISATION

Águas do Tejo Atlântico is currently developing the strategy for the production and utilisation of Água+, which will set out a target for reutilisation for 2030 and alongside the identification of potential clients within the 23 municipalities that make up its concession areas. This includes:

- a) Definition of the 7+2 PWF - Priority Water Factories that will enter into the “Capacity and Appropriateness Analysis”,
- b) Definition of the Proximity Lines for each PWF across three levels; 2km; 5km and 10km and identification of potential clients within each level of proximity,
- c) Estimate the investments necessary for each of the 7+2 PWF to deliver (as the Factory output) between 10% and 20% of its capacity (including internal consumption), at a quality level to be defined by UEPE – the “reference” costs (in accordance with the consumption expectations of potential clients and the quality of the ApR required by level of proximity).

The supply of Água+ to IKEA in Loures for its cooling systems is one of the examples of ApR application ongoing since 2010 which, in 2021, accounted for the consumption of 26 2610 m³ of ApR.



FROM WASTE TO SUBPRODUCT

The wastes generated in the processes of water and wastewater treatment, as they cannot not be produced, have to be minimised through the selection of the best technologies available to the Group, thereby acting on the indirect impacts of its activities.

Alongside this reduction, the AdP Group has focused on demand and implemented robust solutions for valuing these wastes even while they may be considered the subproducts of other activities, thus actively fostering the circular economy. Examples include the incorporation of sludges deriving from water treatment processes into the cement and ceramics industry as well as valuing the wastewater treatment plant sludges as a source of organic materials, nutrients and energy.

Circularity performs a preponderant role in the transformation of wastes into subproducts with significant social, environmental and economic impacts.

The current context seeks to create the opportunity to rethink the Group's wastewater treatment plant sludge management models, in addition to rendering investments in sludge treatment installation viable, raises the importance of innovating in the internal management model on the AdP Group agenda, benefitting from scale and based on the principles of efficiency, valuing resources and the circular economy while simultaneously strengthening the environmental control over the chain of value of this waste. To this end, the AdP Group seeks to act on managing the wastewater sludge chain of value through its strategy reflected in the AdP Group Sludge Plan that foresees an evolution in the paradigm based on the principles of the circular economy and valuing the effects of scale provided by the dimension and organisation.



Commitment to recover value from the wastes produced.

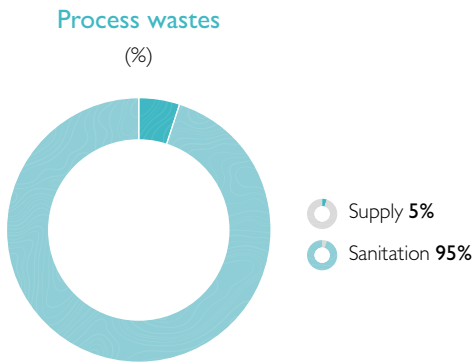
THE STRATEGY CONTAINS THE FOLLOWING OBJECTIVES:

- Reduce by a half the quantity of sludge dispatched from AdP Group installations to the final destination
- Reduce by a half the annual costs of sludge management
- Enhance the resilience of the solid phase of treatment in installations
- Define the targets for the recovery of sludges /similar products for all AdP Group companies
- Reduce CO₂ emissions throughout the sludge management processes

The AdP Group Sludge Management Strategy incorporates the following pillars:



In 2021, 413 828 tons²⁶ of waste were produced (of which 412 555 tons were process wastes) which corresponds to an increase of 9.5% on 2020. There were 26 427 e-GAR (Eletronic Waste Monitoring Guides) generated as regards the transport of all the wastes produced by 591 infrastructures and sent to their final destination (valuation and elimination). The overwhelming bulk (95%) derives from sanitation activities.



²⁶ Does not include the wastes stemming from AdSA waste management activities. This does include the wastes produced by the AdSA company Morgavel wastewater treatment plant. This does not include the wastes that are under the management and the responsibility of Service Providers.

SUPPLY

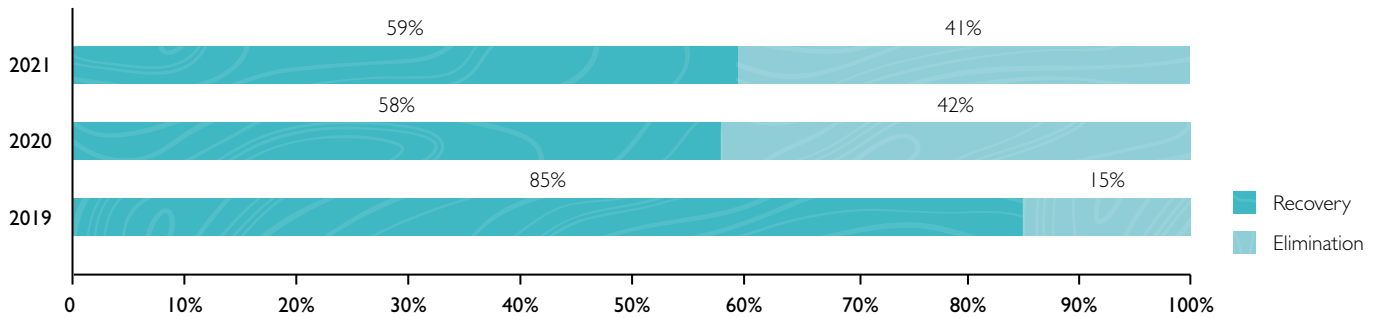
The water supply treatment processes in 2021 resulted in the sending to a final destination (valuation / elimination) around 22 398 tons of waste with 99% made up of sludges deriving from water clarification processes. Of these, 59%²⁷ were recovered predominantly for the cement and ceramics industries, transforming this waste into a subproduct.

Process wastes – Supply	2019	2020	2021
Graded (ton)	34	15	10
Sands (ton)	112	137	138
Sludges (ton)	17 849	18 388	22 250
Total	17 994	18 539	22 398

THE AdP GROUP, AWARE OF THE RISING POTENTIAL OF CLARIFICATION SLUDGES AS SUBPRODUCTS, IS FOCUSED ON RECOVERY THROUGH INCORPORATING THE RAW MATERIALS INTO MANUFACTURING PROCESSES, FOSTERING THE CIRCULAR ECONOMY.

Recovery and final destination of water supply sludges

(%)



TREATMENT PLANT SLUDGES NO LONGER WASTE AND NOW A RAW MATERIAL FOR EPAL AND AdVT

The year of 2021 was spent seeking out market opportunities and clients following the declassification of treatment plant sludges as waste in 2020 and opening the path to their commercialisation as a raw material in the ceramics industry and as a reagent in the treatment of wastewaters. This declassification represented the culmination of a four-year project with NOVA FCT (NOVA School of Science and Technology) and the CTCV – the Centre of Ceramics and Glass Technology. The sludges deriving from the water treatment processes that supply a third of Portuguese citizens are to serve for making bricks and treating wastewaters while in the future may also be incorporated into civil construction and road building.

Now, the sludges produced by the Asseiceira Treatment Plant are left to dry, are turned over and subject to a natural dehydration process that does not consume any energy. It is this dry material that may then serve new purposes.

FROM WASTE TO MAKING CERAMIC TILES

In 2021, the 1,500 tons of sludge produced during water treatment processes at the Lever Treatment Plant were incorporated into the manufacturing of roofing tiles. This solution is the most appropriate from the environment perspective.



This provides an excellent practical example of the circular economy, in effect at AdDP ever since 2006, accounting for the water clarification sludges that make up 93% of the total quantity of waste produced by this company. This initiative, ongoing for various years, resulted from a partnership between AdDP, a ceramics sector company and a university research project.

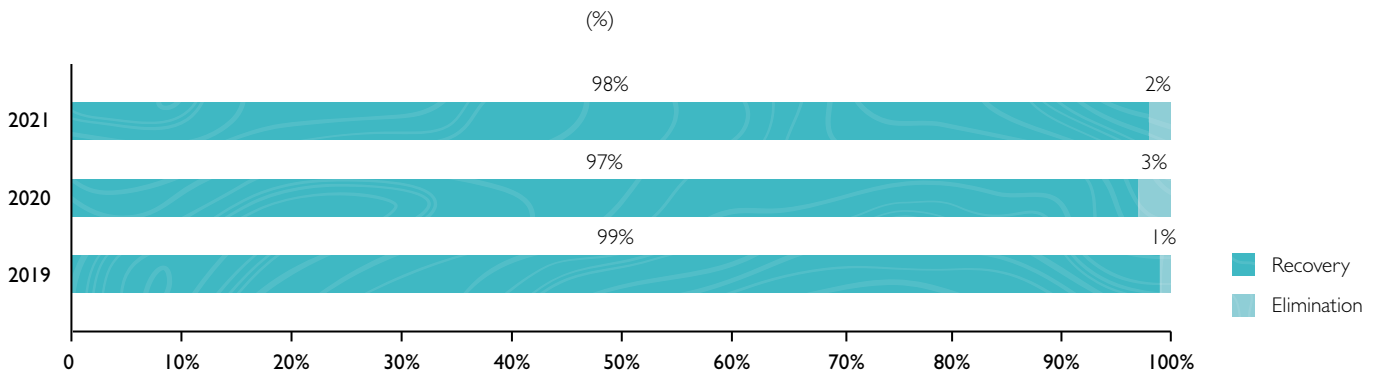
²⁷ In 2020 and 2021, the effects of the pandemic reflected in the percentage of supply sludge recovered.

SANITATION

In 2021, in the wastewater treatment processes dispatched to their final destination (recovery / elimination) 390 157 tons of waste, a year-on-year increase of 9%, with 92% of this total corresponding to sludges. With the recovery of waste products one of the major concerns of the AdP Group, there has been major consistency in the values reported over the course of the years. Of the 360 388 tons of sludge produced, 98% were recovered for utilisation in agriculture.

Sanitation – process wastes	2019	2020	2021
Graded (ton)	8 729	8 663	9 516
Sands (ton)	9 340	9 461	10 744
Fats (ton)	3 204	3 715	3 658
Sludges (ton)	361 018	333 950	360 388
Others (ton)	1 768	2 795	5 851
Total	384 060	358 584	390 157

Recovery and final destination of sanitation sludges

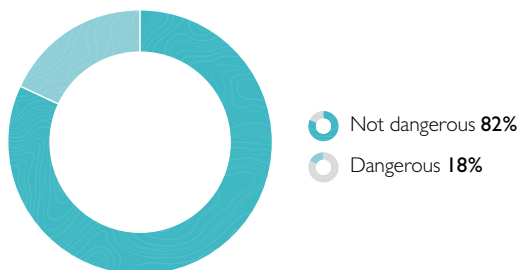


LAUNCHING A NEW ADDED VALUE PRODUCT - COMPOST

In 2021, the two composting stations at the Évora and Castelo Branco wastewater treatment plants were the target of applications submitted to the COMPETE 2020 Program with the objective of launching a new added value product (compost), based on aerobic processes and through recourse not only to the treatment plant sludges but also to green wastes (structural materials).

In addition to the wastes deriving from the transport and treatment of water and wastewater, 2021 also saw the production of 1 273 tons of waste due to administrative, maintenance and laboratory activities.

Wastes produced (not processed)
(%)



Wastes produced (not processed)
(%)



