English

CRR '10

CORPORATE RESPONSIBILITY REPORT

Agbar

REPORT PROFILE

The aim of this Report is to provide a true image of Agbar's corporate responsibility and maintain communicative transparency with its stakeholders. Additional information is available at *www.agbar.es* and in the 2010 Annual Report.

As in previous years (since it was first published in 2003 as a Sustainability Report), this report has been compiled in accordance with the Global Reporting Initiative[G] (G3) 2006 Sustainability Reporting Framework reference model. An index has therefore been included to make it easier to locate the content specified by the guidelines in this report.

As in previous years, the report has been verified by an independent third party. This independent verification was carried out in accordance with the provisions laid down in the ISAE 3000 standard. Agbar'eport has been verified by an independe AA1000 APS 2008 (AA1000 Accountability Principles Standard) with regard to the relevance of the information has also been verified, in order to ensure that the report provides a response to the items stakeholders believe are most relevant. Material aspects can be consulted in the section entitled "Commitments to Stakeholders" included in the "Corporate Responsibility at Agbar" chapter.

ACRONYMS

The abbreviations N.App. and N.Av. have been used to indicate information that is either not applicable or not available. A superscript G indicates that the word is defined in the Report's glossary.

SCOPE

This Report provides data on companies included in the consolidation scope of Agbar, fully consolidated companies and public-private joint venture companies managed by Agbar in Spain. This scope varies in some sections, as detailed below:

> ***"Our activities"***
The "About us" subsection also includes information on our international public-private joint venture companies, namely Aguas de Saltillo in Mexico, Aguas de La Habana in Cuba, Aguas de Cartagena in Colombia, as well as a management contract for the city of Oran (Algeria) and a contract to manage the full cycle of commercial activities in an area covered by Sedapal, a public water and sewerage company in Lima (Peru). The "Agbar key performance figures" subsection covers the entire consolidation scope.

> ***"Care for customer needs", "Cooperation with public authorities" and "Links with the local community"***
These sections provide information on the international public-private joint venture companies of Aguas de Saltillo (Mexico) and Aguas de Cartagena (Colombia).

> ***"Committed human team"***
With regard to the public-private joint venture companies managed by Agbar in Spain, details are only supplied for companies with over 150 employees.
The occupational risk prevention figures relate to Spanish companies within the consolidation scope (fully and jointly consolidated) as well as Aguas Andinas (Chile) and Bristol Water (United Kingdom).

RATING LEVELS

Agbar has compiled this report in accordance with the Global Reporting Initiative[G] (G3) guidelines. The report has been verified by an independent third party.

CONTACT

The Sustainable Development Committee (SDC), a multi-sectoral and multifunctional committee that reports its activities to Management, prepared this Corporate Responsibility Report. The SDC promotes actions to foster corporate responsibility at Agbar and coordinates the monitoring of the Medium-Term Corporate Responsibility Plan (MTCRP) covering the 2008 to 2011 period.

Further information is available by contacting the committee by the following means:

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This is a translation of a report originally issued in Spanish.

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LETTER FROM THE CHAIRMAN

”
Angel Simón Grimaldos,
Executive Chairman of Agbar
”

The aim of this report is to provide a true image of how corporate responsibility has become a fundamental part of Agbar•s management model.
Agbar focuses its business activities on sustainable water cycles and the environment, constantly striving to minimise negative impacts and to make an increasingly positive economic, environmental and social contribution.

Agbar has established its Corporate Responsibility Report as a wide-ranging, high impact tool for engaging in a dialogue with its stakeholders.
In fact, the company has been deepening this dialogue with stakeholders for over five years.

In 2010, Suez Environnement became Agbar•s majority shareholder. Agbar has maintained a worldwide presence up to now, due to the quality of its services, and will now be able to extend its global reach as part of a much larger international group. For this reason, our capacity and ability to act will be greatly enhanced compared to previous years.

01.1

ABOUT US

Sociedad General de Aguas de Barcelona was set up in 1867 as a drinking water supply company in Barcelona and is now the parent company of Agbar, a holding of 152 companies around the world employing approximately 10,700 people.

Over the years, the group has specialised in the management of all processes related to the water cycle: catchment, transport, drinking water treatment, distribution, monitoring of health standards and water supply. In addition, it also provides sewerage, wastewater treatment and subsequent reintroduction of the treated water back into the environment.

The company provides its services through longstanding local brands such as Aigües de Barcelona and Sorea (Catalonia), Emuasa (Murcia), Emasagra (Granada), Aguas de Alicante, Bristol Water (UK) and Aguas Andinas (Chile), among others.

Agbar is a holding of 152 companies around the world employing approximately 10,700 people

In addition to working directly in the full water cycle, Agbar provides its services through companies that offer very specific added value to the activities involved in this cycle.

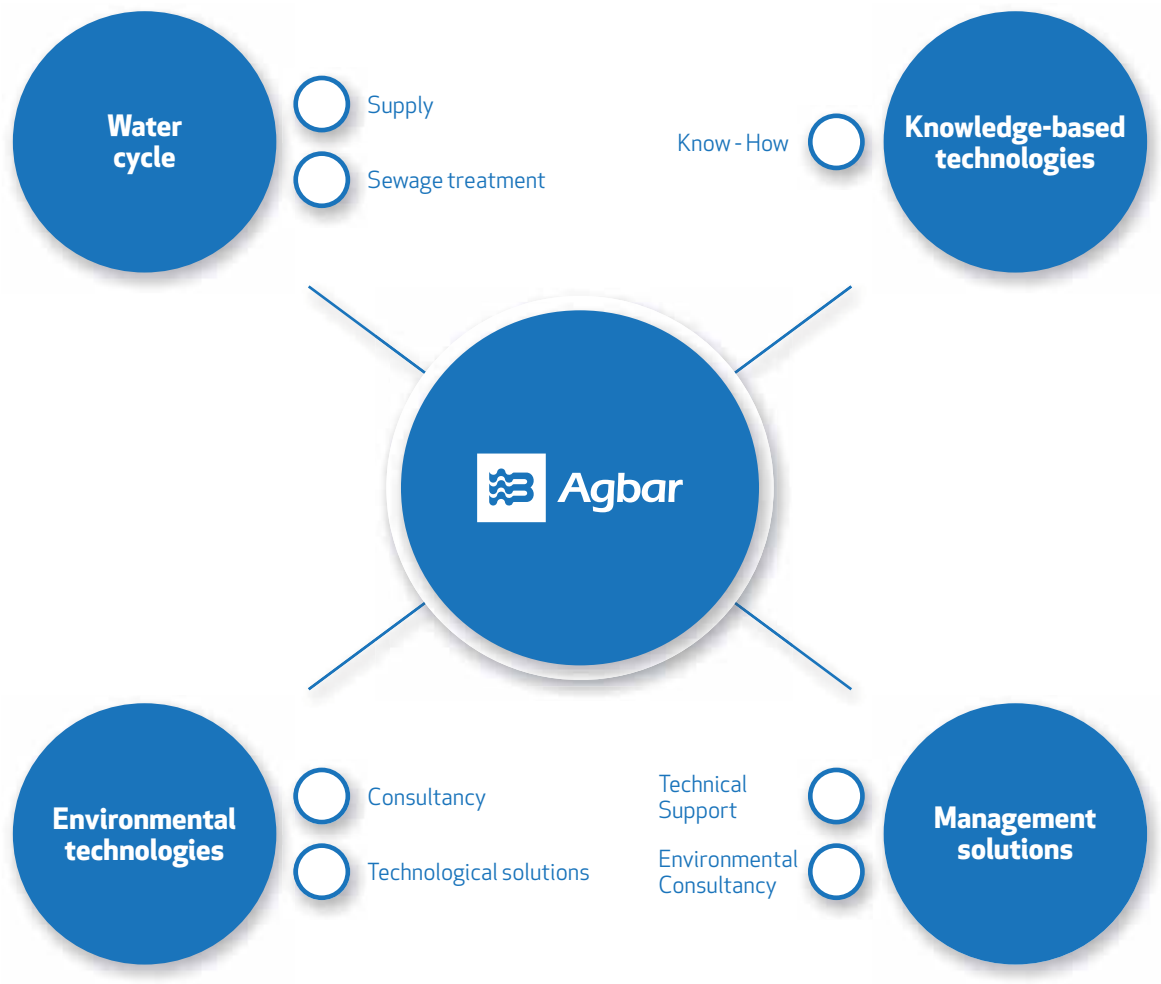
> ***Environmental Technologies:***
Agbar includes companies that offer services with a direct application to the environment, and focus on providing solutions tailored to customers' needs through the use of advanced technology: environmental and hydrological technical support and consulting; facilities design and installation; facilities operation and maintenance, and laboratory and waste recovery services. Such companies include Aqua Ambiente, Labaqua, Sedelam, STC and Aquagest Soluciones Industriales.

> ***Agbar Solutions:***
Agbar Solutions offers technology and know-how for developing consultancy services, technology solutions and the outsourcing of commercial cycle processes (customer management and remote meter reading), as well as support processes (information technology, supply chain, security technologies, and home assistance insurance, etc.).

> ***ADN:***
Aqua Development Network is a company that focuses on identifying, developing and making the know-how of Agbar available by offering services and solutions to companies working in the field of water. ADN is broken down into four areas of business: R&D&I, Knowledge Management, Personal Development and Technical Management. The four areas work jointly to create, capture, package and market their know-how and convert this knowledge into new products and services.

A detailed list of Agbar's companies is available on its website at *www.agbar.es*

Agbar's specialist companies bring added value to all the activities involved in the complete water cycle


Water cycle
Supply
Sewage treatment
Know - How
Knowledge-based technologies
Agbar
Environmental technologies
Consultancy
Technological solutions
Technical Support
Environmental Consultancy
Management solutions

01.2

AGBAR AROUND THE GLOBE

In addition to Spain, the group is also present in Chile, United Kingdom, Colombia, Algeria, Cuba, Mexico and Peru, serving over 25 million people.

In 2010, Agbar also started carrying out market research and prospecting studies to seek new business opportunities in Brazil and Turkey by setting up companies.

This successful expansion is largely due to its ability to change, by adapting to the demands and requirements of a changing market, as well as to the focus of its activities which, from the standpoint of sustainability, take into account economic growth, respect and protection of the environment, and a socially responsible attitude.

The services of Agbar are tailored to different geographical locations through the implementation of a range of management models. In this way, whilst in Úbeda (Jaén, Spain) one of Agbar's companies, Aquagest Andalucía, manages the complete water cycle via an administrative concession; in Oran (Algeria), a delegated management structure is used to supply drinking water and wastewater services through the Seor Corporation. In other instances, a joint venture formula is used, with cooperation between the city council and Agbar. Saltillo, in Mexico, is an example of such a model, as are Albacete, Granada, Alicante and Murcia in Spain.

"Over the coming years, our strategy will be focused on continued growth in strategic sectors in Spain and Latin America, and in countries such as the United Kingdom; we will also consider the option of expanding to the Middle East, North Africa and other markets such as Turkey"

Angel Simón,
Chairman of Agbar

SPAIN

—
Torre Agbar,
Barcelona, Spain
—

Although in recent years Spain has ranked among the world's main economic powers, the international financial crisis, particularly aggravated by the bursting of the real estate bubble, has hit the country hard. GDP contracted by 3.7% in 2009, ending a 16-year period of growth; in 2010, it contracted a further 0.4%, making Spain the last of the major economies to come out of the worldwide recession. The rigidity of the labour market means the country is expected to come out of the crisis at a slower rate than other economies, both in Europe and in the rest of the world. Unemployment continues to be the most pressing concern.

***Population*[1]:**
46 million inhabitants

***GDP*[2]:**
2010 GDP: USD 1,375 billion per capita
GDP in 2010: USD 29,887

***Water*[3]:**
Population's access to drinking water: 93%
Average charge for drinking water: USD1.22 /m^3
Population's access to sewerage: 80%
Average charge for sewerage: USD 1.11/m^3

Agbar in Spain: Highlights in 2010

Agbar is the leading private and joint operator in the water sector in Spain, managing almost 50% of the drinking water, approximately 30% of sewerage services and over 30% of sewer services.

In Spain, Agbar provides drinking water to more than 13 million inhabitants in over one thousand municipalities across all autonomous regions, ranging from communities of 300 people to major cities of around three million inhabitants.

With regard to the retail water activity[G], Agbar has been awarded 18 new contracts offering services to 406,949 inhabitants, including contracts in Huelva (148,806 inhabitants), Palencia (82,651 inhabitants) and Calvià in the Balearic Islands (50,777 inhabitants). Also, 23 contracts to provide services to 280,443 inhabitants were renewed. The largest of these contracts include Ponferrada, in León (68,736 inhabitants), Petrer, in Alicante (34,523 inhabitants), and Carballo, in La Coruña (30,653 inhabitants).

[1] Data from the World Bank: http://data.worldbank.org
[2] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[3] Data from Global Water Intelligence

Agbar distributes drinking water to more than 13 million inhabitants across all Spain's autonomous regions

Agbar was also the successful bidder for eight new contracts relating to the wholesale supply of water[G], offering services to 172,807 inhabitants, including in Palencia (82,651 inhabitants), the Association of Benavente in Zamora (40,000 inhabitants) and Ribeira in La Coruña (27,430 inhabitants). Also, eight contracts to provide services to 164,303 inhabitants were renewed. The most significant of these include contracts in Ponferrada, León (68,736 inhabitants), Carballo, La Coruña (30,653 inhabitants), and Benicarló, Castellón (26,381 inhabitants).

With regard to sewer activity, Agbar was the successful bidder for 21 contracts to provide services to 642,817 inhabitants; among these contracts, the most worthy of note are those in Huelva (148,806 inhabitants), León (134,305 inhabitants) and Palencia (82,651 inhabitants). Also, 12 contracts to provide services to 195,040 inhabitants were renewed. The most significant of these include contracts in Ponferrada, León (68,736 inhabitants), Carballo, La Coruña (30,653 inhabitants), and Benicarló, Castellón (27,668 inhabitants). In respect of wastewater treatment, Agar was awarded 14 new contracts to manage wastewater treatment plants, which involves managing a contaminant load equivalent to 579,966 inhabitants. In this area, it is worth noting the successful bids in Terrassa, Barcelona (206,245 inhabitants), Huelva (148,806 inhabitants) and Palencia (82.651 inhabitants). Eight contracts have also been renewed involving a contaminant load equivalent to 132,732 inhabitants, including in Benidorm, Alicante (71,034 inhabitants), Carballo, La Coruña (30,653 inhabitants), and Malagón, Ciudad Real (8,756 inhabitants).

New headquarters in Madrid

In 2010, Agbar inaugurated its new corporate headquarters in Madrid at Torre de Cristal, an integral part of the Cuatro Torres complex, at Paseo de la Castellana. The new corporate headquarters occupy 600 square metres on the 31st floor of the highest office building in Spain.