ÁGUAS LIVRES ACADEMY STAGES A STUDY PROGRAM IN VALUING TREATMENT PLANT SLUDGES FOR AGRICULTURE

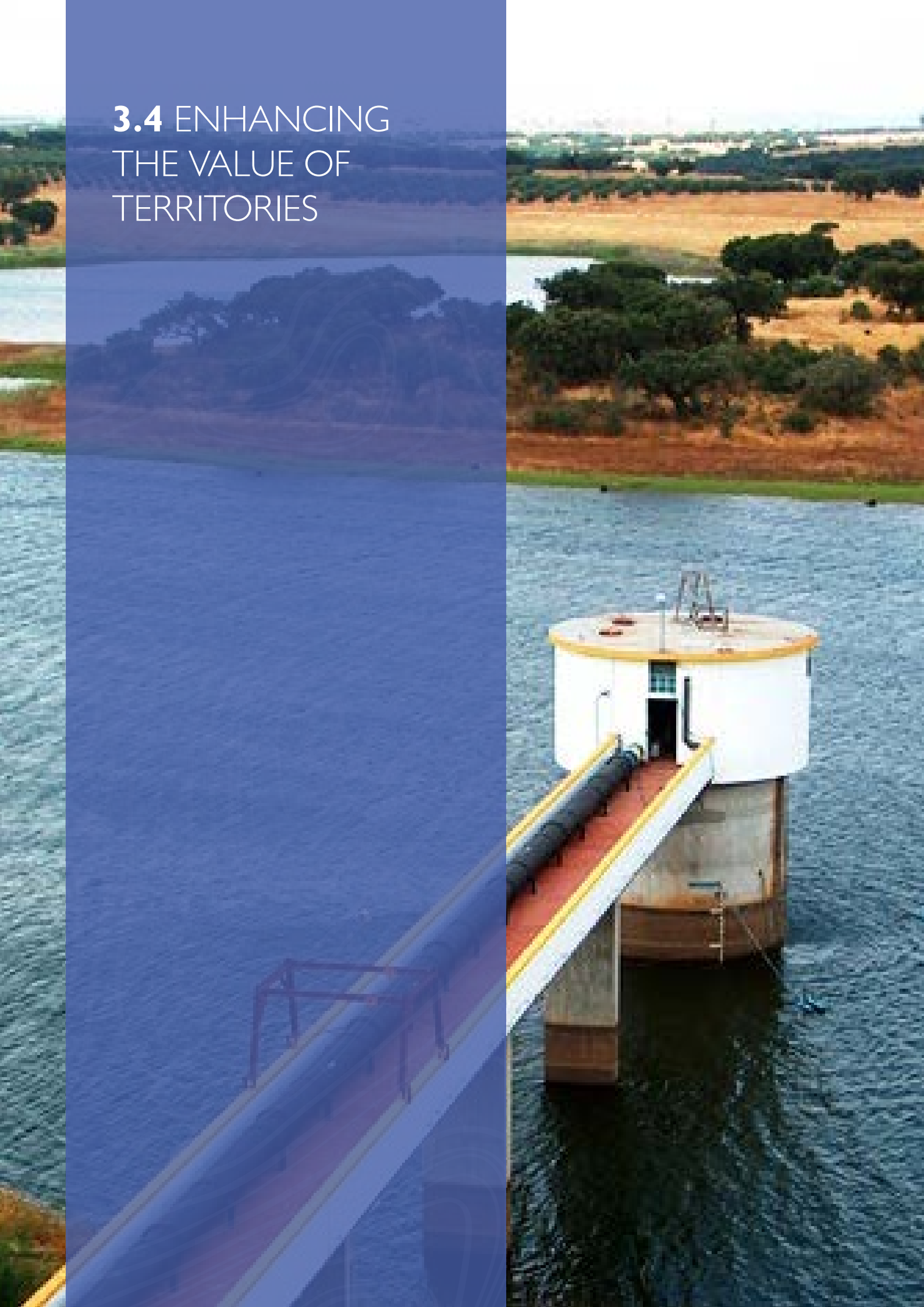
Within the framework of establishing environmental policies based on the circular economy, the recovery of sludges and compost as an organic material for agriculture and forestry takes on a significant role.

In 2021, the EPAL Academy Águas Livres ran a course on the “Agricultural Recovery of Wastewater Plant Sludges” with support from the Higher Agrarian School of Coimbra.

This training program held the objective of enabling technical specialists with higher education or equivalent qualifications in the agricultural, forestry or environmental areas to deepen their theoretical and practical knowledge on the utilisation of sewage sludges in agricultural soils, including the legal norms established by Decree Law no. 276/2009, of 2 October.



3.4 ENHANCING THE VALUE OF TERRITORIES



3.4 ENHANCING THE VALUE OF TERRITORIES

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



Water is an essential factor to the socioeconomic development of regions. Its utilisation spans the entire range from the most basic needs for human consumption through to industry, agriculture, tourism and ecosystems as a whole.

Companies and their members of staff are one of the greatest forces for change in societies, performing a fundamental role in the construction of a more equitable and, above all, a more sustainable world.

Based on these two assumptions, the AdP Group works daily, from the north to the south of the country, across 237 municipalities, to create value and thereby positively impact on the territories that host its activities and/or its businesses, with direct and indirect consequences.

With 3 589 employees and coverage of 237 municipalities, we contribute to dynamically boosting employment and the economy and combating the desertification of Portugal inland regions.

We guarantee efficient technical-financial management, ensuring high rates of water supply and sanitation coverage through the appropriate scaling of new infrastructures and the maintenance of those already in operation.

We guarantee the accessibility of water and sanitation services, ensuring social justice and the quality of life of populations.

WE IMPACT DIRECTLY TO IMPROVE THE QUALITY OF LIFE OF POPULATION AND THE REQUALIFICATION OF TERRITORIES.

214

MUNICIPALITIES SERVED

Water supply services

217

MUNICIPALITIES SERVED

Wastewater sanitation services

680 797

DIRECT CLIENTS

(Retail water supply)

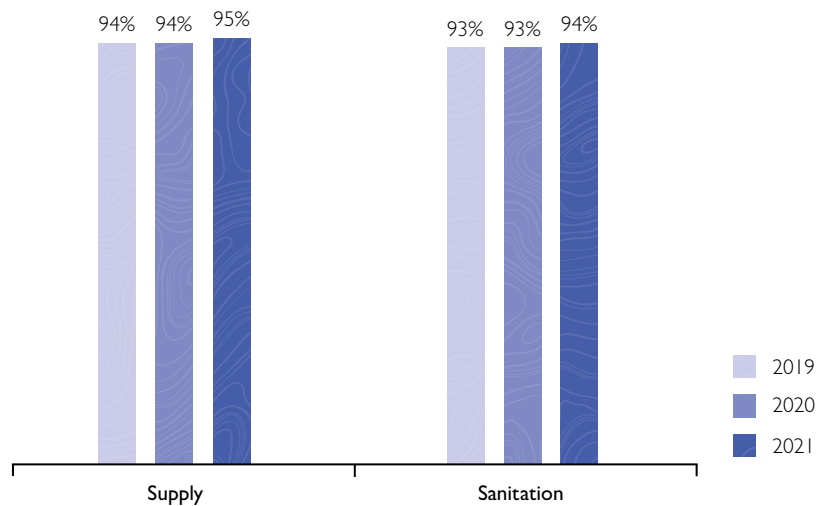
279 867

DIRECT CLIENTS

(Retail wastewater sanitation)

Coverage of bulk service

(%)



95%

RATE OF BULK COVERAGE

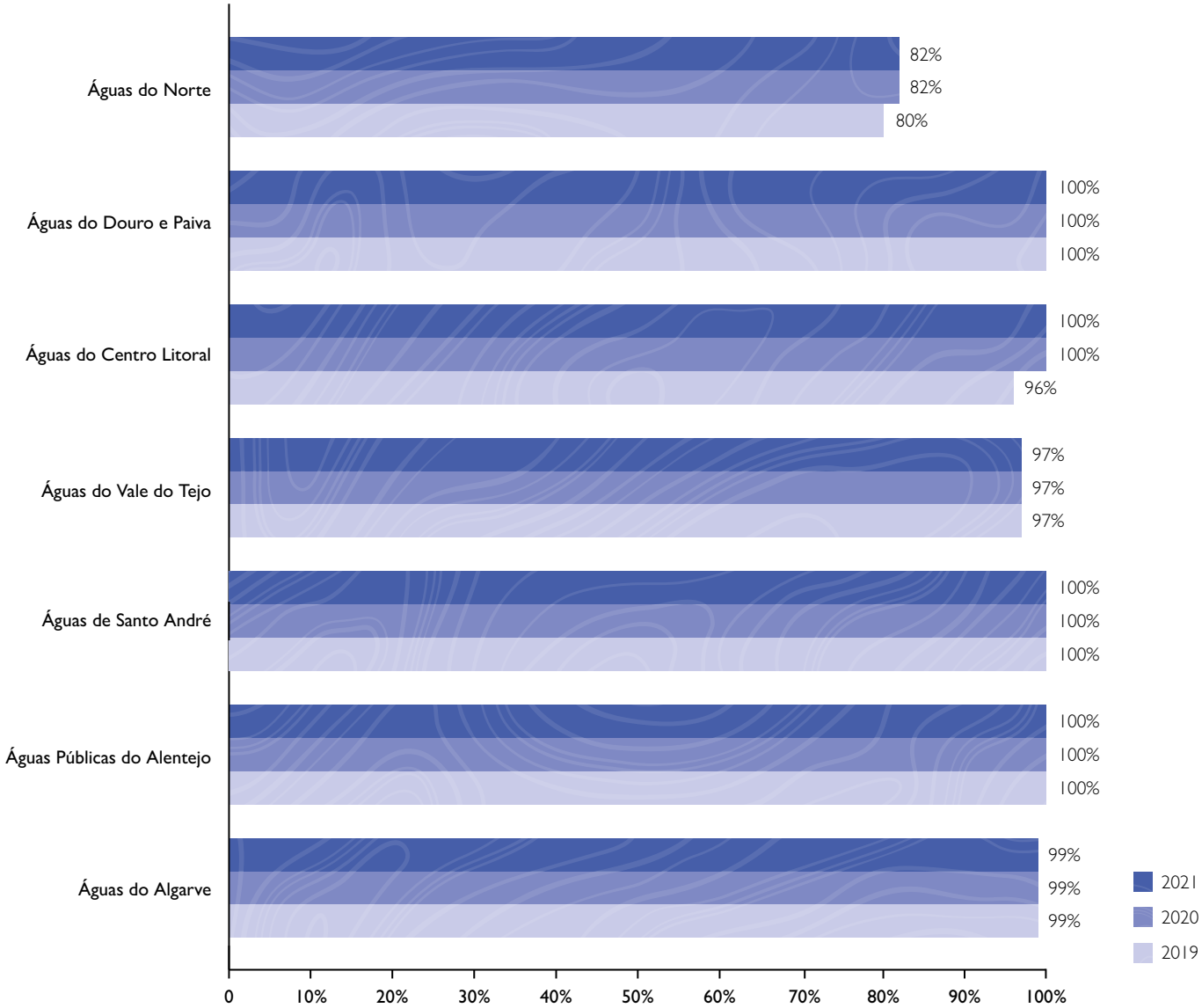
WATER SUPPLY SERVICES

94%

RATE OF BULK COVERAGE

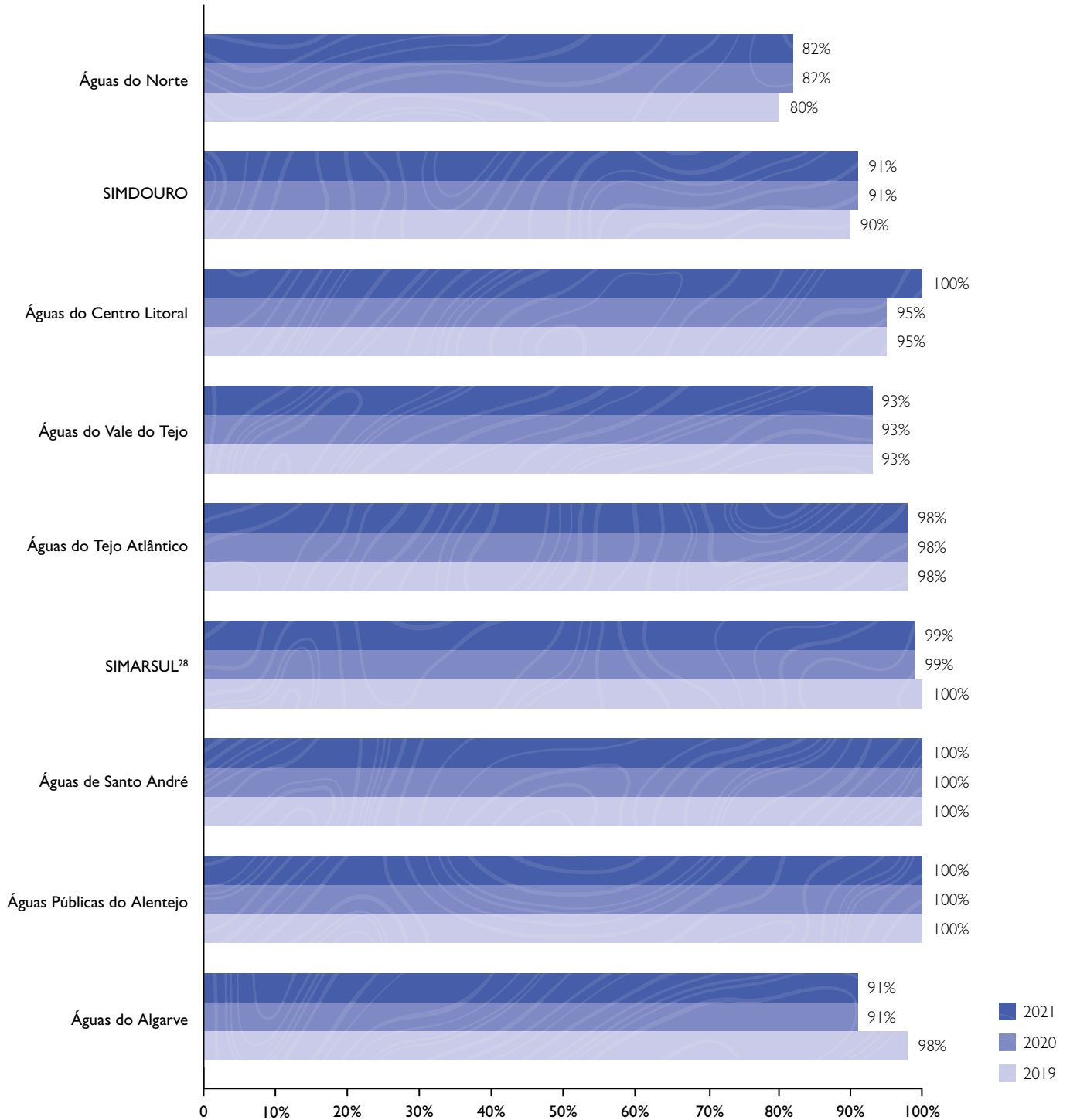
WASTEWATER SANITATION SERVICES

Coverage of bulk supply service
(% of households served)



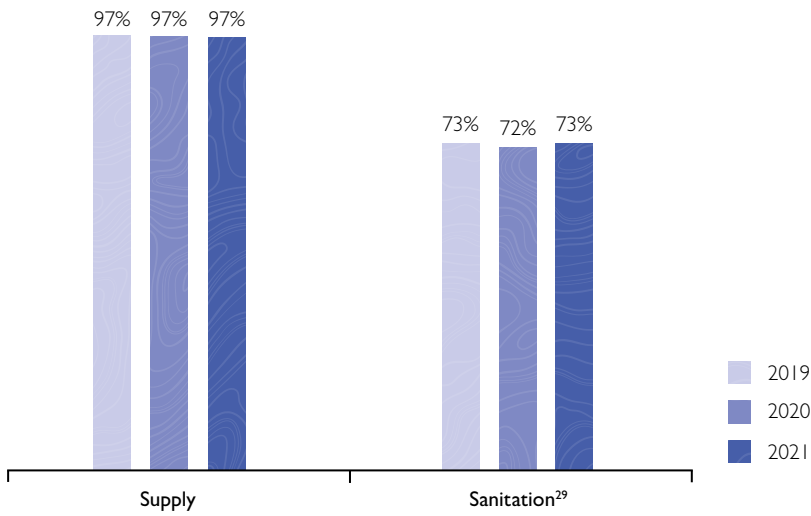
Coverage of bulk sanitation service

(% of households served)

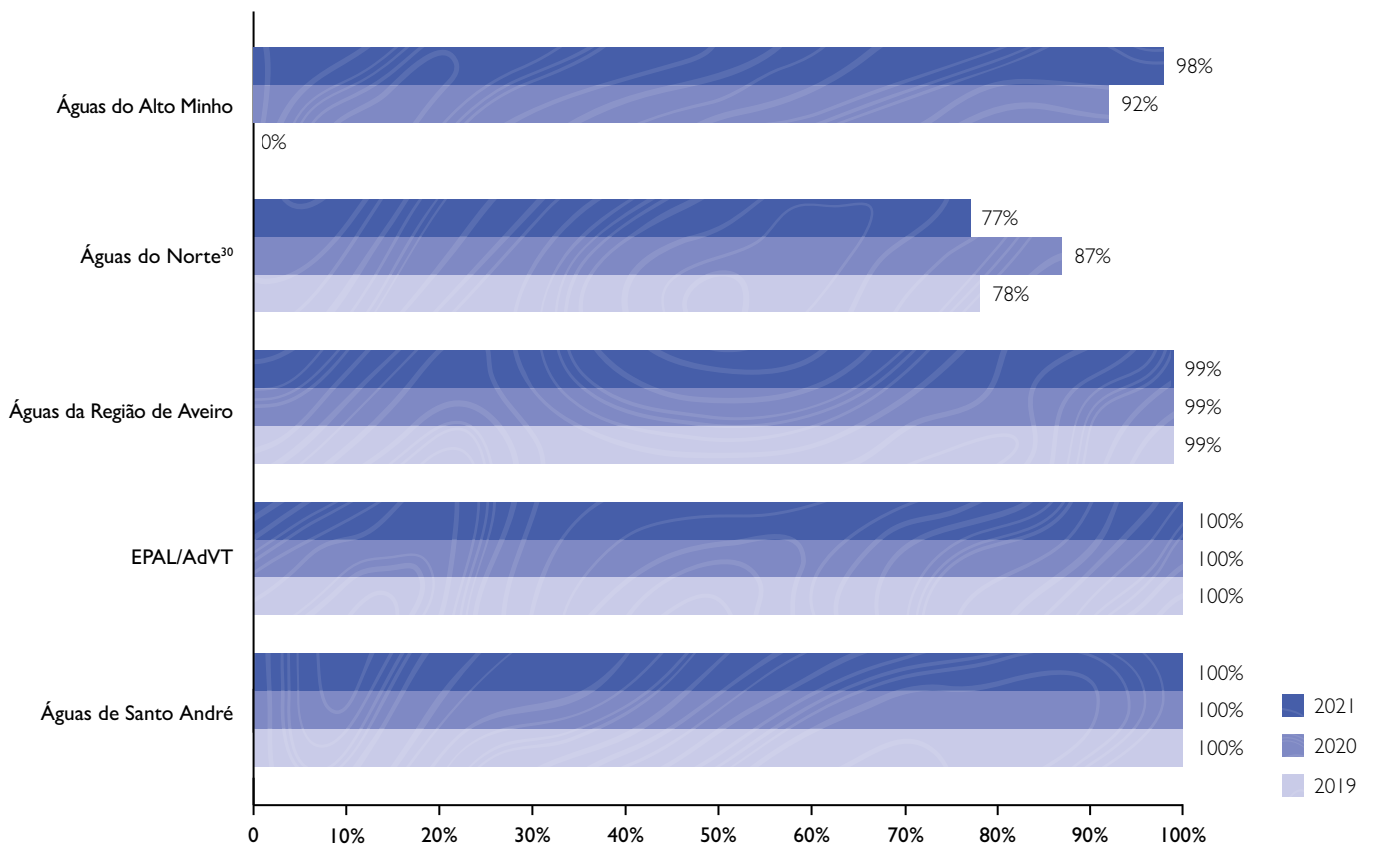


²⁸ The SIMARSUL coverage rate for 2020 was altered in accordance with the agreement of the regulatory entity.

Coverage of retail service (%)



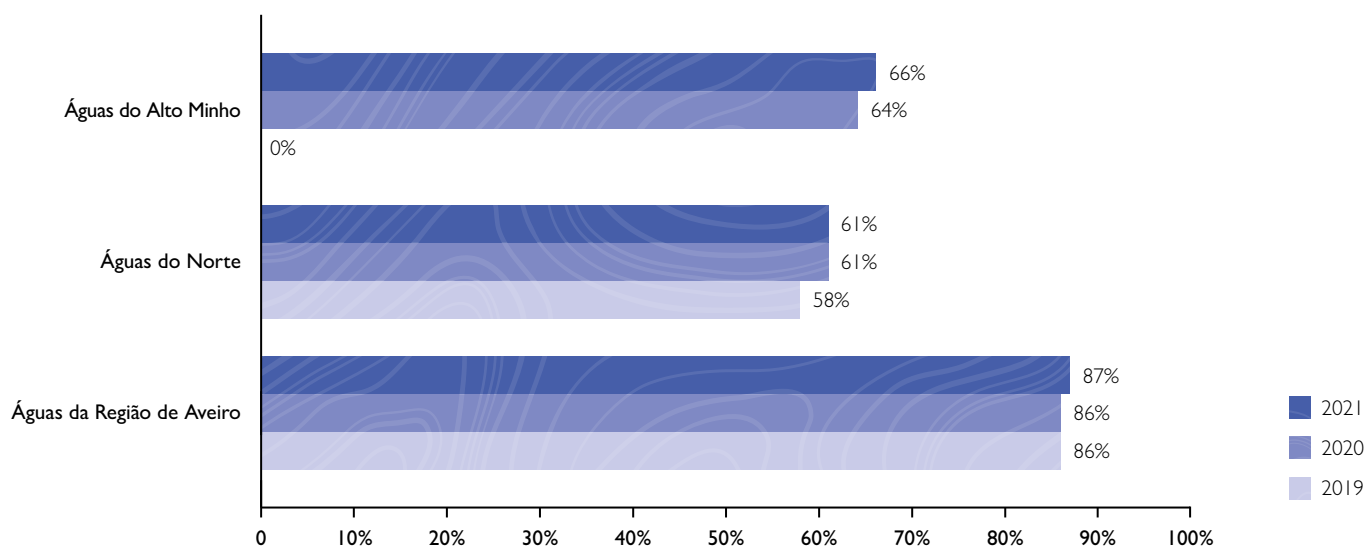
Coverage of retail supply service (%)



²⁹ The sanitation coverage rate with reference to 2020 dropped from 75% to 72% as this does not take into consideration the AdAM coverage.

³⁰ The decrease in the AdN company results, on the one hand, in 2020 from the audit by ERSAR with the ascertained value having been corrected to 82%, a downturn that deepened in 2021 due to the Amendments to the Partnership and Management Contracts resulting from the integration of the Vale do Leça water supply system in Santo Tirso Municipal Council, signed in June 2021.

Coverage of retail sanitation service (%)



WE CONTINUE TO, ALONGSIDE CLIENTS, RAISE THE PERCEPTIONS OF SERVICE VALUE AND HENCE BOOSTING THE ENVIRONMENTAL AND SOCIAL VALUE OF WATER.

In 2021, we rendered continuity to our mission in providing an increasingly broad and continuous level of public service, with high quality and at socially acceptable costs.

The implementation of a culture with greater proximity to clients, acting and innovating in the sense of simplifying access to water and sanitation services, strengthening the level of trust and satisfaction of users and fostering dialogue with clients as a means of meeting their expectations.

There is furthermore a relationship of proximity prevailing between Group companies and the Municipalities (clients for bulk service and also shareholders). The existence of open channels of communication heightens the transparency and trust established. The bilateral relationships, that take place daily across various different levels, both in institutional and in technical terms, allows for the alignment of objectives and improvement to the supply and sanitation services received by the final consumer.

At companies providing retail services, the major Group challenge, due to the high number of direct clients, focuses on ensuring the provision of services to the entire universe of potential clients. Company websites incorporate exclusive areas for clients with the provision of relevant information and means of direct contact for further clarification.

In promoting dialogue with clients and the ways we perceive their opinions, Group companies periodically (usually biannually) evaluate the satisfaction of bulk and retail users of water supply and sanitation services, with seven companies having undertaken such evaluations in this period.

In 2021, the Group received 516 complaints from bulk clients, a higher number than in 2020 (473) and with 9 717 complaints from retail clients, again rising year-on-year (9 020). The rate of response within the legally stipulated deadlines remained at 98% for bulk services and rose to 67% (44% in 2020) for retail services.

ÁGUAS DE SANTO ANDRÉ IMPROVES CLIENT SERVICES

In seeking to facilitate client access to its services, AdSA has launched the new myAQUA® app in conjunction with a new call-centre to ensure swifter answers to the majority of contractual questions and eliminating the need for any in-person visit.

myAQUA® is a free application for smartphones, developed by EPAL, that enables users to manage their contract details, submit meter readings, access water bill payment details, among other functions. This application also enables the notification of any problems related to water quality, leaks, burst pipes, etcetera.



We guarantee the efficiency, reliability and quality of the service and product safety.

The improvements made to the quality of life of populations stemming from the evolution in water supply and sanitation services become particularly clear in the higher levels of public health indicators. The government, which designs and promotes new public policies that impact on the sector, the regulator, independent, which accompanies and monitors our activities, as well as our partner municipalities, with their collaboration of fundamental importance, play determinant roles within the scope of efficiency in the sector; the quality of provision of these services essential to the quality of life of the populations and to the success of public policies in our fields of activity.

The quality of the water supplied by Group companies is ensured by regular product monitoring in accordance with the Water Quality Control Plans approved by the regulator, ERSAR.

In 2021, there were 94 729 (94 171 in 2020) and 46 438 (46 271 in 2020) water analysis tests carried out on the bulk and retail systems respectively. The results of this analytical control are regularly published, enabling consumers to access the water quality information and the compliance with the legal parameters. Furthermore, companies also operate internal monitoring plans ensuring more demanding analytical control and again guaranteeing the quality of the water supplied.

WATER AS AN
ESSENTIAL FACTOR
OF GROWING
PROTECTION TO
PUBLIC HEALTH.

99.6%

OF COMPLIANCE

WITH THE WATER CONTROL PARAMETERS
FOR BULK SUPPLY SYSTEMS

99.3%

OF COMPLIANCE

WITH THE WATER CONTROL PARAMETERS
FOR RETAIL SUPPLY SYSTEMS

In 2021, six of the ten AdP Group operating companies engaged in supply activities had implemented water security plans, boosting the response capacities of their systems to situations that may jeopardise the integrity of supply safety and correspondingly raising the trust of consumers and the other entities involved in the water production process.

WATER SUPPLY CONTROL AND MONITORING MEASURES

- Continuous measuring of the process parameters (flow, pressure, levels of storage water, pH, chlorine, among others);
- PCQA – Water quality control plans;
- Water quality operating control plans;
- Monitoring plans for infrastructures operated by service providers;
- Water security plans;
- Control and monitoring of hydrological characteristics of water supply sources;
- Control of water losses;
- Implementation of operating and maintenance software.

96.92%

RATE OF COMPLIANCE

WITH BULK SYSTEM WASTEWATER DISCHARGE LICENCE REQUIREMENTS

The collection and effective treatment of wastewaters prevents the discharge of untreated effluents, safeguarding watercourses, preserving ecosystems and avoiding contamination of the soils. The maintenance of watercourses enables the community to safely enjoy their water resource and all their diverse usages, ranging from enjoyment of the landscape, bathing, irrigation, abstraction for water supply purposes, among others.

Across the Group, the analytical control of treated wastewaters takes place regularly in accordance with that stipulated in the discharge licences and the legislation in effect. In 2021, there were a total of 83 129³¹ analytical tests of the bulk and retail systems. The results of this monitoring are regularly published to enable users to gain access to information on the quality of the wastewaters returned to hydric environments and compliance with legal parameters. Furthermore, the companies also deploy internal monitoring plans, providing more demanding analytical control and guaranteeing the quality of discharged wastewaters.