Agbar has thus strengthened its corporate and institutional presence in Madrid.

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Torre de Cristal,
Madrid, Spain
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CHILE

—
Vizcachas drinking water treatment plant, Santiago, Chile
—

Chile has a market economy characterised by a large amount of foreign trade. The reputation for solidity of its financial institutions has won the country one of the best ratings for sovereign bonds in South America. Over the last seven years, direct flows of foreign investment have quadrupled, reaching around €11 million in 2010. In December 2009, the OECD invited Chile to become a full member, after it had fulfilled the organisation's requirements for a period of two years. The economy started showing signs of recovery in the third quarter of 2009 and the GDP increased by over 5% in 2010.

An earthquake registering 8.8 on the Richter scale shook Chile in February 2010, and was one of the ten strongest earthquakes ever recorded. It caused considerable damage around the epicentre, located about 70 kilometres from Concepción and around 200 kilometres southwest of Santiago.

Population[4]:
16.9 million inhabitants

GDP[5]:
2010 GDP: USD 199 billion
2010 per capita GDP: USD 11,587

Water[6]:
Population's access to drinking water: 99.8%
Average charge for drinking water: USD 0.60/m^3
Population's access to sewerage: 95.3%
Average charge for sewerage: USD 0.54/m^3

Agbar in Chile: Highlights in 2010

Chile's Sewerage Services Authority (SISS) reached an agreement with companies about setting prices for public drinking water and wastewater services for the five-year period 2010-2015. In the case of Aguas Andinas, this agreement set out the prices for the Mapocho Urbano Limpio project, for work involved in wastewater treatment and to guarantee drinking water in the metropolitan area of Santiago. The pricing structure was fixed by means of Decree No. 60 issued by the Chilean Ministry for the Economy, Public Works and Reconstruction, on 2 February 2010, and came into effect in March 2010.

The subsidiary Aguas Manquehue reached an agreement with the SISS in February 2010 and its prices came into force from May 2010. In turn, the subsidiary Cordillera reached a settlement with regard to its prices

[4] Data from the World Bank: http://data.worldbank.org
[5] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[6] Data from Global Water Intelligence

in March 2010 and the new prices will come into force on 30 June 2010. In addition, new negotiations are under way with regard to the fifth Essal price-setting process to set prices for the period 2011-2016.

In accordance with the Wastewater Plan for the Santiago basin, construction work was completed in 2010 and Mapocho Urbano Limpio started operating, allowing the company to cover 86% of wastewater treatment services. Likewise, the construction of the Mapocho Wastewater Treatment Plant, located in El Trebal, will offer a capacity of 2.2m^3/sec, which can be further expanded in a second phase to 4.4 m^3/sec and in a third phase to 6.6 m^3/sec. With such capacity, the plant will be able to cover 100% of the wastewater treatment services in 2012, making Chile one of the countries with the highest standards of water quality.

On 14 April 2010, the company successfully placed bonds on the local market for approximately €95 million, in two tranches. These bonds were placed with the lowest ever *spread* for corporate non-state and unsecured bonds in Chile.

Aguas Andinas, with the Mapocho Urbano Limpio project, accounted for 86% of the wastewater treated in 2010

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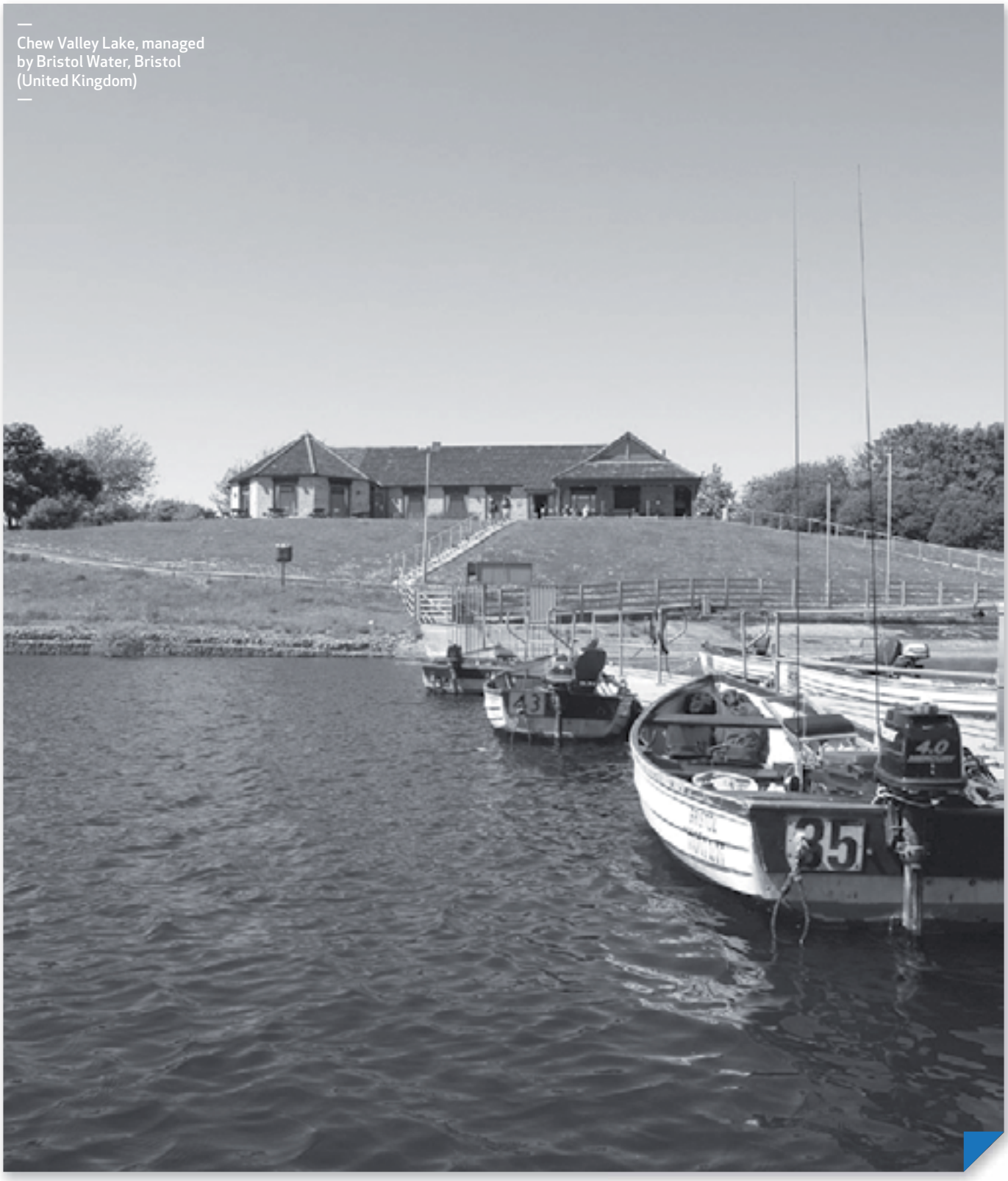
Drinking water treatment plant of Vizcachas, Santiago de Chile, Chile
—

UNITED KINGDOM



Chew Valley Lake, managed by Bristol Water, Bristol (United Kingdom)

The United Kingdom is the third largest economy in Europe after Germany and France. Over the last two decades, the Government has greatly reduced public ownership and contained the growth of social welfare programmes.

After recovering from the recession in 1992, the British economy experienced a sustained period of expansion during which its growth level exceeded that of most economies in Western Europe. In 2008, however, the global financial crisis severely affected the economy due to its strong involvement in the financial sector. Faced with a growing public deficit and growing debt levels, in 2010, the Cameron Government launched a five-year austerity programme aimed at reducing the country's deficit from over 11% of GDP in 2010 to around 1% in 2015.

Population[7]:
61.8 million inhabitants

GDP[8]:
2010 GDP: USD 2,259 billion
2010 per capita GDP: USD 36,298

Water[9]:
Population's access to drinking water: 99.7%
Average charge for drinking water: USD 2.03/m^3
Population's access to sewerage: 96.5 %
Average charge for sewerage: USD 2.20/m^3

Agbar in the United Kingdom: Highlights in 2010

In January 2010, the Board of Directors of Bristol Water decided to reject the price increase for the 2010-2015 period fixed by the regulator (OFWAT) and to lodge an appeal with the competent authority (Competition Commission). The review carried out by this body concluded that the increase over the whole period should be 17.1% in real terms, compared to the 9.1% initially proposed by OFWAT. This increase should allow the company to make investments of €300 million during the five-year period and therefore improve the quality of the service offered to the inhabitants of the Bristol area.

[7] Data from the World Bank: http://data.worldbank.org
[8] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[9] Data from Global Water Intelligence

Last May, Agbar Environment acquired the Leeds-based Marral Chemicals Ltd., which is mainly involved in water treatment, control of Legionnaire's disease, engineering, supply of its own chemical products, alternative water supply and improvement of the efficiency of hydraulic systems. This acquisition forms part of Agbar's aim to expand in the deregulated market of the United Kingdom. In addition to Marral Chemicals, Agbar is continuing to develop its previous activities in the deregulated market through Agbar Environment Ltd and Agbar Solutions Ltd.

In October 2010, Bristol Water was awarded 281 points out of a possible 288 in its OPA (Overall Performance Assessment), a quality ranking established by the regulator (OFWAT) for companies operating in the sector in England and Wales, an improvement on its ranking for the previous year. This ranking measures quality of service factors, such as interruptions to the water supply, customer service and environmental impacts. Bristol Water was awarded the maximum score for customer service.

At the start of 2010, Bristol Water received a Green Apple Environment Award for its project to reintroduce the freshwater crab in the Chew Valley Lake, in association with the city's zoo.

In 2009, Agbar was rated by the Spanish Employer's Association in the UK as the best performing Spanish company in terms of its professional activities in the United Kingdom

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Chew Valley Lake, managed by Bristol Water, Bristol (United Kingdom)
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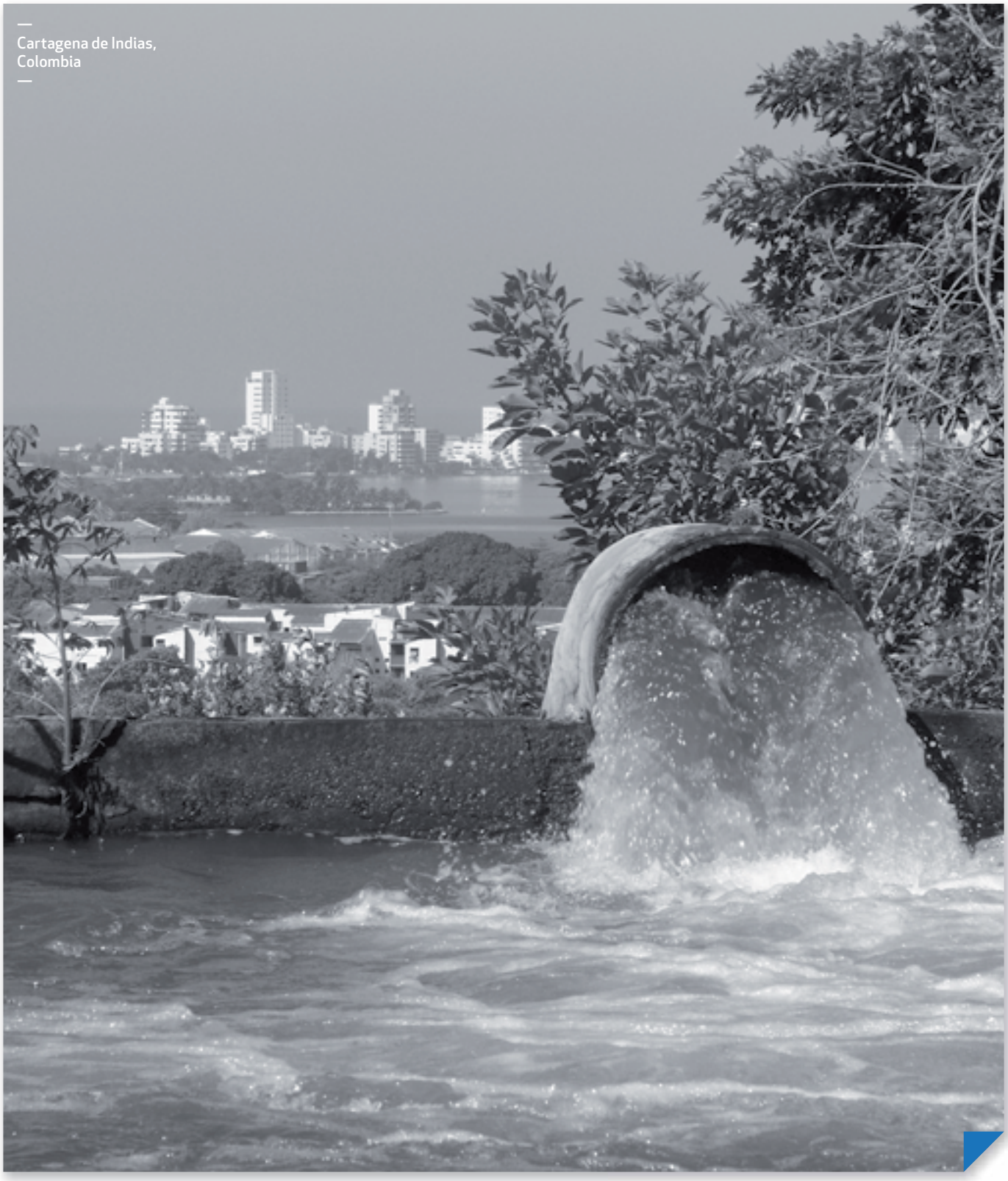
COLOMBIA



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Cartagena de Indias,
Colombia
—

Colombia experienced strong growth between 2002 and 2007, mainly due to an improvement in the security situation within the country, with an increase in the price of basic products and a boost provided by the pro-market economic policies of President Uribe. Direct foreign investment reached record levels of USD 10,000 million in 2008, and remained at this level, especially in the oil sector.

Inequality, underemployment and drug trafficking remain some of the major challenges facing the country, as well as the need for a major upgrade of the infrastructure of this Latin American country, which is necessary to support the economic growth.

Due to the worldwide financial crisis and a weakening in the demand for Colombian exports, the economy only grew by 2.7% in 2008 and 0.8% in 2009; however, in 2010, it recovered somewhat, posting an increase of around 4.5%.

Population[10]:
45.6 million inhabitants

GDP[11]:
2010 GDP: USD 283 billion
2010 per capita GDP: USD 6,221

Water[12]:
Population's access to drinking water: 86%
Average charge for drinking water: N.Av.
Population's access to sewerage: 82%
Average charge for sewerage: N.Av.

Agbar in Colombia: Highlights in 2010

Aguas de Cartagena continues to supply 87% of the sewer services and around 100% of the water services, increasing its number of customers in line with the growth of the city.

The ISO 14001 and ISO 9001 quality certifications were renewed in line with the company's commitment to quality and continual improvement.

In addition, the company is continuing to sponsor the City's green areas scheme, allowing it to contribute to beautifying the city.

Aguas de Cartagena received the Water Award for Latin American and the Caribbean from the Femsa Foundation and the IDB.

The corporate debt rating awarded to the company by Fitch Ratings is AA+.

[10] Data from the World Bank: http://data.worldbank.org
[11] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[12] Datos procedentes del Global Water Intelligence

ALGERIA

—
SEOR headquarters in Oran, Algeria
—

Gradual liberalisation since the mid nineties has increasingly opened up the Algerian economy; however, in recent years this North African country has imposed new restrictions on foreign involvement in its economy and has mostly halted the privatisation of state-owned industries. The oil and gas sector remains the backbone of the economy, representing approximately 60% of budgetary income, 30% of GDP and over 95% of export income.

Population[13]:
34.9 million inhabitants

GDP[14]:
2010 GDP: USD 159 billion
2010 per capita GDP: USD 4,478

Water[15]:
Population's access to drinking water: 94%
Average charge for drinking water: USD 0.11/m^3
Population's access to sewerage: 85%
Average charge for sewerage: USD 0.00/m^3

Agbar in Algeria: Highlights in 2010

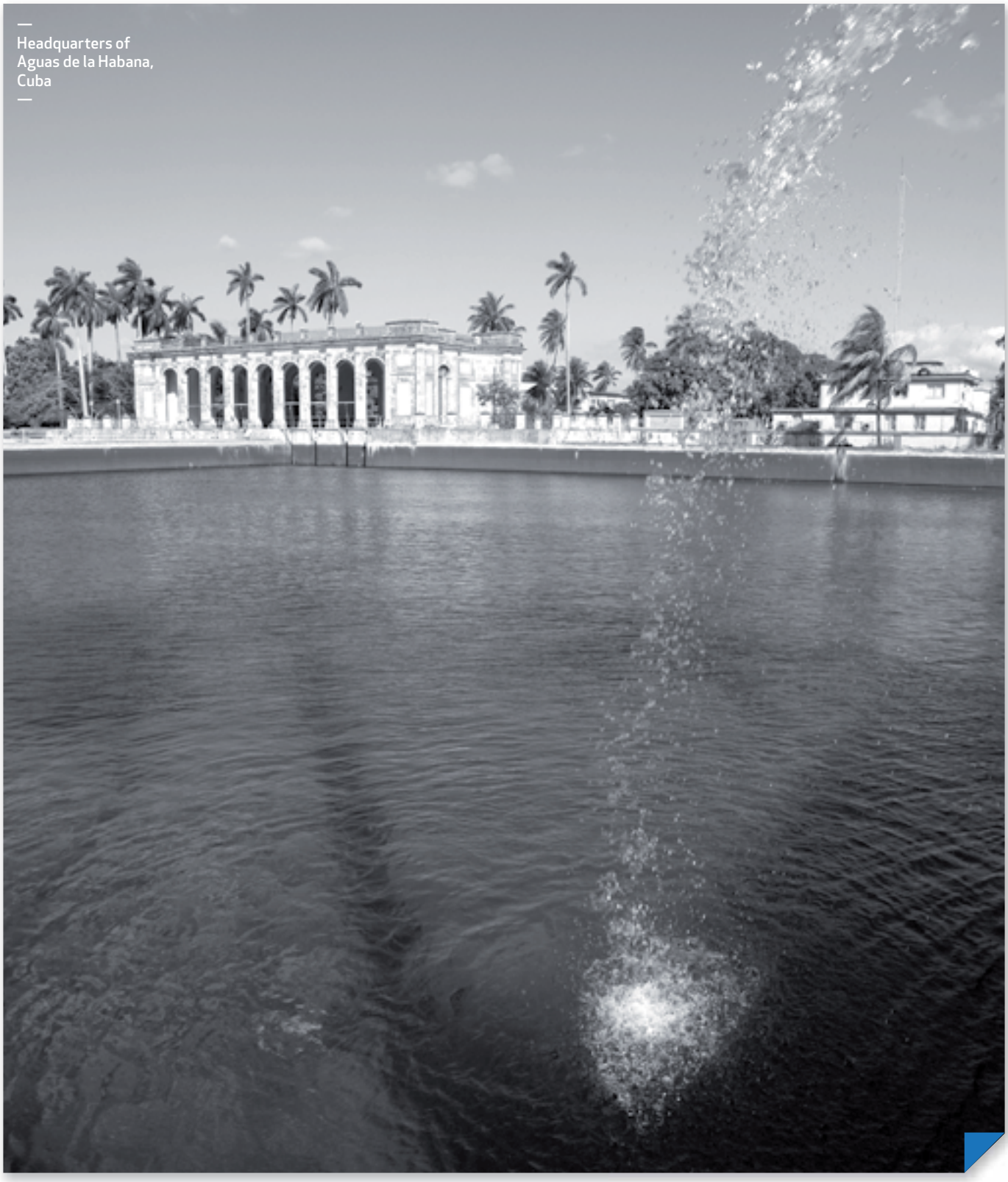
In April 2008, SEOR, Société de l'Eau et de l'Assainissement d'Oran, started managing the drinking water and wastewater services in the province of Oran, home to approximately 1.5 million inhabitants. Agbar was selected to manage the company for a period of five and a half years, raising management standards to international levels and guaranteeing an appropriate transfer of knowledge.

The investment program continued in 2010 (over €35 million in 2010), improving water availability (70% of the population has a 24-hour service) thanks to upgrades to the network (9% of the network has been refurbished over a two-year period) and following the start-up of operations at the new desalination facilities (60% of the desalinated water providing 175 litres/hab./day), 50% of the sewer network cleaned up over a two-year period, and with an approximate 75% completion of GIS-Mapping, Sectorisation and Remote Metering and finalisation of the implementation of the OCCAM/SD system, and the adaptation of SAP FI/ CO to the IFRS (International Financial Reporting Standards), and increasing billing by 18% and collections by 22%.

During the course of 2010, most of Agbar's experts have completed their missions in Oran; with only seven directors and two technicians currently remaining. In 2011, the main goals are to continue improving efficiency, accelerate the transfer to local management and continue the process of transferring knowledge. It is worth noting that Seor has been singled out many times as the best value company by the authorities and the national regulatory authority.

[13] Data from the World Bank: http://data.worldbank.org
[14] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[15] Data from Global Water Intelligence

CUBA



—
Headquarters of
Aguas de la Habana,
Cuba
—

Under the Cuban economic system, most of the means of production remain under the direct control of the Government and private capital investments require government approval.

The products and services that bring in the greatest amount of foreign currency to the country are nickel, tourism, tobacco and sugar.

However, this Caribbean country is severely affected by the commercial and financial blockade imposed continuously by the United States since 1962.

Population[16]:
11.2 million inhabitants

GDP[17]:
2010 GDP: USD 114 billion
20010 per capita GDP: USD 9,900

Water[18]:
Population's access to drinking water: 74%
Average charge for drinking water: USD 0.05/m^3
Population's access to sewerage: N.Av.
Average charge for sewerage: N.Av.

Agbar in Cuba: Highlights in 2010

In 2010, the province of Havana experienced its most serious drought of the last 50 years. This meteorological phenomenon has had an impact on the companymetactivities; however, the services it supplies to the population have been recognised by the local authorities.

In April 2009, the first steps were taken to redistribute working hours, production equipment was improved and, where possible, network improvement work was speeded up. Subsequently, as the problem worsened, additional measures were taken to overcome the water shortage and ensure water was distributed to all municipalities in an acceptable manner.

It is also worth emphasising the support provided to the city of Santiago de Cuba in its endeavours to restore the Historic Centre, and the efficiency and quality of the workers of Aguas de la Habana has been widely recognised.

The main achievements of Aguas Varadero in 2010 included receiving a Certificate of Quality (NC-ISO 9001:2008) and Environmental Certificate (ISO 14001:2004) for the complete water cycle; after receiving a Biological Safety Certification for wastewater treatment plants and laboratories, the laboratory has started to offer sampling and testing services to third parties, and has set up 16 remote metering systems for major consumers and 3 to control network sectors.

[16] Data from the World Bank: http://data.worldbank.org
[17] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[18] Data from Global Water Intelligence

MEXICO

—
Headquarters of Aguas del Saltillo, Mexico
—

Mexico is the second largest economy in Latin America, surpassed only by Brazil. It is also the third largest country worldwide in terms of oil reserves.

The international economic crisis that broke out in the United States in 2008 profoundly affected Mexico. The drop in the country's exports (approximately 80%) had a negative effect on its economy.

The government approved energy reform measures in 2008 and fiscal reforms in 2009. Mexico's GDP fell by 6.5% in 2009 due to the worldwide drop in the demand for exports. The volume of exports, however, has risen again in 2010 and the GDP recorded for this period has posted a positive increase of 5%.

Population[19]:
107.4 million inhabitants

GDP[20]:
2010 GDP: USD 1,004 billion
2010 per capita GDP: USD 9,243

Water[21]:
Population's access to drinking water: 89.8%
Average charge for drinking water: 0.48 USD/m^3
Population's access to sewerage: 85.6%
Average charge for sewerage: 0.09 USD/m^3

Agbar in Mexico: Highlights in 2010

In 2010, Aguas de Saltillo earmarked around €1.7 million for work to improve the services provided. This work included extending the supply network, incorporating new infrastructure, implementing remote metering and equipment for wells, as well as replacing networks and domestic tanks, and upgrading the individual metering system.

The company has a distribution network of over 2,350 kilometres in length and its efficiency is approximately 74%. In addition, as a result of the work carried out by the various committees, such as those concerned with efficiency, customers and quality, Aguas de Saltillo has been able to continually improve its performance.

Caring for the environment and conserving resources remain a priority, as can be seen in the operations carried out to supply water to the community, such as upgrading the network, reducing leaks, improving connections and valves, and supplying a remote metering service.

Interagbar de México continuing to manage a commercial service contract with the City Council of Ramos Arizpe, a neighbouring city of Saltillo. The contract provides for a schedule of improvement for the commercial activity and invoicing and collection management.

[19] Data from the World Bank: http://data.worldbank.org
[20] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[21] Data from Global Water Intelligence

PERU

—
Playa Miraflores,
Lima (Peru)
—

The Peruvian economy posted an annual growth of 4% for the period 2002-2006, with stable exchange rates and low inflation. The annual growth rate rose to 9% in 2007 and 2008, driven by the world prices for minerals and metals and the aggressive trade liberalisation strategies adopted by the Government. However, in 2009, it dropped to under 1% due to the world recession and lower exports of basic products. Growth returned in 2010 (around 8%) due to an increase in exports.

Peru's rapid expansion has helped reduced the national level of poverty to 15% since 2002, although underemployment rates remain high. Despite the good macroeconomic results, inequality persists in terms of the distribution of wealth. Since 2006, Peru has signed commercial agreements with the United States, Canada, Singapore and China, and is currently negotiating with the European Union and has started commercial negotiations with Korea, Japan and other countries.

Population[22]:
29.2 million inhabitants

GDP[23]:
2010 GDP: USD 153 billion
2010 per capita GDP: USD 5,196

Water[24]:
Population's access to drinking water: 76%
Average charge for drinking water: USD 0.66/m^3
Population's access to sewerage: 75%
Average charge for sewerage: USD 0.00/m^3

Agbar in Peru: Highlights in 2010

In 2010, Consorcio de Lima was awarded a contract for the full cycle of commercial activities over an area covered by Sedapal, a public water and sewerage company in Lima (Peru), providing services to eight million inhabitants.

This agreement covers the outsourcing of commercial processes, including the supply, installation and maintenance of meters, the management or reading processes, one-to-one customer service and the management of connection and disconnection services, among others.

[22] Data from the World Bank: http://data.worldbank.org
[23] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[24] Data from Global Water Intelligence

BRAZIL

With several well-developed sectors including agriculture, mining, manufacturing and services, Brazil is the most robust economy in South America.

Stable growth combined with high interest rates and exports means the country continues to be attractive to a large number of international investors, despite the current unfavourable economic climate.

Population[25]:
193.7 million inhabitants

GDP[26]:
2010 GDP: USD 2,023 billion
2010 per capita GDP: USD 10,471

Water[27]:
Population's access to drinking water: 81%
Average charge for drinking water: USD 0.88/m^3
Population's access to sewerage: 42%
Average charge for sewerage: USD 0.43/m^3

TURKEY

The Turkish economy is increasingly dominated by its industrial and services sectors. Nevertheless, its traditional agricultural sector continues to provide 30% of employment. In recent years, the country has experienced greater dynamism through the combination of a robust privatisation programme – as proposed by the IMF - and a middle class with a great entrepreneurial potential.

It is hoped that its economic and legal reforms, together with a possible accession to the EU, will attract foreign investment over the coming years.

Population[25]:
75.8 million

GDP[26]:
2010 GDP: USD 729 billion
2010 per capita GDP: USD 10,207

Water[27]:
Population's access to drinking water: 98%
Average charge for drinking water: USD 1.28/m^3
Population's access to sewerage: 87%
Average charge for sewerage: USD 0.77/m^3

[25] Data from the World Bank: http://data.worldbank.org
[26] Data from the International Monetary Fund: http://www.imf.org/external/pubs/ft/weo
[27] Data from Global Water Intelligence

Brazil

In 2010, Agbar started carrying out market research and prospecting studies to seek new business opportunities in Brazil and Turkey by setting up companies

Turkey

2010	SPAIN	CHILE	UK	CUBA	COLOMBIA	MEXICO	ALGERIA
SUPPLY							
Total number of municipalities served	1,018	83	3	10	1	1	27
Total population served	13,250,582	6,227,267	1,153,839	1,129,713	926,778	724,624	1,443,000
Total number of customers	6,310,166	1,831,375	508,907	391,891	189,565	198,882	211,748
Volume delivered to the network (m^3/year)	1,234,787,407	744,051,980	102,759,700	303,735,021	71,335,849	44,772,042	89,570,596
Number of DWTP and SDP in operation	211	40	17	0	1	0	5
Total treatment capacity (m^3/day)	2,769,651	2,778,411	552,500	81,817	270,000	0	45,500
Total length of the supply network (km)	65,757	14,533	6,664	2,131	1,554	2,354	2,446
SEWAGE TREATMENT							
Sewer system							
Total number of municipalities provided with a sewer system (2)	380	83	0	10	1	1	27
Total population provided with a sewer system (2)	9,319,107	6,308,366	0	1,239,049	803,059	703,536	1,500,000
Length of the sewer and collector network (km)	26,432	11,993	0	1,220	1,033	1,761	1,300
Wastewater treatment							
Total number of municipalities provided with wastewater treatment (3)	441	63	0	3	0	1	0
Number of WWTP in operation (3)	461	39	0	15	0	1	0
Equivalent contaminant load (inhab) (3)	9,494,935	5,160,020	0	227,543	0	25,920	0
Total wastewater treatment capacity (m^3/day) (3)	2,741,265	1,339,600	0	81,817	0	4,320	0

(1) Only the number of municipalities served where the sewer network is managed in any of its forms.
(2) Only inhabitants receiving services where the sewer network is managed in any of its forms.
(3) Municipalities and various types of data relating to the operation of WWTPs.