97.85%

RATE OF COMPLIANCE

WITH RETAIL SYSTEM WASTEWATER DISCHARGE LICENCE REQUIREMENTS

WASTEWATER SANITATION CONTROL AND MONITORING MEASURES:

- Analytical control plans in accordance with the discharge licences;
- Operational analytical control plan;
- Underwater emitter monitoring plan;
- Continuous measurement of pH, of potential redox, of oxygen;
- Gaseous emissions plan;
- Monitoring plan for treated wastewater discharge environments;
- Monitoring plans for infrastructures operated by service providers.

³¹ Analysis carried out on infrastructures operating according to discharges licences.

Taking an increasingly proactive approach, the Group is advancing with the rehabilitation of the already existing pipes, interconnections and collectors and in need of replacement as an essential measure contributing to the operational efficiency of systems. Supply failures and collapses in collectors may have consequences for the services provided to populations and hence the response capacity for such situations is fundamental. The maintenance of equipment and infrastructures, from both reactive and preventive perspectives, is crucial to service management.

The water reserve capacities of multi-municipal systems contribute to the continuity of the supply service. In 2021, the bulk system reserve capacity stood at 1 624 329 m³ (1 613 926 m³ in 2020) and with the retail system containing 540 153 m³ (551 857 m³ in 2020). The number of service interruptions was 74 and 145 in the bulk and retail systems, respectively.

24 Hours

OF RESERVE CAPACITY

BULK WATER SUPPLY SYSTEMS

37 Hours

OF RESERVE CAPACITY

RETAIL WATER SUPPLY SYSTEMS

The number of structural collapses in the sanitation collection network was 49 in the bulk system and 55 in the retail system.

49

STRUCTURAL COLLAPSES

BULK SANITATION SYSTEMS

55

STRUCTURAL COLLAPSES

RETAIL SANITATION SYSTEMS

WE PROTECT AND RESTORE BIODIVERSITY AND THE ECOSYSTEMS

Good ecological functioning strongly contributes to the mitigation, resilience and adaptation to climate changes, to the protection of biodiversity, to fair and equitable access to food and drinking water and consequently to improving health and wellbeing as well as to the social and economic balance and territorial revitalisation, themes that intrinsically interlink with the Sustainable Development Goals.

The AdP Group core business has, in its own right, a positive impact on the natural resource of water, which every living being depends on.

At the AdP Group, the commitment to the conservation of biodiversity and fostering ecosystem services represents a daily activity in the supply of water through the controlled abstraction of water flows and the appropriate treatment of wastewaters. The maintenance of minimal flows, the prevention of pollution of watercourses and the sea and the depollution that has taken place due to operation of wastewater collection and treatment systems, guaranteeing the hydric environment, displays the quality and quantity of water necessary for the conservation and development of biodiversity. We may thus affirm that the sustainable management of the urban water cycle preserves the soils, the water tables and the hydric environment to nurture the conservation of biodiversity and the effective functioning of ecosystem services.

The promotion of healthy marine and terrestrial ecosystems enables the improvement and/or maintenance of the productivity and capacity that ecosystems hold to respond to the needs of societies.

FOR A BLUER PLANET

EPAL launched the campaign "For a Bluer Planet" with the objective of raising general awareness around the efficient usage of water. Within the framework of a protocol with Quercus, EPAL and Águas do Vale do Tejo sponsored five wild animals that are undergoing recovery at CERAS in Castelo Branco. The first sponsor is a tawny owl that will be baptised following a naming competition launched on Earth Day and held for the children, grandchildren and nephews/nieces of employees.



NATIVE FISH PROJECT

The Native Fish Project was launched in November 2017 and results from a partnership between the ISPA university and Águas do Tejo Atlântico. The project carries out the Monitoring of the Hydrographic Basins of Oeste Rivers, located within the geographic area of Águas do Tejo Atlântico activities in order to raise environmental awareness and implement scientific research fostering their conservation and preservation, especially the indigenous fish existing there.

In 2021, Tejo Atlântico accompanied various awareness raising actions, workshops and field visits related to the classes and the seven municipalities participating in the project. Integrated into this project is the particular highlight of the children's book "Os meninos-do-rio" and the production of a touring exhibition about the indigenous ichthyofauna of the rivers in the Oeste region and that has gone on display in the municipalities of Torres Vedras, Óbidos, Caldas da Rainha and Sintra.



We continue to contribute to dynamically support the regional business sector and local employment.

Taking into account the value of water and recognising its role as a leverage for regional development and the affirmation of local power, AdP Group activities generate a dynamism in the business sectors (national and local), due to their potential for sustaining growth in every economic sector. This highlights how, through the provision of our water supply and sanitation services, we have greatly contributed towards valuing the respective territories, especially through the development of local/national tourism and therefore contributing to the creation of direct and indirect employment and for the creation of value in the regions. Portugal has registered significant improvements in the quality of its bathing waters, especially as a result of the development of the water sector. These improvements hold great relevance to public health, the enjoyment of the natural environment and contributing to highly positive results for economic activities, especially in the tourism sector.

The relationship with suppliers and the local community are also axes of action not only within the scope of the Group mission but also as the means of enabling its role in national development across the social, environmental, economic and technological levels. We promote partnerships essential to the implementation of our core business, in the majority with local and national suppliers, thus reflecting our commitments towards social responsibility.

The selection of our goods and service suppliers takes place rigorously, under the auspices of the principles of transparency, equality and competition in accordance with the legislative in force for state owned companies.

We currently count on an external network of suppliers with a great diversity in their scope of actions, from the north to the south of Portugal, from the coast to the inland border. Hence, we dynamically support the economy, generating employment at the local level while reflecting at the national level with an impact above all in more remote inland regions. In 2021, the AdP Group maintained relationships with 5 461 suppliers and around 99.57% of our acquisitions of goods and services come from national suppliers.

WITH WHOM WE WORK

AdP Group counts on 48 service providers associated with its core business of operating infrastructures. In 2021, these partnerships contributed to the existence of 766 positions of employment.

ETHICS AND TRANSPARENCY IN THE SUPPLY CHAIN

The pre-contractual procedures obey the rules and objective criteria seeking to maximise utility to the Group, optimising the binomial quality/price for all its acquisitions and always taking into consideration the effects of externalities in the sense of encouraging economic actors to also be more efficient at the environmental and social level within a framework of shared effective responsibilities.

THE EXCELLENCE OF SERVICE PROVISION, CONTINUALLY AND WITH QUALITY BY THE ADP GROUP IS CLOSELY BOUND UP WITH THE SUCCESS OF ITS SUPPLY CHAIN PARTNERSHIPS.



This individual and collective change in behaviours disseminates best environmental and social practices in keeping with the policies established by the Government and fosters the creation of value to society. Today, it is universally recognised that it is clearly insufficient for companies to act only according to an internal logic. There is a need for a proactive attitude along the chain passed on from supplier to supplier.

Aware of the importance of this principle, the AdP Group has embedded the continuous promotion of the alignment between the social and environmental principles, behaviours and ethics with its chain of supply as well as disseminating the commitments assumed under the United Nations Global Pact in a continuous approach throughout the goods/service supply chain.

BCSD Portugal Charter of Principles

In 2017, the Group subscribed to the BCSD Portugal Charter of Principles, which encourages subscribers to adopt and develop the principles guiding good business management according to ethical, social, environmental and quality standards, applicable to any context in the global economy. The Charter of Principles represents a document establishing the principles that constitute these guidelines for good business management and seek to establish a reference framework voluntarily adopted by companies on various scales. Its objective is to encourage the massification of sustainable management practices based on six principles: (1) Legal Compliance & Ethical Conduct, (2) Human Rights, (3) Labour Rights, (4) Prevention, Health and Safety, (5) Environment and (6) Management. We also committed to inviting our most relevant suppliers to subscribe to the Charter.

We foster the commitments assumed in the BCSD Portugal Charter of Principles throughout our supply chain.

This has been the path down which the AdP Group has been advancing, deploying various tools that seek to ensure greater commitment from suppliers. Such examples include the supplier regulations, the declaration of social responsibility, the Code of Ethics and Conduct, the national ecological procurement strategy, audits, awareness raising actions and supplier evaluation processes. In 2021, we carried out 12 audits of suppliers and held 86 awareness raising sessions.

Key points in the social responsibility norm applicable to the AdP Group and its suppliers:

- Child labour
- Forced labour
- Health and safety
- Freedom of association and right to collective bargaining
- Discrimination
- Disciplinary practices
- Working timetables
- Remunerations
- Management systems



12

AUDITS OF SUPPLIERS

86

AWARENESS ACTIONS
OF GOODS/SERVICE
SUPPLIERS

We have solid and transparent relationships with our suppliers.

The Supplier Regulation seeks to ensure:

- Product quality and safety;
- Continuity of supply;
- Efficient and sustainable usage of resources;
- Application of energy efficiency criteria;
- Minimising the environmental impacts and the safety risks.

The dissemination of best social and environmental practices in the supply chain is essential to ensuring a better society.

WE ADOPT AN ACTIVE ROLE OF INVOLVEMENT WITH THE POPULATION ON SOCIAL QUESTIONS

At the AdP Group, Social Responsibility is a driver of development and innovation.

Companies and their employees are one of the greatest forces of change in societies, performing an essential role in the construction of a more equitable world from the social (and environmental) and sustainable points of view. At the AdP Group, the creation of value and relationships with society are bound by compliance with our mission and the values inherent to our social responsibility policy.

There are diverse initiatives that the AdP Group has been developing and/or subscribing to over recent years and that have strengthened the alignment of its Social Policy, internally and externally, with its management policies, especially in key areas such as human rights, labour practices, environmental protection and transparency. In 2009, the Group was a signatory of the Global Compact and, since then, has annually strengthened its commitment to the principles assumed. In 2016, the Group joined the Alliance for the Sustainable Development Goals and, in 2017, became an ambassador for the Alliance for SDG6 – Drinking Water and Sanitation and SDG9 – Industry, Innovation and Infrastructures. In 2016, the Group signed up to the Portuguese Charter for Diversity.

Our objective: to respond to the demands of the realities that we face, aware not only of the need of the communities we operate in but also of our own members of staff.

WE SUPPORT



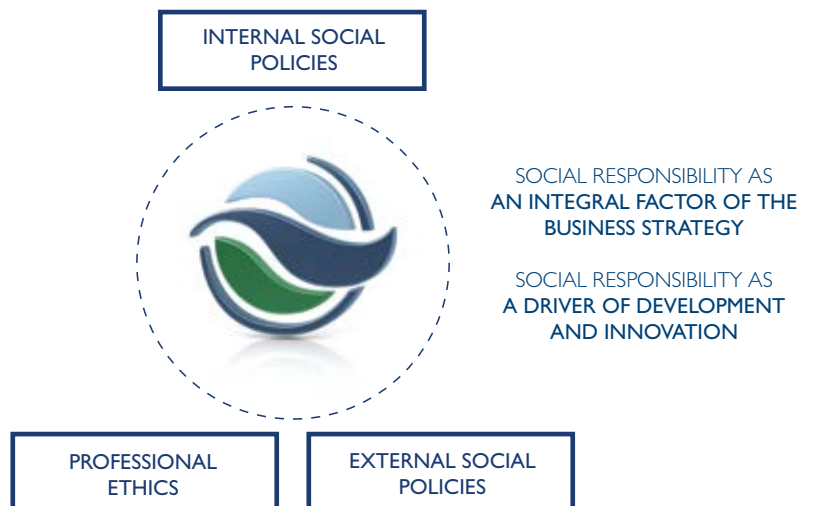

HUMAN RIGHTS

1st Principle
Companies should support and respect the protection of the internationally recognised human rights.

2nd Principle
Companies should guarantee their non-participation in violations of human rights.

in "Progress Information on the United Nations Global Pact"

WE GUARANTEE A CONSISTENT SOCIAL POLICY, PROVIDING RESPONSES TO THE DEMANDING REALITIES THAT SURROUND US.



Together for more inclusive societies.

ADHERENCE TO THE NATIONAL TARGET FOR GENDER EQUALITY

Achieving 40% of females in decision-making roles by 2030, as a flagship company, strengthening the commitment to SDG5 – Gender Equality of the United Nations Agenda 2030.

PARTICIPATION IN THE DIVERS@S AND ATIV@S PROJECT

Fostering diversity and non-discrimination in the professional sphere run by APPDI in conjunction with the following entities – the EAPN – the European Anti Poverty Network; the Intercultural European Club; KUN - Centre for Equality and Diversity.

EPAL PROMOTES MORE ACCESSIBLE AND INCLUSIVE CLIENT SERVICES

EPAL established a partnership with the Deaf Citizens Website that enables its clients to access services more easily. The objective is to ensure more personalised services through the video link by which deaf clients are able to communicate with EPAL through sign language.

THE AdP GROUP PARTNERS PARALYMPIC SPORT

In 2021, the AdP Group extended the partnership with paralympic sport through support for the Paralympic Committee of Portugal and its preparation for the Tokyo Olympic Games 2020, held in 2021. There were 32 athletes from eight different sports representing Portugal at the Paralympics Games. Within the framework of our social responsibility strategy, we have supported sport for @ll throughout over two decades, defending the sporting practices of the physically and mentally challenged as a factor of social inclusion.