01.3

AGBAR KEY PERFORMANCE FIGURES

PROFIT AND LOSS ACCOUNT	€ MILLION		
	DEC 2009	DEC 2010	VAR (%)
Operating revenue (1)	1,899.4	1,956.0	3.0
Operating cash flow (2)	554.6	622.3	12.2
Operating profit (3)	347.2	389.1	-10.7
% Operating profit margin (4)	18.3	19.9	-
Net profit (5)	324.9	441.0	35.7
% Net profit margin (6)	17.1	22.5	-
Net profit (loss) allocated to the Parent Company	166.8	310.9	86.4

(1) Total amount obtained as a result of adding up the different income from operations, obtained during by the company during the relevant year.
(2) Indicates the total resources generated by a company. Calculated by adding the profit for the financial year to the allocation for fixed asset depreciation and the allocations for long-term provisions.
(3) Difference between the sales resulting from the company's normal activity and the purchases required to make those sales.
(4) The result of deducting the cost of goods sold and other operating expenses and allowances from the net sales figure, expressed as a percentage of net sales.
(5) Calculated as the difference between all the income and all the expenses of the company.
(6) Difference between all the income and all the expenses, expressed as a percentage of net sales.

BORROWING	€ MILLION		
	DEC 2009	DEC 2010	VAR (%)
Total net equity attributed to the Parent Company	1,827.3	1,796.0	-1.7
Total borrowing	1,402.2	1,673.1	19.3
Borrowing / net equity	76.7	93.2	N.App.
Borrowing / (net equity + borrowing)	43.4	48.2	N.App.

AVERAGE CONSOLIDATED WORKFORCE* 2009

10,425

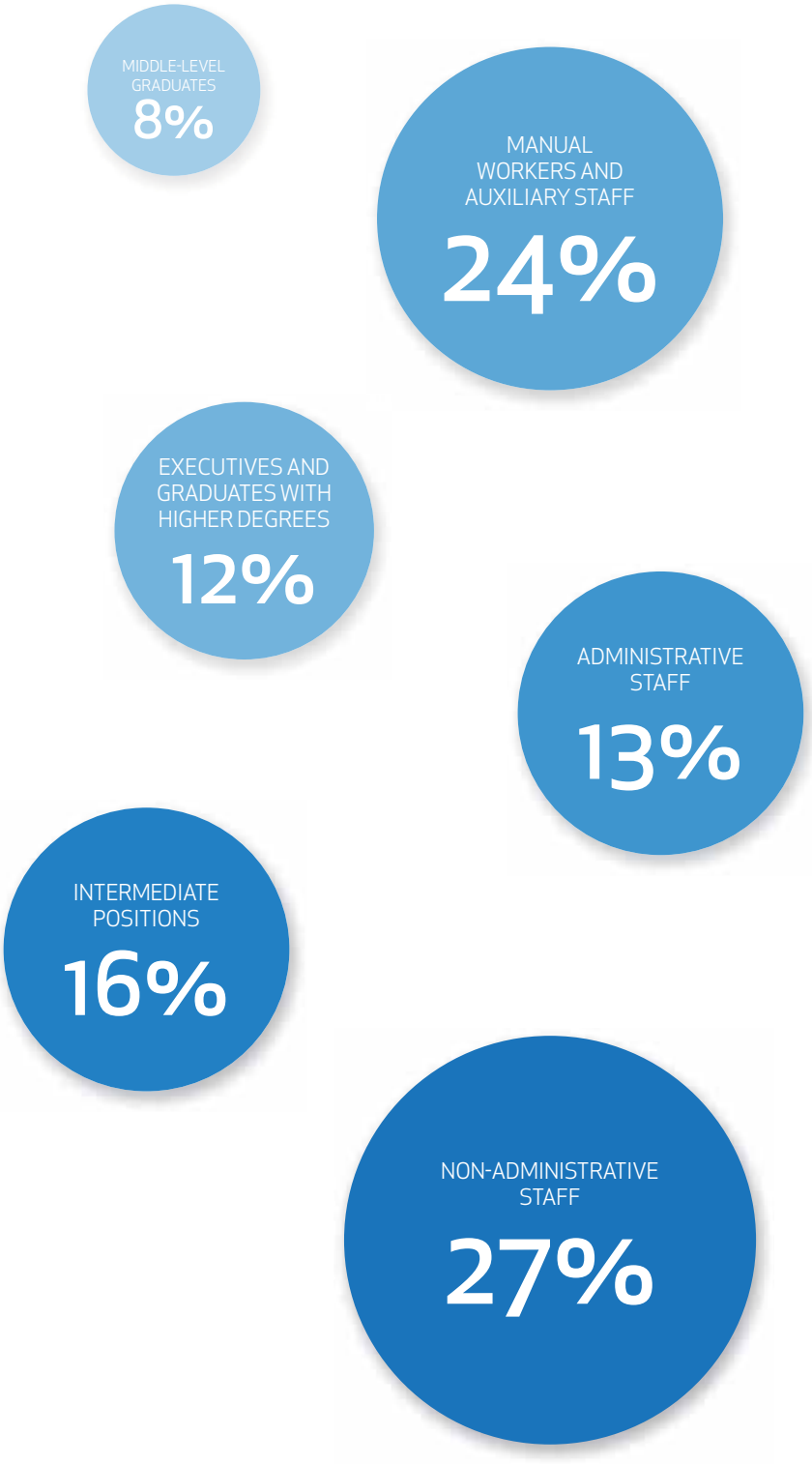
AVERAGE CONSOLIDATED WORKFORCE* 2010

10,684

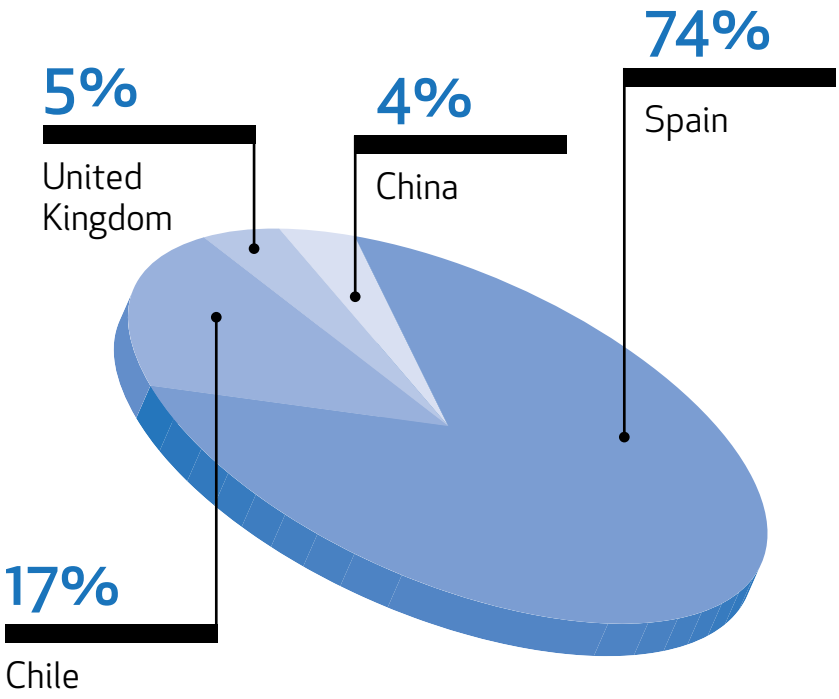
VARIATION (%)

2.4

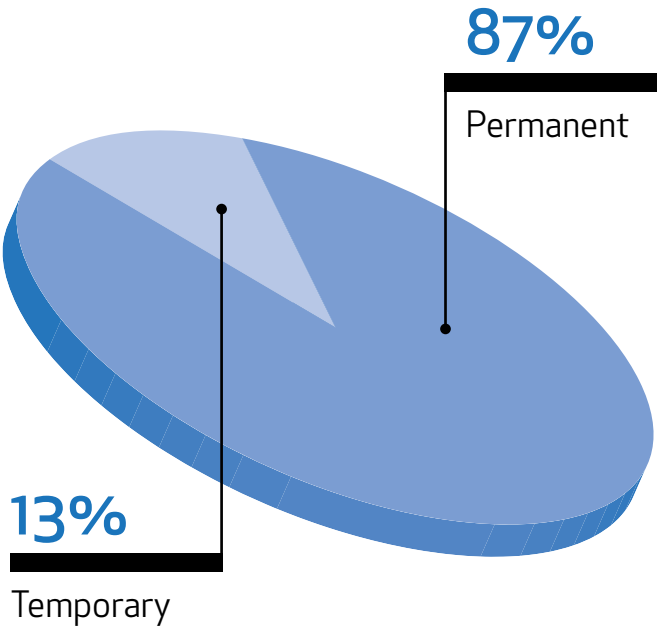
* Scope of financial consolidation.



CONSOLIDATED AVERAGE WORKFORCE BY COUNTRY



CONSOLIDATED AVERAGE WORKFORCE BY CONTRACT 2010



WEALTH CREATION

Wealth creation in 2010 for the different Agbar stakeholders is shown below, estimated using the direct economic value generated and distributed indicator recommended by the sustainability reporting standards issued by the Global Reporting Initiative (GRI)[G].

WEALTH CREATION	€ THOUSAND	
	2009	2010
DIRECT ECONOMIC VALUE GENERATED (A)	**1,969,249**	**2,519,357**
a) Income (1) (2)	1,969,249	2,519,357
ECONOMIC VALUE DISTRIBUTED (B)	**2,001,377**	**1,887,438**
b) Operating expenses (3)	956,721	924,544
c) Employee wages and benefits (4)	326,551	418,648
d) Payments to capital suppliers (5)	555,785	340,996
Shareholders (dividends paid)	*471,147*	*218,851*
Financial institutions	*84,638*	*122,144*
e) Taxes	149,729	191,952
f) Company targeted resources	12,592	11,297
ECONOMIC VALUE RETAINED = (A)-(B)	**-32,128**	**631,919**

(1) The income in 2009 differed from the one published last year following the application of IFRIC 12 (TPI reclassification = €48,112.56 thousand).
(2) The income in 2010 included the capital gains resulting from the sale of Adeslas (€382,753 thousand attributable to Agbar).
(3) The operating costs in 2009 differed from those published last year, following the application of IFRIC 12.
(4) In 2010, it includes the cost of the restructuring (€73,144 thousand).
(5) The 2009 figures include the distribution of an extraordinary dividend, charged to the reserves, amounting to €2 per share for a total of €299,283,000. The dividend was paid on 23 June 2009, after approval of the Board of Directors on 3 April 2009.

INVESTMENTS

CONSOLIDATED INVESTMENTS	€ MILLION	
	2009	2010
Intangible investments	190.0	202.9
Tangible investments	230.2	331.3
Financial investments	94.4	100.5
TOTAL	**514.6**	**634.7**

The investments made during the 2010 financial period amounted to €634.7 million. Of this total amount, €202.9 million corresponded to intangible assets[G], €331.3 million to tangible fixed assets[G] and €100.5 to the acquisition of companies and other financial assets. 81.5% corresponds to the domestic scope and the remaining 18.5% to foreign holdings.

The intangible asset investments[G] correspond, basically, to the payment of taxes and the renewal of water contracts in Spain.

The total volume of tangible fixed investments[G] included the acquisition of Torre Agbar in March 2010 for €165 million, subject to a cash payment of €35 million and subrogation in the financial lease agreement Azurelau.

S.L.U. had taken out with La Caixa, for an outstanding principal amount of €130 million. In addition, investments of €14.8 million were made in the United Kingdom, as well as €95.6 million in Chile - including €33.9 million for the construction of the Mapocho treatment plant to process all the wastewater generated in the Metropolitan Region of Santiago de Chile.

In terms of financial investment[G], it is worth noting, among other projects, the 100% acquisition of the Elmasa Group, in the Canaries, for €51.6 million, and an additional 45% of Aguas y Saneamiento de Torremolinos, S.A. for €17.0 million and 100% of Marral Chemicals in the United Kingdom, for €2.7 million.

Agbar purchased the Agbar Tower for €165 million in 2010

01.4

ORGANISATION

The composition of the Board of Director of Sociedad General de Aguas de Barcelona, S.A. at 31 December 2010 was:

Executive Chairman	Angel Simón
Vice Chairman 1	Jean-Louis Chaussade (Persona física representante de Suez Environnement Spain, S.L.)
Vice Chairman 2	Isidre Fainé
Vice Chairman 3	Gérard Mestrallet
Board Members	Gérard Lamarche Bernard Guirkinger Yves de Gaulle Manel Raventós
Secretary	Miquel Roca

PERMANENT COMMITTEE OF AGBAR

Executive Chairman	Angel Simón
Director of Concessions	Ciril Rozman
Director of Solutions and Technology-Business Development	Juan Antonio Guijarro
Director of Organisation and Human Resources	Arsenio Olmo
General Secretary and CFO	Josep Bagué

01.5

MEDIUM-TERM PLAN 2012-2017

Following the sale of Adeslas, the parent company of a group of collective health services, and the takeover by Suez Environnement, with the group taking a 75.01% indirect holding in Sociedad General de Aguas de Barcelona, S.A. in 2010, Agbar is currently drafting a new Medium-Term Plan which will be focused on developing its know-how, skills, technology and human resources across the different markets with a global perspective. Water and the Environment, however, will remain the core business of Agbar, both today and in the future.

Agbar is currently establishing a Medium-Term Plan (2012-2017) focused on developing the know-how, skills, technology and human resources of the company

01.6

TRANSPARENCY VIS-A-VIS SHAREHOLDERS AND INVESTORS

01.6.1

DELISTING AND SHAREHOLDING REALIGNMENT

On 12 January 2010, Sociedad General de Aguas de Barcelona, S.A. held an Extraordinary General Meeting of Shareholders as a result of the agreement in principle of 21 October 2009 between the controlling shareholders Criteria CaixaCorp, S.A. and Suez Environnement Company S.A. This meeting approved a public share purchase offer by the company itself, at a price of €20 per share, the delisting of its shares from the official Spanish secondary markets and a capital reduction, charged to unrestricted reserves, involving a redemption of the shares participating in the offer in question.

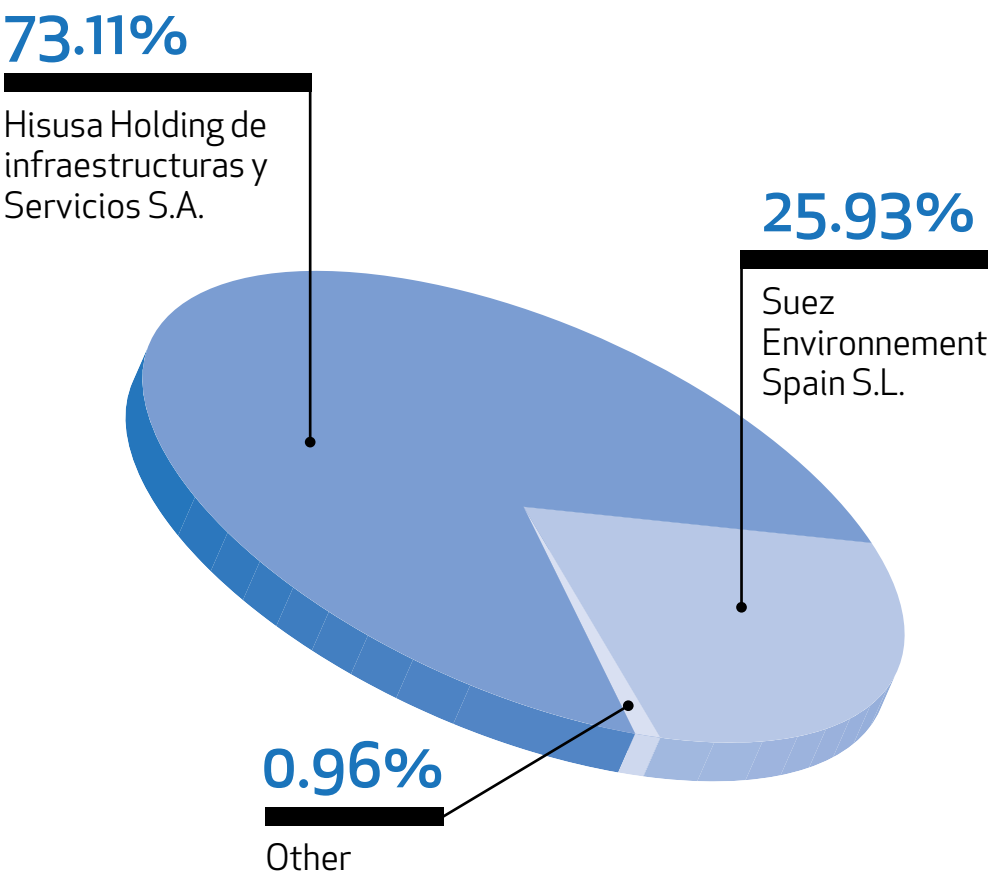
2010 Annual General Meeting of Shareholders

Similarly, the aforementioned meeting approved the sale of Agbar's holding in Adeslas (54.79% of its share capital) to Criteria CaixaCorp for €687.1 million, with the final agreement signed on 14 January 2010.

The offer was authorised by the CNMV (the Spanish Securities Market Commission) on 6 May 2010, with the acceptance date fixed at between 10 and 24 May 2010. The offer was accepted by a total of 13,657,294 shares, representing 91.27% of the shares to which it was addressed and 9.13% of the share capital of Sociedad General de Aguas de Barcelona, S.A.

As of 25 May 2010, the shares of Agbar were suspended from trading until 1 June 2010, the date of their definitive delisting from the Stock Market, after the settlement of the offer. Likewise, on 1 June 2010, a public deed was granted for the share capital reduction. Following this, the holdings in Compañía de Seguros Adeslas, S.A. were transferred to Criteria CaixaCorp, S.A. and the process ended with the realignment of the holdings of Suez Environnement, S.A.S., Suez Environnement Spain, S.L. and Criteria CaixaCorp, S.A. The shareholding structure is now as follows:

2010 SHAREHOLDING STRUCTURE



The delisting offer was completed in order to allow key shareholders to redirect their strategic interests towards the water management and environment sector

Suez Environnement

A business group with a presence on every continent, and a benchmark in the environment sector. With revenues of €13,869 million in 2010, the group offers drinking water services to over 90 million inhabitants, wastewater treatment services to approximately 60 million inhabitants and around 10,000 water treatment plants in 70 countries. In the solid waste management sector, it provides services to around 45 million inhabitants.

STOCK MARKET AND FINANCIAL INDICATORS	2009	2010
Number of shares issued at year-end	149,641,707	135,984,413
Share nominal value (€)	1.00	1.00
Final listing day	30-12-09	31-05-10
Number of shares issued on last day listed	149,641,707	149,641,707
Net profit (€ thousand)	166,776	310,942
Dividend per share (euros) (*)	2.6006	0.6618

(*) 2009: Including extraordinary dividend of €2.00/share.

CREDIT RATINGS	LONG-TERM DEBT	
	2009	2010
STANDARD & POOR'S	A	A-
MOODY'S	A 2	A 2

Given that Agbar no longer has any fixed-income securities issued on the international capital markets, on completion of the public purchase offer and delisting procedure, the company requested a final opinion and consequent cancellation of the services of the ratings agencies.

DIVIDENDS	2009	2010
Proposal for distribution of dividend (million euros)	90.0	90.0
Ordinary payout/Recurrent profit (1)	53.3%	57.8%
EPS - earnings per share (euros)	1.11	2.20
ROA (2)	10.5%	9.9%
Attributable ROE (%) (3)	8.7%	17.2%
Gearing (4)	50.5%	64.5%

(1) Percentage of profits paid out as ordinary dividends.
(2) Net operating profit after tax (NOPAT) / Average capital employed.
(3) Net profit / average equity.
(4) Net borrowing / capital employed.

"With this latest realignment of its capital, Agbar will be able to focus exclusively on the sector that has been its core business for over 140 years, and continue to expand. However, it will now be able to do so with the additional skills and knowledge of Suez Environnement, meaning the company can accelerate its expansion in Spain and throughout the world thanks to coordinated commercial, and innovative networks for treating water, desalination, and sustainable development projects"

Jean-Louis Chaussade, Director General of Suez Environnement and Vice Chairman of Agbar

"Criteria that will continue to play a prominent role in the most important decisions affecting Agbar, ensuring respect for the interests of the company and the areas where it operates"

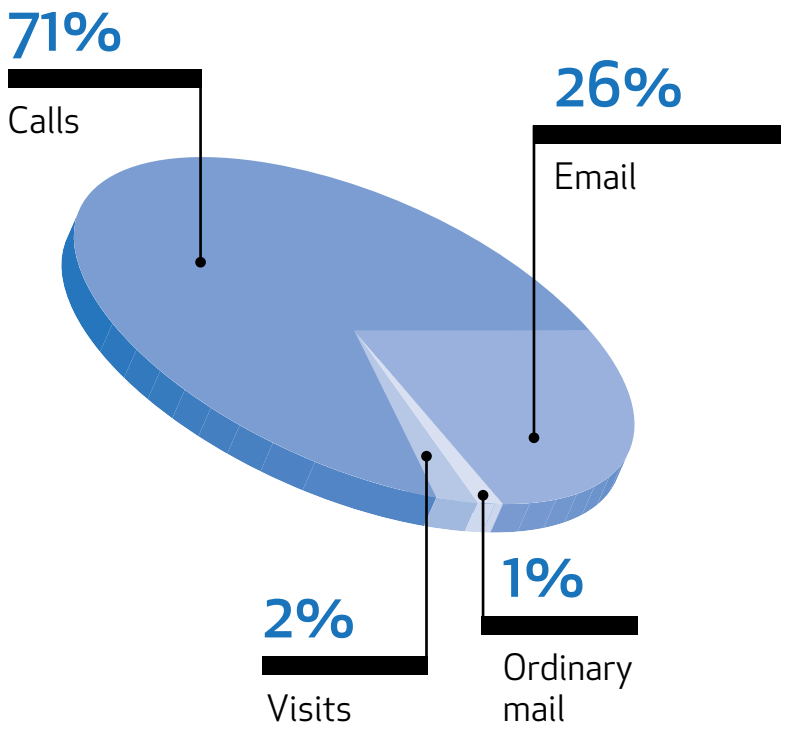
Isidre Fainé, Chairman of La Caixa and Vice Chairman of Agbar

01.6.2

COMMUNICATING WITH SHAREHOLDERS

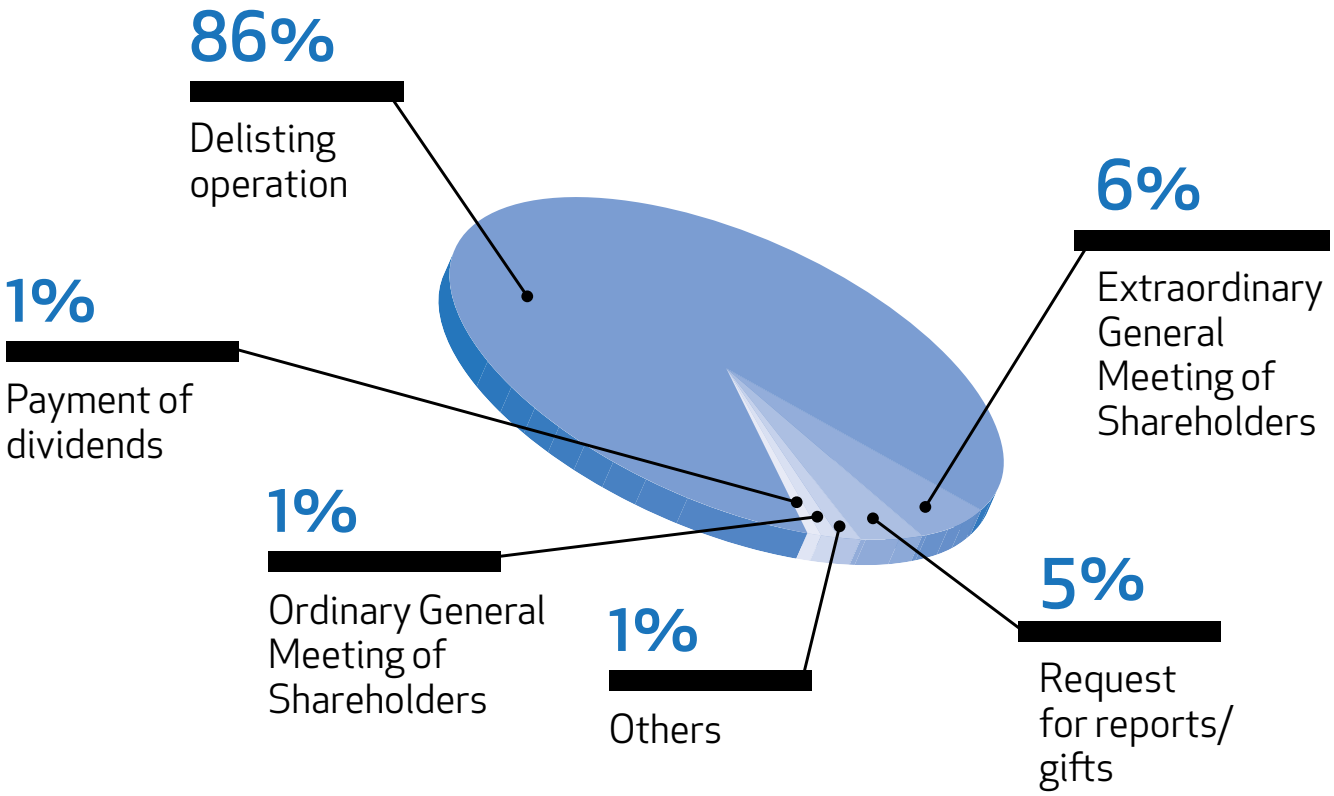
As a result of the delisting offer, in 2010 Agbar multiplied its efforts to pay as much attention to the minority shareholders as possible. Using the usual communication channels available to shareholders and investors (direct telephone line, email address, ordinary mail and one-to-one attention at the company's headquarters), the shareholders contacted Agbar 455 times in 2010; a much higher figure compared to the 189 contacts recorded in 2009. The shareholder assistance line continues to be the most popular means of communication (321 calls, representing a 108% increase compared to 2009), followed by emails (116 emails, a 346% rise compared to 2009). Minority shareholders also visited the headquarters of Agbar more often than during previous years.

CHANNELS FOR CONSULTING SHAREHOLDERS IN 2010



CONSULTATION OF SHAREHOLDERS IN 2010

As the graph shows, most of the enquiries from shareholders related to the delisting operation, overtaking the traditional enquiries associated with dividends or share price performance.



WEBSITE FOR SHAREHOLDERS AND INVESTORS

Again this year, the Shareholders and Investors Section of Agbar's website has been one of the most frequently used sources of company information. The most frequently viewed document in 2010 was the 2009 Corporate Responsibility Report (155,245 hits), followed by the 2009 Financial Report (104,349 hits).

SHAREHOLDERS' MEETINGS

Two shareholders' meetings were held in 2010: the first meeting was an extraordinary one, held on 12 January, entirely devoted to the proposed delisting operation; the second, an ordinary meeting, was held on 28 June. During the days preceding each of these meetings, especially the Extraordinary General Meeting of Shareholders, due to the importance of the issues involved, a high number of minority shareholders contacted the company to ask questions, make suggestions and request proxies and the documentation made available to shareholders. As is now customary practice in this kind of event, all shareholders who wished to do so were offered the opportunity to visit the Agbar Tower.

WEBSITE FOR THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

On the occasion of the aforementioned Extraordinary General Meeting of Shareholders, a special section was made available to shareholders on Agbar's website exclusively dedicated to this type of event.

In 2010, the most frequently viewed document on the Shareholders and Investors page on Agbar's website was the 2009 Corporate Responsibility Report

02

AGBAR IN 2010

02.1

HIGHLIGHTS

PROGRESS IN THE QUEST FOR ENERGY EFFICIENCY

In 2010, Agbar's Energy Efficiency Department (DEE) completed and reviewed a total of 125 audits. Implementation of the actions proposed in these audits would result in energy savings of 6,970 MWh.

COMMITMENT TO KNOWLEDGE MANAGEMENT

Agbar created Aqua Development Network (ADN) in 2010. ADN is a network formed by the Personal Development, Knowledge Management, R&D&I and Operations departments, allowing them to work together to create, capture, package and market their know-how and convert it into new products and services.

GOLD CLASS AND MICHELETTI AWARD

Agbar has received a "Gold Class" rating for the third year running. This important reward recognises Agbar's corporate policy, which is focused on creating value for its stakeholders and on sustainable growth. In turn, the Museu Agbar de les Aigües (Agbar Water Museum) received the 2010 Micheletti award from the European Museum Forum, which is considered to be one of the most prestigious European awards for museums and, for the first time this year, it was awarded to a Spanish museum.

EXCHANGE OF KNOWLEDGE BETWEEN EMPLOYEES

The BITA intranet is Agbar's main technology platform and is used to exchange knowledge. It offers 52 wikis and seven blogs. 4,183 members were registered to use this database at the end of 2010.