We act on a voluntary basis in the communities, contributing to improving the quality of life of all those involved.

DROP BY DROP, WE CHANGE LIVES!

There was continuity to the Corporate Volunteering Program, Gota a Gota Mudamos Vidas (Drop by Drop, We Change Lives) that encourages the voluntary participation of Group members of staff in community actions, contributing with their time, solid technical knowledge but, above all, with enormous generosity. Within the framework of the Group Social Responsibility Policy, this Volunteers Program strengthens our corporate culture in keeping with the commitment to the wellbeing of populations.



GIRL MOVE

The AdP Group is one of the partners in the Girl Move project, an initiative designed for young Mozambican women with the purpose of working towards a world in which women have access to opportunities to be benchmark reference leaders and actors of positive change, capable of contributing to the political, social, economic and cultural development of their country. One of the programs developed is entitled Change and targets young graduates, aged between 20 and 30, who are able to take a life internship, with a one year durations, with the support of the project partners. Within this framework, we correspondingly hosted the young Mozambican, Taniça.



BANCO ALIMENTAR: SHALL WE MULTIPLY THIS IDEA?

In October 2021, AdRA and Banco Alimentar de Aveiro (Aveiro Food Bank) Against Hunger launched another solidarity campaign, gathering donations and appealing for the active participation of AdRA clients. The latter have only to sign up to digital water bills and/or AdRAnet (the online digital service). For each such digital participation, AdRA donates 50 cents to the Banco Alimentar de Aveiro.

In just three months of campaigning, over 5 000 AdRA clients have participated in this initiative resulting in around 2 500 euros being donated to the charitable institution.



WATER WITHOUT BORDERS PROGRAM

The Voluntary Program for Water Supply and Wastewater Sanitation (A&S) specialists seeks to provide a response to requests for humanitarian assistance and international cooperation. This represents an emergency humanitarian aid program under the auspices of which a Rapid Response Unit for Emergency Situations was set up with the voluntary participation of AdP Group workers with the mission to re-establish A&S services in the wake of natural catastrophes. This program plans for the establishment of partnerships with NGOs and emerges as an important source of motivation and sharing of employee know-how, called in to reinforce their determinant role as social actors and agents of change.



IES - INSTITUTE OF SOCIAL ENTREPRENEURSHIP

In 2021, we continued with our strong investment in social entrepreneurship ecosystems with the AdP Group a member of the IES – Institute of Social Entrepreneurship ever since 2009, a non-executive director and holding the chair of the General Assembly position. In terms of its Social Responsibility Policy, the theme of social innovation is clearly stated among the commitments assumed within the scope of fostering a growing proximity with the communities served and to contribute towards compliance with the SDGs. We are going to continue investing in social innovation as a means of responding to social problems in sustainable and long lasting approaches.



ENIPSSA - NATIONAL STRATEGY FOR THE INTEGRATION OF PERSONS FACING HOMELESSNESS

In 2021, the Águas de Portugal Group continued to be an integral member of ENIPSSA – the National Strategy for the Integration of Persons Facing Homelessness, participating in the interventions and communications groups of the aforementioned strategy.

INTEGRATION INTO SOCIETY



The AdP Group maintains close ties with professional, technical and industrial associations, adhering and accompanying trends in relevant themes to the companies.

ASSOCIATIONS/ INSTITUTIONS/ ORGANISATIONS

ABS - Baía do Seixal Association
AdEPorto - Oporto Energy Agency
AES - Sines Business Association
AIDA - Industrial Association of the District of Aveiro
Alliance for the Sustainable Development Goals
AMESEIXAL - Seixal Municipal Energy Agency
ANQIP - National Association for Building Installation Quality
APCE - Portuguese Association of Communications Companies
APDA - Portuguese Association of Water Distribution and Drainage
APEE - Portuguese Association of Business Ethics
APESB - Portuguese Association of Sanitation and Environmental Engineering
APQ - Portuguese Association of Quality
APRH - Portuguese Association of Hydric Resources
APSEI - Portuguese Association of Safety
APMI - Portuguese Association of Industrial Maintenance
APPDI - Portuguese Association for Diversity and Inclusion
AREAL - Regional Energy and Environmental Agency of the Algarve
Humanitarian Association of the Voluntary Fire Brigade of Coimbra
ASPEA - Portuguese Association of Environmental Education
Aspiring Geoparque of Oeste
ATL - Tourism Association of Lisbon
BCSD Portugal - Business Council for Sustainable Development
Camões - Institute of Cooperation and for the Portuguese Language
CASPAE - Parents and Friends of the School Centre of Social Support
CATIM - Centro of Technological Support for the Metal Working Industry
CCDesert - Centre of Compensation in the Campaign against Desertification
CEBAL - Centre of Agricultural Biotechnology and Agro-foodstuffs of the Alentejo
CEEP-PORTUGAL - European Centre of Publicly Owned and/or Companies of Interest to the General Economy
CESAB - Centre of Environmental Services
CIAB - Court of Consumer Arbitration
CPA - Port Community of Aveiro
COMSINES - Council of Sines Communities
Consultive Council of the Polis Company of Ria de Aveiro
Consultive Council of the Nature Reserve of Paul de Tornada – a Local Protected Landscape Area

Consultive Council of the World Surf Reserve of Ericeira
CVR - Centre of Water Recovery
EPIS - Business Owners for Social Inclusion
Enerarea - Regional Energy and Environment Agency of the Interior
Energaia - Energy Agency of the South Metropolitan Area of Oporto
ENIPSSA - National Strategy for the Integration of Persons Facing Situations of Homelessness
Serralves Foundation
FUTURESEA - Social, Economic and Environmental Sustainability
Global Compact Network Portugal
GRACE - Socially Responsible Companies
IAREN - Norte Region Institute of Water
IES - Institute of Social Entrepreneurship
IGen - Organisational Forum for Equality
IPQ - Portuguese Institute of Quality
IHRH - Institute of Hydraulic and Hydric Resources
IWA - International Water Association
Lisboa E-Nova - Municipal Agency for Energy and the Environment
NERA - Business Association of the Algarve Region
NERBE - Business Association of Baixo Alentejo and Litoral Alentejo
NERGA - Business Centre of Guarda Region
NERLEI - Business Association of the Leiria Region
Oeste Sustentável - Oeste Regional Agency of Energy and the Environment
OIKOS - Cooperation and Development
PPA - Portuguese Partnership for Water
PSAT - Association for Promoting the Safety of Technical Assets
PWN Lisbon - Professional Women's Network
RELACRE - Association of Accredited Laboratories of Portugal
S. Energia - Regional Energy Agency of the Councils of Barreiro, Moita and Montijo
SWAN - Smart Water Network Forum
UN - Global Compact
WAMU-NET - Water Museums Global Network
Water Footprint Network
WRE - Water Reuse Europe
WSMART - Water Security Management Assessment, Research & Technology

3.5 INNOVATING TO IMPACT



3.5 INNOVATING TO IMPACT

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



The AdP Group has incorporated into its mission the promotion and acceleration of innovation both within and beyond its companies, contributing to the continuous improvement in the economic, social and environmental sustainability of the water and environment sector in Portugal.

This is a unique moment in the life of various generations, due to the appearance of uncertainties in the surrounding world whether resulting from environmental, economic, public health crises or the credibility of leadership but equally characterised by the hope placed in the capacity and speed of innovation. The constant evolution of society, its mobilisation, the growing demands of users of water supply and wastewater sanitation systems, the know-how of our employees, the networking we maintain with all our stakeholders, the duty to share knowledge with lesser developed countries and learning from the best examples lead the AdP Group to increasingly invest in innovation on the path to a better future.

ENVIRONMENTAL PROTECTION

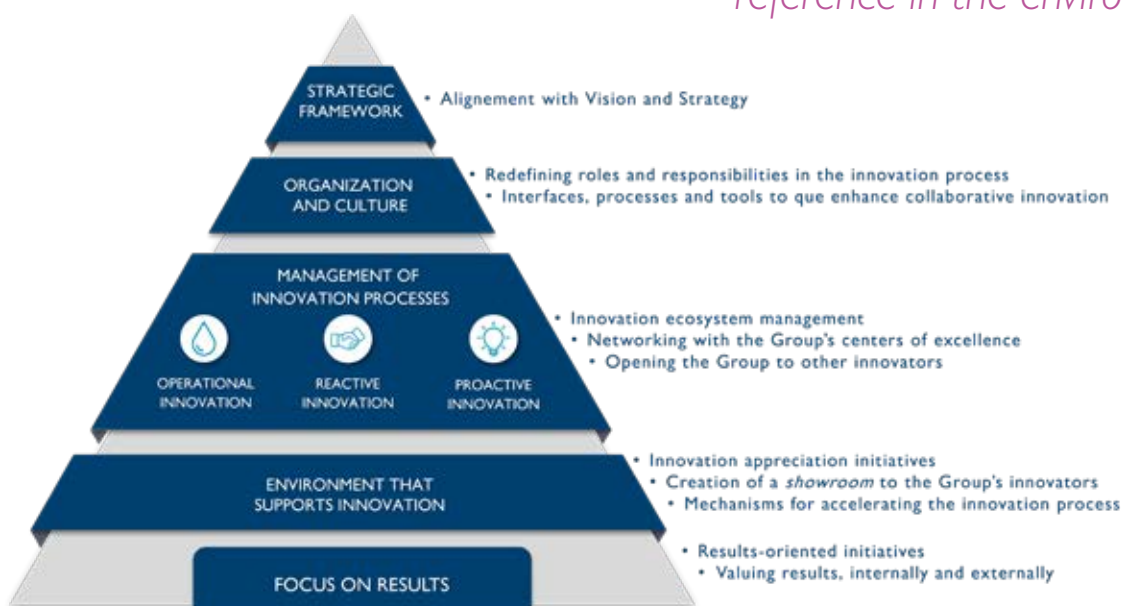
9th Principle

Companies should encourage the development and spread of environment friendly technologies.

in "Progress Information on the United Nations Global Pact"

WE SUPPORT
UN GLOBAL COMPACT

Innovation is the guarantee of the consolidation and growth of the AdP Group as a benchmark reference in the environment sector.



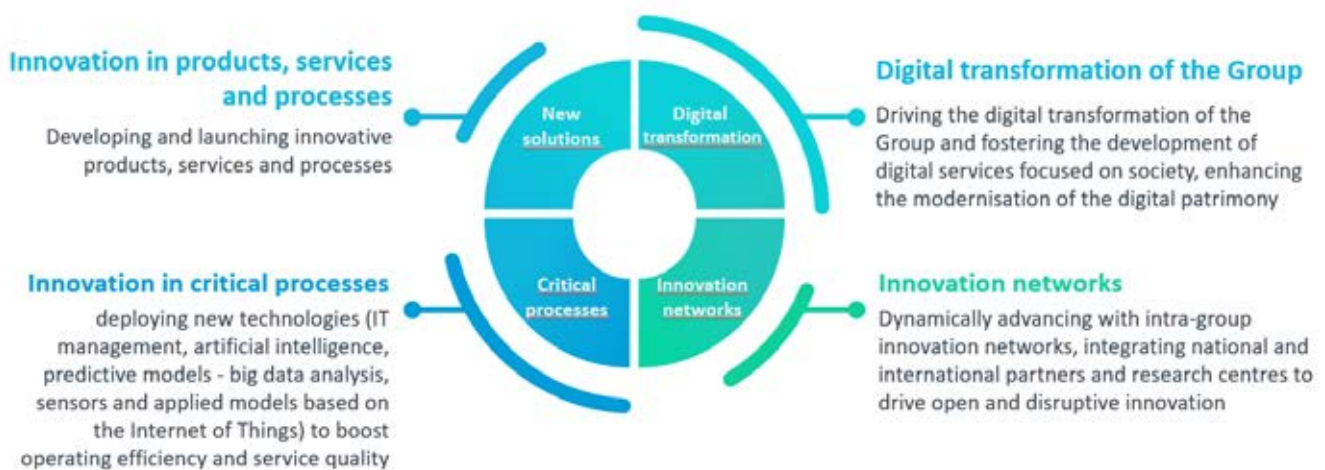
THE ROUTE TO OBTAINING THE ENVIRONMENTAL, SOCIAL AND ECONOMIC GOALS, INCREASINGLY AMBITIOUS, IS THROUGH INNOVATION.

The AdP Group path leads to the Innovation 360° strategy that fosters open innovation, sustainable, leveraging synergies and collaboration among the diverse Group centres of excellence, prioritising partnerships with other external entities, in particular the RD&D networks and universities and that are implemented through three mutually complementary dimensions: proactive innovation, reactive or collaborative innovation and operational or organic innovation.

The Innovation 360° challenge is transversal to all the other strategic challenges taken on by the Group from the outset in its strategic framework. Based on optimising existing solutions, developing new solutions and the digital transformation of the Group, this enables the sharing of knowledge and mobilises workers for a new AdP culture, more open, innovative and collaborative.



INNOVATION 360:



The innovation capacities of any organisation include the capacity to grasp and respond to changes in its context, seeking out new opportunities and enabling knowledge and the creativity of people within the organisation and in collaboration with external stakeholders.