NEW VIRTUAL OFFICES

In 2010, Canaragua, Teidagua and Aguas de Telde enabled new virtual offices. In all, 72% of Agbar's customers in Spain have access to these virtual offices.

SUCCESSFUL CONCLUSION OF THE SOSTAQUA PROJECT

In 2010, after four years of research, the SOSTAQUA R&D&I project entitled 'Technological Developments towards a Self-sustainable Urban Water Cycle', and led by Agbar under the framework of the CENIT programme, came to an end. This initiative has produced six patents and one trademark and has set up 23 new projects offering major technical contributions to improve the environment.

RESPONSIBLE PROCUREMENT

56% of the purchasing agreements managed by the procurement division of Agbar include corporate responsibility clauses (Ethical Code, Global Company, etc.), representing 74% of the volume invoiced to suppliers.

AWARDING OF THE LARGEST CONTRACT BY NUMBER OF INHABITANTS SINCE 2006

In 2010, Agbar was awarded a 25-year contract to manage the complete water cycle in Huelva, representing the largest contract for water services by number of inhabitants since 2006.

02.2

KEY AWARDS AND DISTINCTIONS

2009 Honorary Award for Agbar in recognition of its professional achievements

KEY DISTINCTIONS

Agbar seeks excellence not only for its products and services but also across the board. Evidence of such aspirations can be seen in the number and different types of recognition the group received in 2010 in the various areas where it operates. The following list includes the main distinctions received across the range of its activities.

GLOBAL PROJECTS

- ***Honorary Award for the Spanish Company of 2009***

  The Official Spanish Chamber of Commerce in Great Britain awarded Agbar an Honorary Award for the Spanish Company of 2009. During a ceremony at the Spanish Embassy in London, Carles Casajuana, the Spanish Ambassador to the United Kingdom, awarded a commemorative prize to Juan Antonio Guijarro, Agbar Country Manager in the United Kingdom.

  "The Chamber rewarded the successful track record of Agbar in the United Kingdom and its crucial contribution to the relationship between this country and Spain" stated Silvia Estivill-Tarragó, the General Secretary of the Chamber.

COMMUNITY LINKS

- ***2010 Micheletti Award***

  The Museu Agbar de les Aigües (Agbar Water Museum) received the 2010 Micheletti Award from the European Museum Forum, considered to be one of the most prestigious European awards for museums and, for the first time this year, it was given to a Spanish museum *(further information in the section on "Museu Agbar de les Aigües" in the "Community Links" chapter")*.

- ***CSR MarketPlace***

  Agbar's Gotagotham project received the first prize in the social action category from MarketPlace 2010 (Forética), a scheme to reward innovative corporate initiatives in the area of ethical and socially responsible management *(further information in the "Educational Programmes and Campaigns" section and the "Community Links" chapter)*.

CORPORATIVE RESPONSIBILITY AND GENERAL SUSTAINABILITY

- ***Institutional Awards for Quality in Employment and Corporate Social Responsibility***

  Aguas de Murcia received an award from the Ministry of Education, Training and Employment in the Region of Murcia at the second edition of the Institutional Awards for Quality in Employment and Corporate Social Responsibility.

  Agbar was recognised in the Corporate Social Responsibility category following its voluntary adoption of economic, social and environmental commitments that contribute to the sustainable development of the Region.

- ***5-Star Company Award***

  Miguel Hernández University in Elche presented a 5-Star Company award to Aquagest Levante. This award recognises the exemplary track record of the company in terms of its social responsibility and the high quality of the services it provides.

- ***2010 Gold Classexe***

  For the third year running, thanks to its firm commitment to sustainable corporate management in 2010, Agbar received a Gold Class rating in the 2011 Sustainability Yearbook compiled by PricewaterhouseCoopers (PWC) and Sustainable Asset Management (SAM), an independent agency responsible for providing analyses for the Dow Jones sustainability index. This important reward recognises Agbar's corporate policy, which is focused on creating value for its stakeholders and on sustainable growth.

COMMERCIAL MANAGEMENT

- ***Award for Water and Wastewater, Latin American and the Caribbean***

  Aguas de Cartagena (Colombia) received a special mention during the Water and Wastewater Awards, Latin America and the Caribbean, sponsored by the Inter-American Development Bank (IADB) and the Mexican Femsa Foundation, for its effective commercial management strategy in areas with low economic resources.

Institutional Awards for Quality in Employment and Corporate Social Responsibility

HUMAN TEAM

- ***"Corporate Equality" Award***

The Ministry of Health, Social Policy and Equality awarded the "Corporate Equality" award to Sorea. In 2010, only 36 companies received this award in the whole of Spain *(further information in the section on Equality, conciliation and diversity and in the Committed Human Team chapter).*

- ***Agbar, Award for Occupational Risk Prevention***

Agbar received the 2010 ORP (Occupational Risk Prevention) Award, a prize given to professionals and organisations having made a commitment to increase awareness and apply occupational risk prevention values *(further information in the section on "Health and Safety of Employees" and, especially in the Committed Human Team chapter").*

- ***Óptima Award***

Aquagest and Aguas de Valladolid were awarded the Castilla y León Óptima Award in recognition of their equality policies *(further information in the section on Equality, conciliation and diversity and in the Committed Human Team chapter).*

- ***Institutional Awards for Quality in Employment and Corporate Social Responsibility***

Aguagest (Murcia Region) received an award from the Ministry of Education, Training and Employment in the Region of Murcia at the second edition of the Institutional Awards for Quality in Employment and Corporate Social Responsibility.

This Agbar Company has been rewarded for its good practices in the area of Human Resources management, and the many measures it has implemented for the training of workers, occupational risk prevention and achieving a work/life balance.

- ***Professional Merit Medal***

Angel Simón, Agbar Executive Chairman, was awarded a Professional Merit Medal by the Spanish Civil Engineering Association, a distinction it has been presenting for the last 26 years to recognise excellent work done by its members.

Angel Simón, a Civil Engineer who graduated from the Universitat Politècnica de Catalunya, with an MBA in Corporate Management from the ESADE Business School, has spent most of his working life at Agbar.

CARE OF THE ENVIRONMENT

- ***Santa Pola, Sustainable City Award***

  Santa Pola, a town in Alicante managed by Aguagest Levante, received the Sustainable City Award from the Fundación Fórum Ambiental for the quality of its complete water cycle *(further information in the "Sewer Improvement" section in the "Care of the Environment" chapter).*

- ***Joint Awards***

  Aguas de Murcia received one of the joint awards for its sustainable biogas management project for wastewater treatment plants *(further information in the "Renewable Energies" section in the "Care of the Environment" chapter).*

- ***Green Apple Environment Awards***

  Bristol Water received a Gold Award at the Green Apple Environment Awards for its project to reintroduce the freshwater crab in the Chew Valley Lake *(further information in the "Preservation of Biodiversity" section in the "Care of the Environment" chapter).*

- ***Natural England***

  Natural England, an organisation concerned with environmental issues, rated Bristol Water as the water sector company that has done the most to manage its environmental assets *(further information in the "Preservation of Biodiversity" section in the "Care of the Environment" chapter).*

- ***Energy Efficiency Award***

  Aguas de Murcia has been recognised by the Ministry for Universities, Companies and Research, through the Agency for Energy Management of the Region of Murcia (ARGEM), receiving an award in the energy efficiency category for its project entitled "Energy savings in the transportation and distribution of drinking water".

INNOVATION

- ***Project Innovation Awards***

The International Water Association (IWA) rewarded four of Agbar's innovation projects during its Project Innovation Awards.

In the applied research category, the winning project was Cryocore, and the first prize for design was awarded to Cowama *(further information in section 5)*.

In the planning area, the Micro Metering District Area Enabler was awarded first prize, and Ice Pigging received an honorary award *(further information in the "Efficient management of the distribution network" section in the "Care of the Environment" chapter)*.

- ***Laurel Award for Innovation and Technology***

The Official Association of Journalists of the Murcia Region awarded the "Laurel Award for Innovation and Technology".

Aguas de Murcia has always been a benchmark in terms of promoting research and development, as can be seen by the number of patents and trademarks it has registered over recent years, and the number of projects it has been involved with, always aimed at increasing the productivity of resources. All this work undoubtedly helps to increase profits and reduce the environmental impact.

03

OUR COMMITMENT TO CORPORATE RESPONSIBILITY

Agbar is a responsible organisation. Its commitment is demonstrated on a daily basis in the actions it takes to protect the environment, its support for the latest clean technologies, its R&D&I investments and involvement in the communities where it operates and, finally, in the way it communicates with stakeholders. Agbar's aim is to fulfil the expectations of millions of citizens throughout the world, every single day.

03.1

CORPORATE RESPONSIBILITY AT AGBAR, A DEVELOPING TREND

According to the CSR Forum of Experts at the Spanish Ministry of Employment: "Corporate Social Responsibility, beyond strict compliance with the statutory obligations in force, is also the voluntary inclusion in the company's governance, management and strategy of policies and procedures demonstrating concern for social, labour and environmental issues, respect for the human rights arising from its corporate relations, and communicating in a transparent manner with its stakeholders, as well as assuming responsibility for the consequences and impacts of its actions".

Corporate Responsibility (CR) is one of Agbar's strategic mainstays, together with talent and innovation. Corporate Responsibility is therefore included in the group's management model, as reflected in its mission, vision and values, and is the basis according to which it operates:

- ***Mission:***
  To manage services which contribute to enhancing the quality of people's lives and generate value for stakeholders

- ***Vision:***
  To become a benchmark business group in the areas where we operate

- ***Values:***
  > Excellence in the provision of services
  > Innovation focused on a continual improvement of processes, products and service
  > Promotion of dialogue and commitment to stakeholders
  > Development of a sustainable business model based on economic, social and environmental responsibility criteria.

Corporate Responsibility is included in Agbar's management model

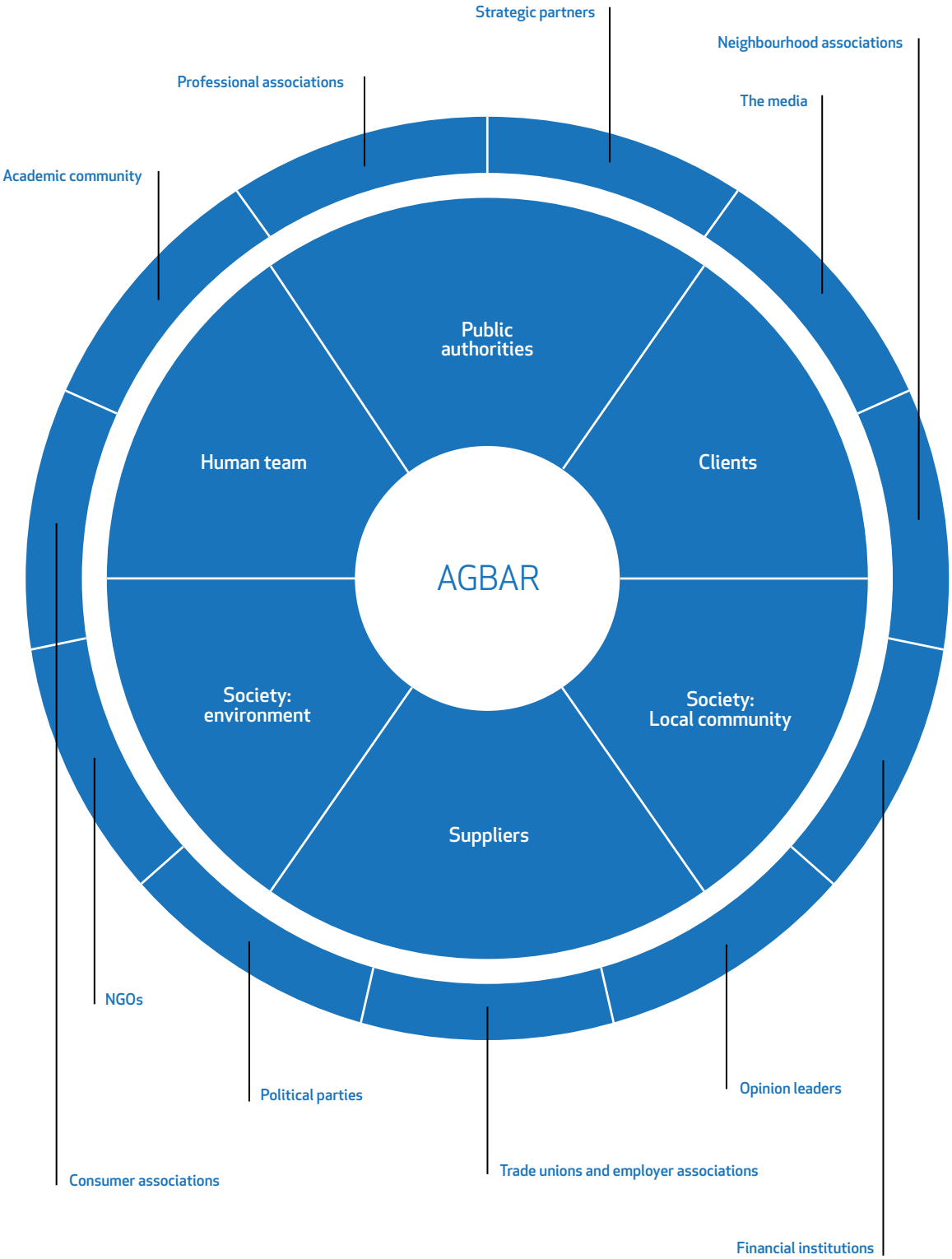
Agbar has fully endorsed CR as one of the company's most valuable concepts, with its operating model based on generating value for stakeholders, thereby guaranteeing the long-term sustainability of the company. Agbar's corporate responsibility has a clear objective, to represent the vision of the company. It aims to become a benchmark in the water industry and wants all parties with which it works to consider it as a partner, a supplier and a company capable of adding value to all activities connected to the water sector.

In 2006, Agbar began to conduct an in-depth examination and debate aimed at assessing the existing identification of its stakeholders. Its aim was to verify that this identification was correct and, in particular, determine which of their needs could be fulfilled through specific actions.

Stakeholders were identified during the meetings of the Sustainable Development Committee (a body representing the various sectors of Agbar and the areas of the organisation that drive activities in the field of CR). Representatives of the organisation able to contribute their knowledge to the project, as well as external auditors who shared their vision in this area, also attended these meetings.

The next step was to establish specific commitments with each group of stakeholders. These commitments meet the expectations identified and are in keeping with Agbar's strategy to satisfy the needs of its stakeholders, a strategy that is implemented in such a way as to ensure economic growth, environmental respect and protection and a socially responsible attitude. These commitments comprise Agbar's Corporate Responsibility Policy.

The company's priority *stakeholders*[G] are its customers, employees, public authorities, suppliers and society considered from two perspectives: the environment and the local community.


Strategic partners
Neighbourhood associations
Professional associations
The media
Academic community
Public authorities
Human team
Clients
AGBAR
Society: environment
Society: Local community
Suppliers
NGOs
Political parties
Opinion leaders
Trade unions and employer associations
Consumer associations
Financial institutions

03.1.1
CORPORATE RESPONSIBILITY PLAN

In keeping with the strategic plans implemented by Agbar, a Medium-Term Corporate Responsibility Plan (MTCRP) was set up in 2008. The establishment of this plan fulfils the express intention of the General Management to place a greater emphasis on CR and include it in the company's business strategy.

The project was launched in September 2008, following its proposal and approval by the Sustainable Development Committee (SDC).

The members of the SDC as well as other managers from the various areas of the organisation were involved in establishing the MTCRP.

Coordinated by the Corporate Responsibility and Reputation Department, the plan is structured according to the various strategic stakeholder groups and includes a number of commitments for each of these groups. These commitments constitute Agbar's courses of action in the field of corporate responsibility.

Finally, for each of these commitments, the plan sets out actions to be carried out during the 2009 to 2011 period, including quantitative objectives and indicators to measure their implementation.

Managers have been appointed and a budget earmarked.

Progress in relation to the objectives is monitored each year.

The Corporate Responsibility Report provides details of the progress, thus fulfilling our stakeholders' requirement for transparency.

The first plan review took place at the start of 2010 and the second will take place in 2011.

Agbar's Medium-Term Corporate Responsibility Plan (MTCRP) fulfils the General Management's intention to include CR within its business strategy

To summarise, Agbar's commitments to its stakeholders are:

- ***Customers:***
  > Quality
  > Innovation
  > Effective communication

- ***Employees:***
  > Training and development
  > Communication
  > Health and safety at work
  > Work/life balance
  > Equality and diversity

- ***Public authorities:***
  > Transparency
  > Anticipation of regulations
  > Quality service

- ***Environment:***
  > Sustainable management
  > Environmental management
  > Quality and health
  > Biodiversity
  > Energy efficiency

- ***Local community:***
  > Improvement in the quality of life
  > Communication
  > Raising awareness
  > Experience

- ***Suppliers:***
  > Integrity and honesty
  > Transparency
  > Sustainable practices

03.2

COMMUNICATING WITH STAKEHOLDERS

Putting sustainability into practice is a task for which all parties are responsible, and Agar believes it is important to sustain an open dialogue with its stakeholders to keep them duly informed.

Agbar's dialogue with its stakeholders has enabled it to identify their expectations in terms of how they would like to see the company's activities move forward, and also how it can target its progress more appropriately.

03.2.1 CORPORATE RESPONSIBILITY REPORTS

Agbar's Corporate Responsibility Report is one of the best transversal tools for communicating with stakeholders.

As an organisation that manages the complete water cycle, Agbar's activities are firmly focused on the environment. The first voluntary report in 1998 related to environmental activities, and a decision was taken to include this information in the organisation's communication policy.

The report's scope has now been expanded to cover both environmental and social issues. In recent years, Agbar has based the report on the Global Reporting. Initiative (GRI)[G], an international reference guide used for compiling sustainability reports. In 2010, GRI[G] awarded Agbar's CR report the highest score (A+) for the fourth year running.

Since its first edition, the Corporate Responsibility Report has been delivered along with the Annual Report to the Meeting of Shareholders. It is also distributed among employees and to people visiting the organisation. In 2010, approximately one thousand copies were distributed in paper format, in Spanish, Catalan and English, in accordance with the linguistic requirements of the public for whom the publication is intended. The report is also available on the company's website, and the link to the website is sent to all individuals and institutions associated with the company, resulting in over 150,000 online visits.

A leaflet was also produced in 2010 outlining Agbar's main initiatives. Over one thousand leaflets were distributed to stakeholders.

GRI[G] awarded Agbar's CR report the highest score (A+) for the fourth year running

Over the last three years, at the invitation of the organisation, the stakeholders' representatives have been directly consulted on a number of occasions to give their opinion on the issues contained in the report, the legibility of the information and the commitments taken vis-à-vis corporative responsibility.

A conference was held on 10 July 2010 to assess the 2009 Corporate Responsibility Report. The following parties attended this event: the Confederation of Neighbourhood Associations of Catalonia (CONFAVC) representing the customers, the Directorate-General for Environmental Quality of the Ministry of the Environment and Housing of the Government of Catalonia, as the representative of the environment and public authorities, Kemira Ibérica, for the suppliers, and UNESCOCAT and the Red Cross representing the local community.

Agbar asked the invited parties to assess the report in absolute and relative terms (compared to the previous version), and assess its level of fulfilment of the suggestions made by the representatives the previous year.

In this latest edition of the Corporate Responsibility Report, Agbar has demonstrated its intention to further improve its dialogue with stakeholders by giving them a voice and an opinion in the drafting of the report, and accordingly a draft version was shown to the stakeholders' representatives.

The suggestions and assessments made during these meetings were taken into account when drafting the Report.

In addition to the Agbar Corporate Report, it is becoming increasingly common for companies within the group to publish their own CR Report, thereby conveying their own commitment to transparency in relation to economic, social and environmental performance on a local level. Aguas de Alicante, Aquagest (Murcia Region), Aguas de Murcia, Aquagest (Andalucia), Emasagra (Granada), Aguas de Lorca, Aguas Andinas (Chile), Bristol Water (United Kingdom) and Aguas de Saltillo (Mexico) are some of the companies that have published their own Corporate Responsibility Report.

Improvements to the 2010 CRR proposed by stakeholders:

- *Explanatory texts in the tables making them easier to read and understand.*
- *A separate section dedicated to contextualising and interpreting the material aspects.*
- *References to collaborations between Agbar and its suppliers.*
- *Quotations from international employees located in the places where Agbar operates.*

03.2.2

MATERIALITY STUDY

Since 2007 Agbar has conducted a materiality study to identify the relevance of certain social, environmental and ethical aspects and to determine how they relate to its corporate responsibility. Its purpose is to discover which particular aspects of corporate responsibility are of greatest interest to stakeholders, and therefore identify the areas that could potentially pose a risk to its reputation and to social confidence in the company.

The various aspects involved in CR are assessed using two variables:

- ***Maturity:*** level of attention that companies within the sector pay to a specific issue.
- ***Relevance:*** the importance opinion leaders attach to issues of corporate responsibility.

These two variables (maturity and relevance) provide valuable information when determining the relevance of the various aspects. They also indicate which particular focus the company should apply to such issues.

Four quadrants are situated between these two variables:

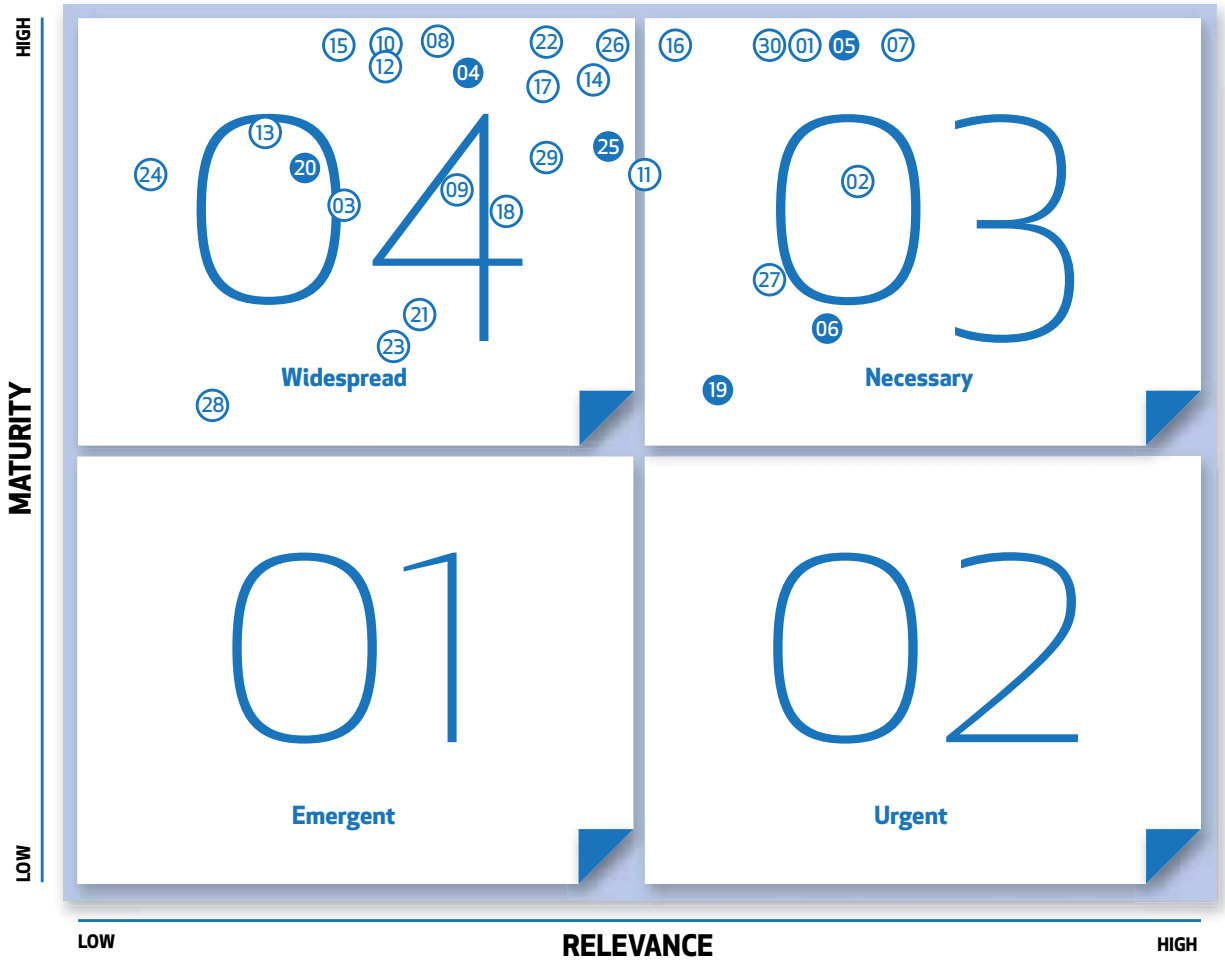
1/ Emergent elements, requiring an anticipation and prediction of changes and considering such events as a source of competitive advantage.

2/ Urgent aspects, requiring urgent action and attentive monitoring.

3/ Necessary issues, which require special attention, review and constant adaptation.

4/ Widespread issues, meaning the behaviour must be maintained within the average for the sector.

2010 MATERIALITY CHART



1. Corporate governance
2. Risk management; climate change
3. Code of conduct/ ethical behaviour
4. Management of customer relations
5. Management and maintenance of the networks
6. Management of the water resources
7. Relationship with public authorities
8. R&D&I investment
9. Brand management
10. Balanced scorecards
11. Local water resources management policy
12. Environmental performance
13. Operational Eco-Efficiency
14. Environmental management
15. Biodiversity programmes
16. Energy-fuel efficiency
17. Use of alternative energies
18. Waste management and recycling
19. Odour management
20. Climate change strategy
21. Identification and dialogue with stakeholders
22. Labour practices
23. Development of human capital
24. Attracting and retaining talent
25. Occupational health and safety
26. Commitment to the local community
27. Actions to promote access to water
28. Supplier integrity management
29. Investment in social actions/ corporate citizenship
30. Communication

Issues that could generate reputational crises on a national and/or international level

03.2.3

THE CORPORATE RESPONSIBILITY STAKEHOLDER COMMUNITY

The Corporate Responsibility Stakeholder Community met for the first time in September 2010

Agbar's Knowledge Management Department has encouraged the setting up of Stakeholder Communities *(Comunidades de Práctica [CoP])*, providing people who share the same concern, a series of needs or common interest with an opportunity to discuss a topic or supply in-depth information on this area through a process of ongoing interaction. The Stakeholder Community will attempt to break down barriers in order to develop collective knowledge; membership is discretionary and the debates are not subject to any hierarchical formalities.

These platforms combine virtual meetings with face-to-face sessions. The first meeting of the Corporate Responsibility Stakeholder Community was held on 30 September 2010 - an event which brought together all professionals working for Agbar associated with the area of corporate responsibility and sustainability. The discussions focused on dialogue with two groups of stakeholders: Clients and Public Authorities, fixing an objective for each one for 2011.

Meeting of the Corporate Responsibility Stakeholder Community

03.2.4

OTHER DIALOGUE INITIATIVES

Agbar has also set up other initiatives to communicate with its stakeholders.

One of the initiatives involved a roundtable debate at the Spanish National Conference on the Environment *(Congreso Nacional del Medio Ambiente [CONAMA])*, held from 22 to 26 November 2010 in Madrid. Agbar is a member of the technical committee of CONAMA.

The title of the roundtable debate was "Analysis of the risk and opportunities associated with the use of energy and climate change. Three visions: social, environmental and economic", as part of Technical Session 19, coordinated by the Col·legi d'Economistes de Catalunya.

The session arose from concerns about the company's contribution to the changes needed to achieve a sustainable economy, and the necessary external requirements for the company to improve its ability to contribute to social economic and environmental sustainability. This event tackled issues such as the method of achieving this improvement and the instruments required.

03.3

CORPORATE RESPONSIBILITY - NETWORKS

Agbar believes that corporate responsibility is not solely an internal commitment but that this new way of thinking should also be rolled out throughout the company and applied to its relationship with other organisations.

Its desire to work in networks has led the company to join the Corporate Reputation Forum (CRF), the Spanish Network of the United Nations Global Compact, the Carolina Foundation, Global EcoForum and 22@ Barcelona, among others.

03.3.1

CORPORATE REPUTATION FORUM (CRF)

Agbar was one of the founding members of the CRF Forum in 2002, together with BBVA, Repsol YPF and Telefónica. Abertis, Ferrovial, Gas Natural, Iberdrola, Iberia, Renfe, Madrid Metro, Danone and Sol Meliá have now also joined the Forum.

The CRF is a forum for analysis and a place for popularising trends, tools and corporate reputation management models. Its members work closely and effectively together, learning from each other and developing joint projects, as a value-generating element for companies in the Forum.

Particularly worthy of note among such projects is the initiative entitled "2015: a better world for Joana", which promotes the dissemination of the United Nations' Millennium Development Goals among the stakeholders of the companies making up the Forum. In 2010, Agbar extended this initiative to the customer service offices of Sorea, Aquagest, Ansa and Aguas de Alicante. It has also continued to roll out the initiative at the customer service offices of Aigües de Barcelona, the educational area of Sant Joan Despí and the Agbar Foundation, producing over 20,000 explanatory brochures and 400 posters.

In fact, the Corporate Reputation Forum used this project when it attended the Millennium Development Goals Summit, held on 22 September 2010 in New York. Heads of state and government from 350 different countries took part in the summit, along with United Nations representatives and business and civil society leaders.