In NP ISO 56002:2019

Through AdP Valor, we set up a Corporate Innovation area that strives to serve as a catalyst for innovation in the AdP Group, contributing as an accelerator so that this becomes more resilient, more efficient and more sustainable in managing the urban water cycle; and promoting a strong Group culture based on innovation and its relationships with clients and communities. Of extreme relevance, the innovation area constitutes a leverage for the development of new businesses in strategic areas for the Group, such as the circular economy, making use of technological progress to better achieve its mission. Its activities are ongoing in alignment with the Strategic Framework of Commitment of the AdP Group, actively contributing to achieving the objectives defined and working in a networked context with all AdP Group companies and in partnership with external entities. This defined three major groups of initiatives as essential:



In 2021, there was the drafting, following the participation of all Group operating companies, of an ambitious agenda for innovation, with its focus centring on the resilience and efficiency of infrastructures, the circular economy and energy and carbon neutrality.

The AdP Group was involved in a diverse range of projects over the course of 2021²⁷, aware beforehand of the challenges to be confronted daily, creating new needs and opportunities and with COVID-19 representing one such example. The AdP Group with its know-how in the collecting and treatment of wastewaters swiftly mobilised to study the presence of the SARS-CoV-2 virus in wastewaters so as to improve the national response to any new outbreaks of disease.

AdP VALOR PARTICIPATES IN 14 PROJECTS³², WITH FINANCING AWARDED BY DIFFERENT NATIONAL AND EUROPEAN FUNDS AND WITH A WIDE NETWORK OF PARTNERS.

³² The AdP Valor annual report contains brief descriptions of the 14 projects ongoing in 2021

WASTEWATERS USED FOR THE EARLY DETECTION OF THE SARS-COV-2 VIRUS

AdP Valor coordinated the Covidetect project that set out to study the role of wastewaters as a sentinel for the presence of the SARS-CoV-2 virus and its variants in the community, contributing to improving the response to new outbreaks of the disease. The project, financed by Compete 2020, integrated into the national and European initiatives deemed strategic to preparing the country for future waves of the epidemic as a tool for detecting, quantifying, characterising and modelling the virus through analysing its presence in wastewater treatment plants.

The project, begun in 2020, served to demonstrate how wastewaters may provide a means for the early identification of new outbreaks of COVID-19 and investigating the diversity in the SARS-CoV-2 virus genomes circulating in a community. The results of this research project also confirm the potential for genomic surveillance of wastewaters for the detection of any new mutations and variants emerging in association with syndromic/clinical surveillance.

Other examples of innovation in the sanitation sector include the developments focused on water for reutilisation (ApR). The chapter on the circular economy for water approached the importance of creating new alternative sources of water for less demanding usages that do not require drinking water quality. As there is now a consensual opinion that treated wastewaters provide an effective and excellent alternative solution for such aforementioned usages, water for reutilisation (ApR) has been the target of diverse innovation projects at the AdP Group, including the irrigation of green spaces and agricultural crops, among many others, whether in regions that experience low precipitation and high solar exposure or from a perspective of efficiency in the usage of water resources.

Pomegranate orchard irrigated with water for reutilisation (ApR)

AdP and Águas Públicas do Alentejo, in a partnership with EDIA, ISA, EFACEC and the Operational Centre of Irrigation Technology, developed REUSE project, financed by the Environmental Fund, which strove to promote the deployment of water for reutilisation (ApR) for agricultural irrigation in the Alentejo through recourse to environmentally sustainable and low cost technologies while also creating knowledge and developing communications campaigns for water reutilisation. The methodology adopted holds the objective of reutilisation in a safe and appropriate approach to the purpose in question supported by cost-efficiency analysis.

The pilot project returned some very significant results. The solar disinfection technology produced ApR with the quality necessary for a drip system of irrigation for a pomegranate orchard and there were no significant impacts observed either for the irrigation system or the growth of the plants and fruits.



Alentejo vines irrigated with water for reutilisation (ApR)

AQUA VINI is the name of the project that brought AdP Valor to wine making activities in the Alentejo region, more specifically to the Ravasqueira Estate to contribute towards promoting the production and utilisation of ApR and simultaneously contributing to advancing the technical knowledge about the reutilisation of water in irrigation activities, the effects of this applications on the growth of the irrigated crops and the impact on the receptor environments and water resources as well as on irrigation systems.

The results obtained were positive, having verified that the methodology adopted for project development enabled the reutilisation of water safely and in keeping with the specific purpose, drip irrigation of vines, based on a Risk Evaluation and, consequently guaranteeing a balanced and competitive cost-efficiency relationship (a fit-for-purpose approach). The ApR produced was used for irrigating the vines from the beginning of August through to the end of October 2021 with no perceivable alterations in the irrigation system, the growth of plants and fruits or in the soils.



Furthermore, new challenges were faced in the supply of water, greatly associated with climate changes. The forest fires that devastate the country every year are but one example: on the one hand, for the destruction caused to infrastructures and water supply equipment, which may condition the availability of the service and, on the other hand, the impact of the pollution generated by the fires, especially the ashes that may jeopardise water quality. The AdP Group, aware of the impact these may have on the water sector, has participated in various projects interconnected with forest management and combating forest fires, with the SILVANUS project representing one example.

AdP PARTICIPATES IN A SUSTAINABLE FOREST MANAGEMENT AND CLIMATE RESILIENCE PROJECT

In 2021, AdP Valor coordinated the SILVANUS - Integrated Technological and Information Platform for Wildfire Management project, financed by the Environmental Fund, which seeks to provide a platform for sustainable forest management and climate resilience, that provides innovation resources to combat the ignition and propagation of forest fires as well as how to mitigate their effects.

The platform, under development through to the end of 2022, will combine environmental and social aspects with technological and scientific innovations providing decision-makers with a more holistic and integrated vision on the management of forestry spaces and the associated risks of fire. Hence, the SILVANUS platform operates across three levels: a) prevention and preparation; b) detection and response; c) restoration and adaptation.

Within the scope of this project, Portugal will be developing a pilot project that focuses on two essential goods: water and energy. The Portuguese pilot will be led by EDP New and counts on the collaboration of the partners AdP Valor, the Higher Technical Institute and TerraPrima as well as Águas do Vale do Tejo in the capacity of a tertiary entity. The core objective of this pilot is to demonstrate the implementation of prevention and restoration actions for forest fires may simultaneously benefit the conservation of nature. To this end, this combines conventional agricultural practices (such as pasture land) with digital technologies to develop and implement nature friendly forest management practices.

The positive impact generated by innovation throughout the AdP Group chain of value acts in a wide reaching fashion in keeping with how innovation is not the focus in its own right but rather the path towards achieving the results we seek to obtain. AdP Group companies participate actively in disseminating innovation and maintain presences in various different forums and dynamically promote the water sector agenda.

AdP GROUP IN WATEREUROPE

AdP Valor continues to represent the AdP Group in WATEREUROPE, specifically on the Policy Advisory Committee, in the role of Water Ambassador, seeking to promote AdP Group innovation in this international context but also contributing towards positively influencing European policies on the water sector.

ÁGUAS DO DOURO E PAIVA COMPANY DAY

AdDP and SIMDOURO participated in the FEUP Days of Initiative, integrated into the Company Days of Águas Douro e Paiva. The initiative sought to provide a moment for reflection and debate over the importance of water and the future challenges of the sector: the digitalisation of water, the wastewater reutilisation management model, the valuation of wastewater plant sludges, biogas, producing hydrogen, among others. In this session, among others, there was the presentation of the project connecting the Areinho and Febros wastewater treatment plant and the vision of SIMDOURO on themes such as valuing wastewater sludges and the Wastewater Reutilisation Management Model.

ÁGUAS DO TEJO ATLÂNTICO AGAIN PROMOTES THE “PATH OF INNOVATION”

2021 saw the staging of the 5th edition of the “Path of Innovation” with the central theme “Water and the Environmental Pact”. The initiative, organised by Águas do Tejo Atlântico, dedicated to innovation in the water sector, seeks to bring to the front line of the future of water the sharing of knowledge and the presentation of innovative case studies. This online edition approached the themes of the circular economy, the environment and spoke of the practical experience of reutilisation in the production of articles and as well as its applications for agriculture, visiting various case studies in Portugal, Turkey, San Francisco and Spain.



AdN CERTIFIES ITS RESEARCH, DEVELOPMENT AND INNOVATION MANAGEMENT SYSTEM

The Águas do Norte company was the first in the AdP Group to successfully obtain the status of a company certified in Research, Development and Innovation (RDI) in accordance with the Portuguese Norm NP 4457. The core objective that led the company to set this challenge was the ambition to raise its effectiveness and performance in the search for innovation solutions in the area of water, wastewater sanitation and energy systems. Equally, there was also the objective of ensuring greater flows of information throughout the organisation, improving the recognition and understanding of their responsibilities and the interrelationships between the various areas of activity.

The concept of innovation that was underlying all of this system is as broad reaching as possible, including new products, services, processes, marketing or organisational methodologies, with 27 innovation projects currently ongoing.



All the AdN members of staff are invited to innovate and with the results clearly reflecting this: 39 ideas submitted to the website “One Drop, One Idea” in 2021.

CANDIDACY PRESENTED UNDER THE AUSPICES OF MOBILISING AGENDAS PRR - RECOVERY AND RESILIENCE PLAN

Under the auspices of the Recovery And Resilience Plan (PRR), the AdP Group presented two Expressions of Interest for Project Development of the Mobilising Agendas for Business Innovation, involving two Group companies, small and medium sized companies, R&D entities and universities:

- Agenda +ZERO – Digitalisation and Operational Efficiency in the Water Sector (with operational leadership attributed to AdP Energias);
- Agenda +C - Products and Technologies for Circularity in the Water Sector.

The +ZERO agenda falls within the scope of energy neutrality and with the objective of developing solutions fostering water efficiency and consequently reductions in energy consumption, also including digital transformation projects. The total budget of +ZERO amounts to around €60 million. The Consortium developing this project is led by the AdP Group and integrates eight Group companies and around 25 partner entities, including small and medium sized companies, R&D entities and different universities.

The +C agenda contributes directly and unequivocally to fostering the circular economy in the water sector and leveraging the development of new products, services and solutions with high added value through the incorporation of knowledge and technology that enable the response to the challenges of the green transition in the direction of environmental sustainability and carbon neutrality with a particular focus and high impact through the introduction of raw materials / products into other sectors, whether in agriculture, forestry and/or industry (ceramics and cement). The total budget allocated to +C stands in the region of €67 million. The consortium involves the collaboration of 53 promoters that, out of the diversity of their experiences and areas of action, are mutually complementary and cover the entire extent of the chain of value.

The most advanced companies are those that deploy the greatest capacity to innovate, with this innovation resulting from courageous and unbiased approaches to knowledge.



3.6 ENSURING WATER AND SANITATION ACROSS BORDERS



3.6 ENSURING WATER AND SANITATION ACROSS BORDERS

Cooperating internationally to promote sustainable water management



The AdP Group fosters universality, continuity and the quality of water services beyond the national boundaries. We are aligned with the Sustainable Development Goals of Agenda 2030 fostering dialogue and establishing international partnerships with governments, the private sector and civil society, especially developing countries.

We are dedicated to expanding international cooperation and supporting the empowerment of activities and programs interrelated with water, sanitation and energy, including the abstraction of water, water use efficiency, the treatment of effluents, recycling and reutilisation technologies to strengthen the implementation of the SDG6 targets that impact on all the remainder SDGs.

The development of AdP Group capacities and competences in the national and international markets enable the capitalising our experience, know-how and the technological solutions for its international profile. AdP Internacional collaborates with the multilateral institutions, governments, aid agencies, non-governmental organisations, public and private entities of relevance to the water sector, with various cooperation, empowerment and technical support projects and initiatives currently ongoing in diverse countries. We are present in Angola, Brazil, Cape Verde, East Timor, Guinea-Bissau, Granada, Ivory Coast, Mozambique, Rwanda and Tunisia.

AdP Internacional engaged in a diverse set of projects over the course of 2021³³, with the mission of contributing beyond the national boundaries to improving water supply and sanitation services supplied to the population, fostering the sustainability of the companies that support the continuous empowerment of their teams in the various geographies in which we are present.

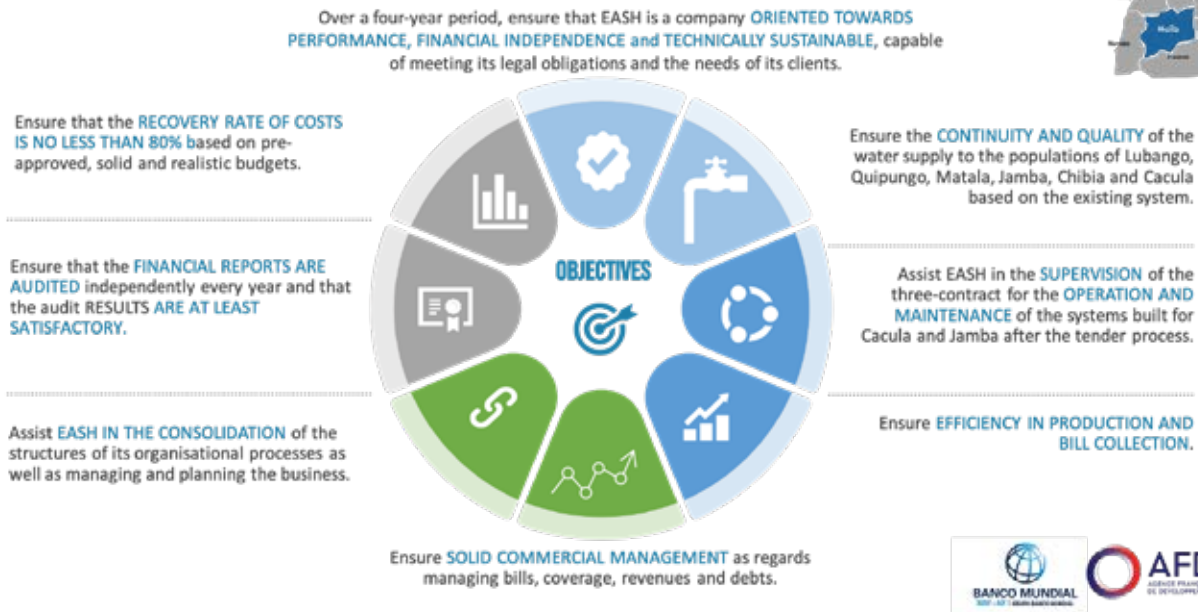
³³ The AdP Internacional annual report contains a brief description of all projects undertaken in 2021.

IN ANGOLA

In Angola, a country in which the AdP Group has developed various partnerships over the years, we work in close collaboration, with one example of this the contract currently in effect, for the Management, Operation and Maintenance Services for the Water Supply System of Huíla Province.

Supports the management, operation and maintenance of the water supply systems for Huíla province

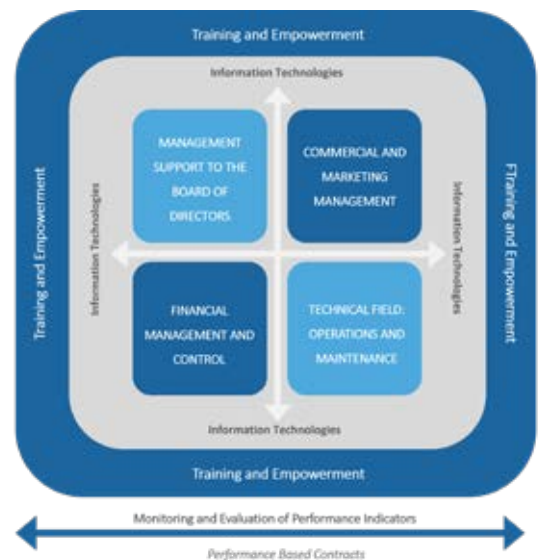
In 2021, AdP Internacional embarked on the beginning of a technical assistance contract in southern Angola, spanning the municipalities of Lubango, Chibia, Cacula, Quipungo, Matala and Jamba in Huíla Province (79,022 km²).



The AdP Internacional team works daily and directly with all the EPASHuíla technical team within the objective of improving the services provided to the population, fostering company sustainability and the continuous empowerment of its technical staff.

This reflects a Performance Based Contract, with monitoring and evaluation of the performance indicated with well defined annual targets. The key areas of interventions covered by this contract are set out in the diagram while also planning for the implementation of additional services, specifically:

- 10-year Investment Plan
- Loss Reduction Program and improvements to the hydraulic efficiency of the distribution networks
- Vision for Universal Service Coverage
- Water Quality Management Plan



The contracting entity is the National Directorate of Water, of the Ministry of Energy and Water of Angola, with financing from the World Bank and the French Development Agency totalling USD 6.3M. The project, with a 48 month duration, ends on 31 May 2025 and with the final client being EPASHuíla - EP – Empresa Pública de Água and Saneamento da Huíla.

IN GUINEA-BISSAU

The project to improve the water and energy services of EAGB – the Electricity and Water Company of Guinea Bissau, financed by the World Bank and in partnership with AdP Internacional, EDP Internacional (leader) and Leadership Consulting (partner) resumed its in-person activities at EAGB in April 2021. Due to the COVID-19 Pandemic, the permanent project members had been forced to return to Portugal on 29 March 2020 in accordance with the directives handed down by the national consular service.

Between April and December 2021, the team focused on restarting the activities defined in the working plan, accelerating the pace of implementation so as to recover the time lost to the suspension. The core project activities are the following:

- Raising revenues, highlighting the implementation of the new “Medidata” Client Management System that enables a significant increase in the number of bills issued but also the simultaneous application of measures to reduce client debts through triggering cuts in the energy and water supply and as well as direct contacts with clients to recover outstanding amounts.
- Implementation of the ERP (Primavera) system at EAGB, a critical point in the organisational restructuring of the company involving the transversal mobilisation of specialist staff in the financial, accounting, logistics and human resource departments.
- Implementation of the SIG, which enabled for the structured launching of the updating of the active client database as well as improving asset management through means of implementing and standardising the registration of incidents and working orders.
- Implementation of new structures and systems for HR development as well as redesigning the remunerations system.
- Improving the Operation and Maintenance of SAA through the production of maps providing records of occurrences to facilitate decision-making (repair, replacement, investment) as well as the continuous rehabilitation of the distribution network and other water supply infrastructures (pumps, electricity systems, etcetera). This highlights the design of an operational prototype for the purpose of providing a SIG G/InterAqua solution and placing flow meters in boreholes/storage tanks.

IN CAPE VERDE

In many countries, especially where there are low levels of available water, conflicts emerge over its usages. During 2021, in Cape Verde, and alongside other projects, there was continuation of the project designed to strengthen the competences for preventing and managing conflicts over water usage.

Strengthens competences in Cape Verde for the prevention and management of conflicts over the usage of water

The Project for Strengthening the Existing Competences in Cape Verde for the Prevention and Management of Water Use Conflicts provided continuity to a Project first launched in 2017 and ongoing in 2018 and 2019 within the scope of preventing and managing water use related conflicts.

In 2021, AdP Internacional maintained this empowerment project with the training of Cape Verdean technical specialists to enable them to disseminate the tool-kit, thus endowing knowledge at the trainer level over the innovative techniques presented. To this end, there were training trainer sessions targeting those who participated in previous years and demonstrated greater capacities for tool-kit dissemination. Equally, there was specific training for senior management at the central and local levels in order to bring about greater alignment between the different company bodies and the ways they deal with water usage based conflicts.

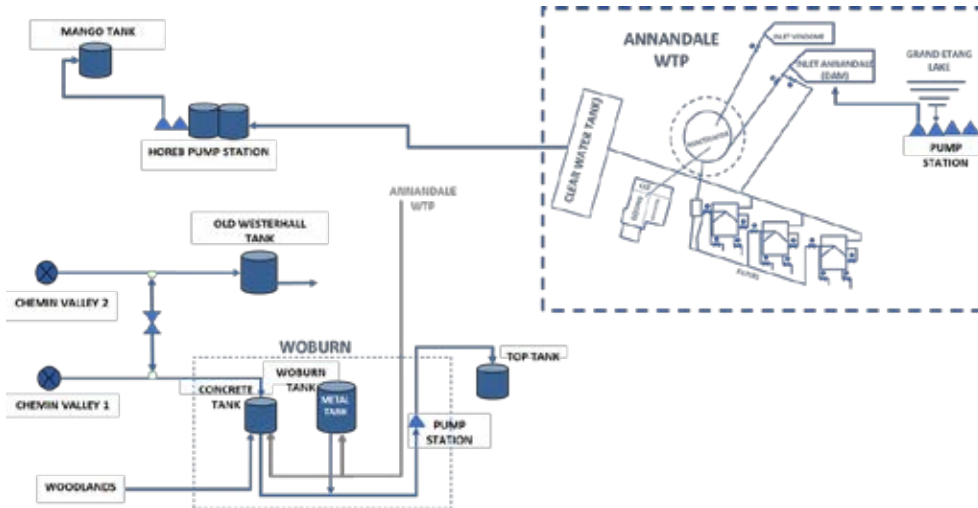


IN CENTRAL AMERICA

Management of water resources and services with a view to ensuring greater resilience against climate change

In 2021, AdP Internacional launched the G-CREWS consultancy project on the Caribbean island of Grenada, which foresees supporting the GFA in its management of water resources and services in order to provide greater resilience against climate change, with financing from GIZ. Between November and December 2021, the AdPI team made its first mission to Grenada with specific responsibilities for supporting the following themes:

- Support for the production of the ToR for supplying and installing a SCADA system at selected infrastructures in Grenada.



- Develop the Emergency Response Plan and supporting its implementation;
- Contribute to evaluating environmental, social, health and safety risks to NAWASA activities, including the civil construction projects contracted;
- Provide support to NAWASA health and safety management.

FINANCIER CONFERENCE – MOZAMBIQUE INVESTMENT PROGRAM FOR THE SUPPLY OF URBAN DRINKING WATER IN MOZAMBIQUE

Águas de Portugal was one of the co-organisers of the Financier Conference promoted by FIPAG – the Investment Fund for Water Assets with the objective of attracting national and international partners and investors for the investment program for the supply of urban drinking water in Mozambique over the 2022-2032 period.

This conference took place on September in Maputo, Mozambique, with the following partners, among others: the World Bank and the African Development Bank, entities with which the Águas de Portugal Group already collaborates internationally on various projects.



WATER DAYS IN MOZAMBIQUE

The Water Days took place in Maputo in an initiative organised by Águas de Portugal and FIPAG – the Water Supply Investment and Patrimony Fund of Mozambique and that counted on the participation of senior representatives of both entities in conjunction with the sector regulators from both countries seeking to share more sustainable, resilient and inclusive water service solutions.

The closing ceremony was also attended by the Minister of the Environment and Climate Change of Portugal and the Minister of Public Works, Habitation and Hydric Resources of Mozambique.



UTILITIES OF THE FUTURE

Under the auspices of the World Bank financed project entitled Utilities of the Future - UoF, AdP Internacional maintained its technical support to the World Bank in 2021, providing specialist inputs with the objective of promoting and implementing wide reaching and efficient plans for transforming and preparing the concessionaries for the mounting new challenges and for the increasingly demanding climate, social and demographic changes. The underlying UoF concept involves not only the digital transformation and technological modernisation but also new business processes, innovative organisational structures and cultural changes. In 2021, this highlights the support provided by AdPI technical specialists to two water and sanitation concession holders, specifically:



- CAGEPA in Paraíba (Brazil). Support given to company technical staff for the implementation of a diagnosis toolkit and short and medium term planning as set out by the UoF initiative, especially in the dimensions of i) commercial, ii) financial management, iii) technical expertise, iv) organisations and strategy and v) human resources.



- WASAC in Rwanda. Carrying out a rapid diagnosis to evaluate the current situation of the commercial processes of this company, across the functional, digital and organisational dimensions taking into account its short and medium term objectives. This evaluation provided support for WASAC decisions as regards their future plans to improve their commercial and financial performances.



UoF pyramid of success
(source: World Bank)

3.7 EDUCATING FOR SUSTAINABILITY



3.7 EDUCATING FOR SUSTAINABILITY

To be a benchmark actor in education for sustainable development



FOSTERING THE SUSTAINABLE UTILISATION OF ESSENTIAL WATER AND SANITATION SERVICES

Environmental education is a transversal strategic initiative of the AdP Group with the objective of actively contributing towards implementing activities strongly oriented towards more aware environmental education in order to be able to nurture the adoption of more sustainable behaviours as regards the use of water as a scarce resource and essential to life and every facet of human activities.

Raising environmental awareness spans an increasingly large scope, ranging from wastage of network supplied water; the undue disposal of waste (the wastewater treatment plants annually remove thousands of tons of waste disposed of through the domestic sanitation networks and equipment and in addition to the large quantities that are not retained in the wastewater transport and treatment systems and end up in the watercourses and oceans).

Hence the importance of education to acquire new behaviours in the consumption and utilisation of essential water and sanitation services, more sustainably and in defence of a better environment. This has been the role of the Águas de Portugal Group.

Raising awareness about the role each of us may play in the diverse stages of the urban water cycle will bring about effective changes in behaviour.

AdP Group companies maintain very proximate relationships of partnership with their local community. The promotion of greater popular awareness around the sustainable utilisation of water and sanitation services has been a constant concern of Group companies, especially through the awareness campaigns and education initiatives ongoing in 2021 in an online format.

THE MORE SUSTAINABLE THE ATTITUDES OF THE POPULATION TOWARDS THE USE OF WATER, THE MORE EFFICIENT THE ACTIVITIES OF THE AdP GROUP WILL BECOME.



ENVIRONMENTAL PROTECTION

8th Principle

Implementing initiatives to promote environmental responsibility.

in "Information on Progress in the United Nations Global Pact"



The Group has played a preponderant role in environment focused awareness campaigns across diverse target publics. These have conveyed the rational usage of water supply, avoiding waste and the appropriate disposal of urban wastewaters. These actions, whether individually developed or in partnership (municipalities, associations and other entities), have had a strong impact nationally.

AQUAQUIZ GAME

The Aquaquiz game reflects a tool made available by the AdP Group to teachers and education communities in order to support the development of participative, creative and dynamic pedagogic practices that foster the value of water within the context of the Sustainable Development Goals (SDGs).

The logo for Aquaquiz is a dark blue ribbon with the word "AQUAQUIZ" written in white, bold, uppercase letters. The ribbon has a slight 3D effect with shadows on the sides.

The Water at 360° Environmental Education Centre provides an instrument for implementing the objectives of implementing the National Environmental Education Strategy, specifically the main guidelines and thematic axes: Decarbonising Society, Making the Circular Economy and Valuing the Territory, and represents a space dedicated to awareness and hosting various different activities focused on the value of water across its different facets and displaying a rotating series of latest generation educational materials that constitute a multiplier of the messages and information through recourse to modern and technologically advanced methods in which technological innovation becomes the main vehicle for learning and enjoyment, with activities generating the close involvement of visitors with the water cycle and environmental values. Through an application that runs on smartphones inserted into 3D glasses, this provides visitors with the maximum level of virtual reality and able to provide detailed insights through an online approach to the physical contexts surrounding the core water infrastructures (water and wastewater treatment plants), guaranteeing visitors a truly immersive experience without leaving their chair. This voyage includes an explanation, with the objective of preserving and sustaining the environment, as well as appealing to the individual sensitivity of the unique and finite resources that is water and its preservation. The targets are wide reaching, ranging from school groups (from primary to the end of secondary schooling), through to spontaneous groups of citizens belonging to different age groups, especially the senior population. Irrespective of the range established, the great focus is on a younger audience as they serve as the great agent for multiplying the information and action, focusing their awareness on the development of respect and care for the natural resources through participative, enjoyable, dynamic and emotional innovative tools.

THE VALUE OF WATER

The Águas de Portugal Group provided continuity to the Awareness Campaign for the efficient utilisation of water, seeking to raise the population's awareness about the value of water and the importance of quitting wasteful habits.

Throughout the year of 2021, the Water at 360° Centre remained closed in keeping with the pandemic context.

We want to convey the value of water, the management of the urban water cycle and the impact that Group activities have on conserving water bodies.

The continued initiatives of the AdP Group, essentially through its companies, brought together school age populations, the future opinion makers, with the objective of leveraging change for a better world. As regards raising the environmental awareness among the active and retired populations, this aims to transmit the values associated with best practices that enable environmental and economic sustainability with positive and clear consequences for the quality of life prevailing.

Fostering a change in attitudes and behaviours towards the environment will bring about a society better prepared for aware, dynamic and informed citizenship as regards the current environmental problems.

AND WHAT IF WE DIDN'T WASH OUR HANDS?
AdP at the Social Responsibility Week 2021

“And what if we didn't wash our hands?” was the session theme that Águas de Portugal co-organised at the 16th Edition of SRS - Social Responsibility Week ran by the APEE – the Portuguese Association of Business Ethics and the UN Global Compact Network Portugal. The importance of the invisible reality of water and sanitation services, essential to public health, the environment, the economy and the societies on a sustainable planet was highlighted and the question posed to the panel of guests made up of António Correia de Campos, University Professor and former Minister of Health, Gonçalo Órfão, Director of Emergencies at the Portuguese Red Cross, Fátima Loureiro, AdP Internacional project manager and Inês Freitas, responsible for Water Sustainability at Águas do Douro e Paiva and SIMDOURO, and moderated by Marcos Batista, Director of Communications and Development at Águas do Tejo Atlântico.

WE PROMOTE AND SUPPORT ENVIRONMENTAL EDUCATION IN THE AWARENESS THAT WATER IS A VITAL ELEMENT FOR HUMAN LIFE.


WATER – AN UNFILTERED EXHIBITION

World Environment Day saw the inauguration of Water – An Unfiltered Exhibition, at Lisbon's Pavilion of Knowledge. This display, with contributions by Águas de Portugal, Águas do Tejo Atlântico and EPAL, highlights the importance of water to sustainable development and may be visited through to September 2022.



THE ALCÂNTARA WATER FACTORY GREEN ROOF

With unique characteristics, the garden of the Green Roof is already an international reference point for integration into the natural landscape of Monsanto Park and for its exclusive irrigation through recycled water.



WORLD ENVIRONMENT DAY AT THE AdP GROUP

To commemorate World Environment Day, our companies engaged in activities alongside their communities whether involving communications campaigns or awareness raising actions, of which we would here highlight:

Águas do Centro Litoral opened the doors of the Olhalvas wastewater treatment plant in Leiria to the local community. This action came in partnership with CIA – the Environmental Interpretation Centre of Leiria, under the auspices of the EU Green Week 2021. Through the social networks, it was also possible to go on a virtual tour of the Góis wastewater treatment plant.



AdCL and AdRA were present at the Eco Adventure – Action for the Environment event, held in the Infante D. Pedro Park Gardens in Aveiro, with a series of recreational-pedagogic actions with the objective of raising awareness and promoting sustainable environmental practices. The children in attendance were surprised by a scenic musical performance on the theme of "water".



At AdRA, also within the scope of World Environment Day commemorations, there was the online activity "Voyage to the Source of your Tap Water", which counted on the participation of APCDI users and the winning classes in the "The Importance of Water" competition in Sever do Vouga.



Águas do Algarve associated this date to Children's Day, held on 1 June, to launch a photograph competition that seeks to connect families with the protection of nature.



The EPAL Museum of Water commemorated the date with guided tours of its centres in the Águas Livres Aqueduct and the Mãe d'Água Storage Reservoir. The Barbadinhos Lifting Station, in turn, hosted the exhibition "Invisible water", an initiative to raise awareness about the water consumption that goes unseen.



Águas do Norte and EPAL stage digital initiatives for a young audience, targeting AdP Group families, especially for reading the story "The planet is our home" and the experimental workshop "Minimum microorganisms", fostering interactions with children.

EPAL AND AdTA INVEST IN ONLINE ENVIRONMENTAL EDUCATION

Even in confinement, the environmental education actions of our companies did not halt:

Within the scope of the partnership with SSAP – the Social Services of the Public Administration, EPAL staged a dynamic webinar for Turismo de Portugal staff that approached the concepts around the value of water, the efficient usage of water, hints for consuming with greater satisfaction and, among others, promoting knowledge about the H₂O Quality app, the water consumption control service - Waterbeep and recipes with tap water.

In turn, Águas do Tejo Atlântico continued to stage its environmental education actions focused on the school audience but now adopting a virtual format as an alternative to the suspended study visits to installations. These sessions last for one hour and deal with different issues related to the value of water and have the specific objective of demonstrating the role of Water Factories (wastewater treatment plants) in the management of the urban water cycle and their contribution towards preserving the regional hydric resources and the circular economy in valuing the resources therein generated.

WHAT YOU SHOULDN'T PUT DOWN THE TOILET

Águas do Norte launched the environmental awareness campaign "What you shouldn't put down the toilet", in conjunction with the eight municipalities that make up the Noroeste Region Water System. This initiative sought to warn the population about the problems caused by waste inappropriately disposed of down the drains to the respective wastewater collection and treatment systems, compromising not only their appropriate functioning but also environmental protection and public health.

THE SEA STARTS HERE

Águas do Centro Litoral, Águas do Tejo Atlântico, EPAL, Águas do Vale do Tejo and Águas do Algarve participated in the project "The Sea Starts Here", an initiative run in partnership with ABAE that seeks to raise popular awareness about the need for the preservation of ecosystems and biodiversity in general and the quality of fresh and salt waters in particular because "everything that falls on the floor, will end up in the sea". This initiative, that stimulates the creativity of students and fosters active citizenship involved 124 municipalities and 374 schools and culminated in the painting of the gutters.



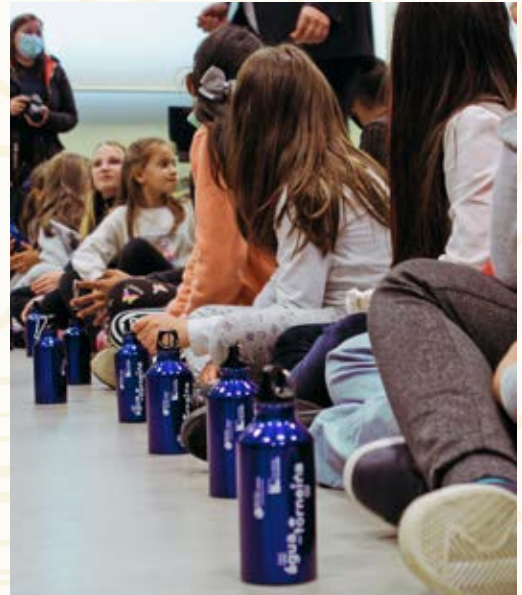
Water and basic sanitation are human rights and the deprivation of these services constitutes a threat to health, the eradication of poverty and economic and social development.

BIOSCHOOL 360° CHALLENGE –TAP WATER

The “Bioschool 360° Challenge –Tap Water” project, developed by the Águas do Douro e Paiva in partnership with the Lousada Municipality, held the objective of promoting the consumption of tap water among 7 000 students at 27 primary schools in the municipality. To this end, drinking flasks were distributed to students and drinking fountains installed in the schools.

The project integrates into a pro-environment strategy and this measure prevented the utilisation of disposable plastic, nurtured ecological awareness and the value of the scarce and precious asset that is water.

This correspondingly prevented the throwing away of 2.5 million plastic bottles, the equivalent to 34 tons as well as the saving of 480,000 euros, the amount the students would have spent on purchasing bottled water over the course of the next five years.



BE A SUPER-FRIEND. NO RUBBISH DOWN THE DRAIN!

SIMARSUL launched the campaign “Be a Super-friend. No Rubbish Down the Drain!” in the Setúbal Peninsula region to warn about undue influences, showing some of the consequences of waste thrown into the toilet. The initiative went on display as a touring exhibition at Rio Sul Shopping.



It is the responsibility of the entire society to maintain a balance between what nature is able to offer us and the demands we make of it.

MICHELANGELO AND DA VINCI IN 360°

Mãe d'Água das Amoreiras provided the backdrop to another immersive initiative designed by OCUBO. This exhibition counted on the already accustomed sensorial format and enabled us to tour the most beautiful works by Michelangelo and Leonardo Da Vinci, two of the great Renaissance artists.



BOOK OF EPAL RECIPES THAT PROMOTES THE CONSUMPTION OF TAP WATER AND THE REDUCTION OF FOOD WASTE

EPAL presented a book of recipes written by Isabel Zibaia Rafael. The author of the well-known culinary blog “Cinco Quartos de Laranja” accepted the challenge of presenting a set of Portuguese gastronomic recipes with a different touch, making water the main ingredient.

The book, part of the collection “Irresistible Tap Water on the Table with...” published by EPAL, seeks to raise awareness about the importance of choosing to consume water from the public network and reduce food waste.



FILL FOREVER FAUNA

On the occasion of World Animal Day, commemorated on 4 October, EPAL launched a new edition of its iconic Fill Forever bottle.

The Fill Forever Fauna, produced in glass, bring together a set of 20 animals from different ecosystems, fostering awareness about the need to protect biodiversity and the animal species on our Planet.



EPAL PROMOTES BEST PRACTICES AGAINST FOOD WASTE

Chef Vítor Claro and two mini-Chefs, Clarisse and Francisco, raised awareness about the best practices for the reutilisation of water and foodstuffs through videos released over the EPAL online platforms, specifically the social networks.

This cycle of six videos with ideas and information about how to reutilise water and take advantage of water in the making of various recipes in the daily lives of Portuguese households makes up part of the pilot project “Circular Water for Nature”, which strives for the efficient usage of resources and the sustainable utilisation of water launched by EPAL in 2019.



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

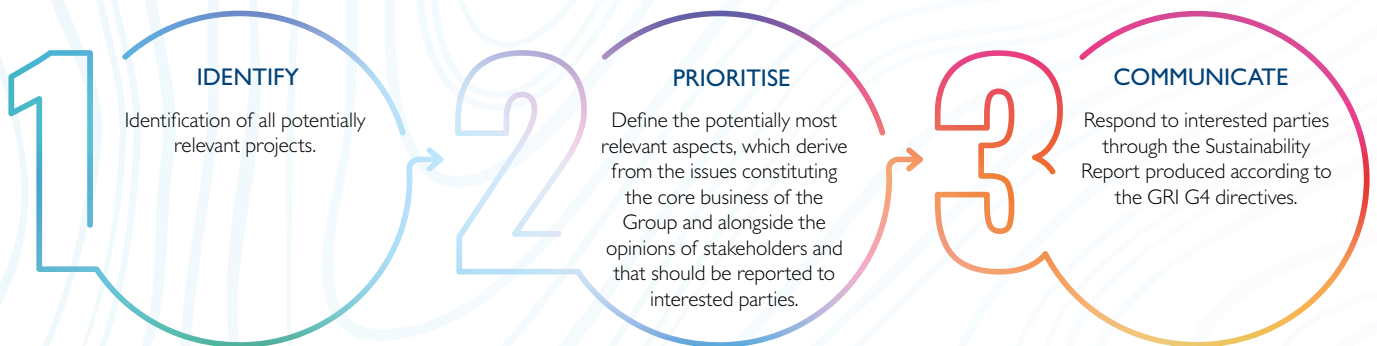
The report was drafted according to the GRI Standards issued by the Global Reporting Initiative, in accordance with the option “In accordance – Comprehensive”. The present Report was subject to independent external verification by Ernst & Young Audit & Asociados, SROC, SA according to a limited guaranteed 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	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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