03.3.2

GLOBAL COMPACT'S SPANISH NETWORK

Since 2002, Agbar has also been a member of the Spanish Network of the United Nations Global Compact. The main aim of this initiative is to ensure companies adopt social responsibility voluntarily by complying with 10 principles based on human and labour rights, care for the environment and the fight against corruption.

Agbar is also a member of the Executive Committee of the Global Compact's Spanish Network, a body created in 2004 with the objective of supporting, promoting and disseminating the ten Compact principles in Spain.

This organisation serves as a liaison with the United Nations and is creating a movement formed by companies open to communicating with the groups interested in implementing these principles.

Aquagest Levante and the United Nations have signed an agreement for Alicante to take part in "The 100 Cities Summit"

Since 2005, Agbar has prepared a Progress Report - a document produced annually by the signatory members to reflect their commitment and success in implementing the 10 Principles. Delivering this report is one of the requirements for being a member of the Global Compact by right.

In addition to belonging to the Global Compact as a group, some of the corporation's companies are also signatories. These include Aguas de Murcia, which presented its first Progress Report in 2010.

Agbar is also a member of the CEO Water Mandate, a voluntary initiative of the Global Compact that focuses on the environment and water sustainability, and it supports the Caring for Climate initiative, whereby the company is committed to improving energy efficiency and reducing emissions.

Progress report

In 2010, Agbar presented its Progress Report for the 2009 financial year, which details the progress made in implementing the 10 Global Compact principles. A few of the key points of this report are given below:

- ***Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights***
  A specific review was carried out of Agbar's Code of Ethics, which includes aspects connected with fundamental rights.

- ***Principle 2: Businesses should make sure that they are not complicit in human rights abuse***
  51% of the purchasing agreements managed by the procurement division of Agbar include corporate responsibility clauses, representing 54% of the volume invoiced by suppliers.

- ***Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining***
  Virtually all employees are subject to collective agreements that offer better conditions than those set forth in the Spanish Labour Act.

- ***Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour***
  Agbar's business activities are fundamentally linked to public services and authorities, and are subject to the corresponding regulations that such activities imply and a minimal risk factor.

- ***Principle 5: Businesses should uphold the effective abolition of child labour***
  The contracting system used by Agbar to employ staff guarantees that all contracted employees are over the age of sixteen.

- ***Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation***
  A protocol has been established regarding the actions to be taken in cases of sexual harassment and discrimination.

- ***Principle 7: Businesses should support a precautionary approach to environmental challenges***
  In 2009, Agbar created an Energy Efficiency Department for the purpose of reducing energy consumption and CO_2 emissions.

- ***Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility***
  In 2009, Agbar's Energy Efficiency Department conducted an energy audit program and determined the actions required to make energy savings and reduce CO_2 emissions.

- ***Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies***
  In 2009, Agbar continued the process of rolling out the carbon emissions calculator (CAFCA), created by CETaqua (Water Technology Centre), to all its companies.

- ***Principle 10: Business should work against corruption***
  In 2009, the process of identifying, assessing, controlling and mitigating risks continued, as reflected in the risk map produced by Agbar, which is updated annually.

03.3.3

OTHER NETWORK INITIATIVES

Another initiative demonstrating Agbar's emphasis on corporate responsibility is its participation as a member in Càtedra Ethos, a chair in applied ethics at Ramon Llull University in Barcelona, whose lines of research focus on corporate and professional ethics, corporate social responsibility and the dissemination of ethical knowledge.

Agbar participates in the CSR Commission of the Carolina Foundation, a public-private institution that promotes cultural relationships and educational and scientific cooperation between Spain and the countries of the Ibero-American Community of Nations.

It also serves on the Advisory Board of the Global Eco Forum, an annual event involving the economic, social and political sectors of society, organised by Eco-Union, with the participation of a host of contributors.

In addition, Agbar is actively involved in various working groups of the 22@Network, an urban regeneration scheme set up for the purpose of converting 200 hectares of industrial ground in Poblenou (Barcelona) into a modern district offering scope for innovative and technological business developments. This initiative is both an urban regeneration project and a new model for a city, aiming to provide a response to the challenges of the present day information society.

At the end of 2010, Agbar joined the CSR Commission of the Board of Auditors Censors of Catalonia (Colegio de Censores Jurados de Cuentas de Catalunya [CCJCC]).

Agbar is a member of the Corporate Reputation Forum, Global Compact and Càtedra Ethos, and is also involved with other institutions and initiatives

03.4

GOOD GOVERNANCE

Good governance policies are part of Agbar's corporate identity. The Board of Directors, therefore, monitors business trends and checks that the organisation is acting ethically.

Several tools are available within Agbar to guarantee the implementation of actions to achieve these objectives.

- Minimising risks is the main function of the ASCI Committee and it therefore endeavours to identify, control and assess such risks. The Risk Management Department identifies, assesses and prioritises any risks in order to minimise and adapt them to the policy defined. The internal control mechanism is used to identify, implement and update the action plans, thereby ensuring any risks are kept continually under control. The Internal Auditing Department assesses the Risk Management and Internal Control processes objectively and independently, in order to validate compliance and suggest improvements. This Committee is composed of members of the Management Committee and provides regular updates on its progress.
- Within the area of corporate responsibility, Agbar has set up a Sustainable Development Committee. This multi-sectoral and multi-functional committee coordinates the preparation of the Corporate Responsibility Report, promotes the generation of actions to encourage corporate responsibility at Agbar, and coordinates the monitoring of the Medium-Term Corporate Responsibility Plan (MTCRP). The Management is kept duly informed of the Committee's activities.

Agbar also has other tools to help it spread the principles of good governance within the organisation. The ethics and transparency principles are set out in the following documents, among others: the Corporate Code of Ethics and Conduct for Agbar Professionals, the Corporate Environmental Code. These documents were all available on the Agbar website and were still current at the time of preparing this report. Other standards and policies to assist in the dissemination of these concepts, namely those applicable to safety, travel and mobility, have also been established and are available on Agbar's intranet.

Finally, the group's hard work in the area of transparency can be seen in the description of its activities contained in the various reports produced annually such as the Financial Report and the Corporate Responsibility Report.

04

COMMITMENTS TO STAKEHOLDERS

04.1

CARE FOR CUSTOMER NEEDS

AGBAR IS COMMITTED TO:

Improving the quality of services and products it offers and focusing on the specific needs of each segment.	*Commitment*	C1
Innovating the offer, providing even greater convenience and reliability.	*Commitment*	C2
Establishing effective communication, and improving channels of communication. Encouraging remote channels to ensure greater availability.	*Commitment*	C3

In its relationship with customers, Agbar is seeking excellence in its provision of services, quality in the way its supplies products and services, and flexible communications, to ensure it is able to respond rapidly and effectively.

Customer segmentation is one of the main tools used to meet the specific needs of customers in terms of products and services, communication channels and the processes involved in the commercial cycle.

The factors influencing the configuration of a given customer segment are:

> Consumption
> Price type
> Sensitivity to the lack of supply
> Geographical location
> Socioeconomic status

In addition to these factors, Agbar also takes national characteristics into account for specific segmentations.

The different types of segmentation by company are given below:

- ***Aigües de Barcelona (Spain):***
  > Major consumers
  > Multiple contracts
  > Sensitive customers
  > Domestic customers
  > State, regional and local administrations

- ***Aguas de Cartagena (Colombia) in accordance with Law 142 of 1994:***
  > Domestic customers
  > Non-domestic customers

- ***Aguas de Saltillo (Mexico):***
  > Mass market
  > Social interest
  > Commercial residential
  > Industrial, public and cooperative

- ***Aguas Andinas (Chile):***
  > Major consumers
  > Seasonal consumption
  > Good payment history
  > Poor payment history
  > Social accounts

Customer segmentation is one of the main tools used to determine their needs

04.1.1

IMPROVING QUALITY (COMMITMENT C1)

04.1.1.1 ENSURING CUSTOMER HEALTH AND SAFETY

Agbar carries out strict analyses that certify the quality and safety of the drinking water it supplies. In Spain, Royal Decree 140/2003 governs the health criteria applicable to the quality of water suitable for human consumption; in Chile, the analyses certifying the quality and safety of drinking water are governed by national standard NCH 409 (quality standard 409); in Bristol (United Kingdom), the Water Supply (Water Quality) Regulations 2000 govern drinking water standards.

LEVEL OF COMPLIANCE WITH DRINKING WATER QUALITY STANDARDS

	2008	2009	2010
Spain	99.89%	99.82%	99.79%
Chile	99.58%	99.52%	99.47%
United Kingdom	99.94%	99.97%	99.96%

The Catalan Consumer Agency (Agència Catalana del Consum) has selected Aigües de Barcelona as an example of how major companies should look after their customers

TAP WATER QUALITY CONTROL PLAN

Aquagest and the municipalities of Finestrat and Alfàs del Pi (Alicante) have conducted a Tap Water Quality Control Plan to analyse the water intended for human consumption supplied through public or private distribution networks, in order to determine its quality at the end consumer's tap.

A number of factors were taken into account when determining the sampling points in each supply area such as population centres, homogenous water quality areas, supply characteristics (hotels, schools, etc.), as well as the type and age of the buildings, and any potential problems across the distribution network. The parameters analysed are those set out in Royal Decree 140/2003 for tap water checks.

Consumers taking part in the sampling were given an individual explanation, together with a number of recommendations, when problems were reported with their pipes and fittings. Commercial properties and hotels taking part in the scheme were awarded a water quality seal, and their pipes and fittings underwent proper maintenance.

Agbar carries out strict analyses that certify the quality and safety of the drinking water it supplies

HEALTHY WATER IN CARTAGENA (COLOMBIA)

At present, the water treated at the Cartagena drinking water plant more than adequately complies with the standards set out in the current laws with regard to turbidity, colour and organic matter content. Between 1995 and 2010, the drinking water distributed in the Colombian city met the following parameters: 0.50 units of turbidity and five units of colour.

These standards have been achieved by implementing plans to upgrade the production processes such as, for instance, installing parameter-measurement devices to continuously check the quality of the water and introducing an air-cleaning system for the plants filters.

—
Technological Platform for Integral Customer Management, AQUACIS
—

04.1.1.2 PERFECTING SALES MANAGEMENT

AQUACIS, AGBAR'S NEW COMPLETE CUSTOMER MANAGEMENT PROGRAMME

AquaCIS is a sales management solution, entirely designed and developed by Agbar, which allows management practices and criteria to be standardised at almost all of Agbar's companies, in order to improve the efficiency of the sales function.

In the invoicing cycle, AquaCIS allows adaptation to each type of supply, early detection of errors, traceability of operations, automatic filtering of incidents and elimination of intermediate steps.

In the balanced scorecard cycle, it generates a scorecard of indicators for decisión-making at various organisational levels, consolidates transactional information from the commercial processes in terms of information management, facilitates the monitoring of commercial activities and displays management indicator trends in graphic form. In customer services, AquaCIS allows customer knowledge and customer relationship management to be converted into an invaluable asset, improving access to all types of information by agents, acquisition of key data for customer segmentation, fully personalised customer service, as well as increased options for the cross-sale of other services and development of greater customer loyalty.

In the virtual office cycle, this solution allows the entire sales management process to be performed over the Internet, thereby reducing the level of administrative formalities and optimising the resources used in the field.

After a three-year pilot implementation project at Aguas de Alicante, AquaCIS has entered into its final implementation phase at most of the facilities managed by Agbar Agua.

As of December 2010, 33% of Agbar's operations in Spain (242 municipalities) were operating entirely with the AquaCIS system.

These municipalities are mainly concentrated in the following areas: Community of Valencia, Castilla La Mancha, Castilla León, Basque Country, Andalusia and the Murcia Region where 1,883,401 customers (42%) are already being managed through AquaCIS.

The next steps to take include setting up the system at the remaining companies and municipalities (up to a total of 681) managed by Agbar. The final deadline for rolling out this process is December 2011.

The new system is allowing Agbar to continue to improve the efficiency of its internal operations and the quality of the services it provides to customers, putting into practice the changes society demands.

In December 2010, 33% of Agbar's operations in Spain were using AquaCIS, a sales management solution

DEVELOPMENT OF ALGOL, A UNIQUE MANAGEMENT SYSTEM FOR LARGE COMPANIES

ALGOL is a service tool adapted to the sales environment of major corporations, facilitating the development of a single management system covering customer service, the invoicing cycle and technical management.

In November 2008, Aigües de Barcelona implemented a customer service module based on the CRM (Customer Relationship Management)[G] philosophy. The tool offers greater in-depth knowledge of the different types of customers and their needs, based on the information supplied by the CRM[G].

Steps have also been taken to analyse the various requirements (enquiries, claims, requests, etc.) in order to manage them more efficiently.

The development of tools such as AquaCIS, Algol, the Customer Strategic Plan of Aguas Andinas (Chile) and the Sales Information System of Aguas de Cartagena (Colombia) are allowing Agbar to improve its customer management services

STRATEGIC PLAN FOR CUSTOMERS OF AGUAS ANDINAS

Aguas Andinas (Chile) is applying a Customer Strategic Plan, consistent with Agbar's business strategies. This is a single management system covering customer service, the invoicing cycle and technical management, based on the CRM[G] philosophy.

2010 saw a continuation of the re-engineering process started in 2009 and outlined in the Strategic Customer Plan. The customer service and technical management modules are currently undergoing user acceptance tests, which are due to be completed in the first quarter of 2011, followed by the implementation of these modules.

PROGRESS OF THE SALES INFORMATION SYSTEM AT AGUAS DE CARTAGENA

Aguas de Cartagena (Colombia) uses a Sales Information System *(SIC - Sistema de Información Comercial)* that offers a more effective management of meter readings, billing, contracts, collections, requests, complaints, claims, unpaid amounts and debt recovery.

This system also allows for the use of sales statistics and indicators. In 2010, a new PQRS (requests, complaints, claims and suggestions) model started operating to improve the traceability of claims, and the automatic generation of notices, enquiries and reports.

The start-up of AquaCIS is projected for 2012, and this system will further reinforce the sales management process and offer greater control over the main management indicators.

Aguas de Cartagena - a special mention at the Water and Wastewater Awards

Aguas de Cartagena received a special mention during the second Water and Wastewater Awards, for Latin America and the Caribbean, sponsored by the Inter-American Development Bank (IADB) and the Mexican Femsa Foundation.

This award recognises its effective commercial management strategy in areas with low economic resources.

In fact, as a result of this strategy, Aguas de Cartagena now offers 14 customer-service and collection points in areas inhabited by people with low resources, resulting in a 96% rise in collections in 2009.

Water and Wastewater Award, Aguas de Cartagena, Colombia

Agbar intends to develop a new sales management model in Lima

Agbar was awarded a contract for the full cycle of commercial activities of Sedapal, a publicly owned water and wastewater company in Lima (Peru), providing services to eight million people. This contract has allowed Agbar to establish itself for the first time in Peru.

04.1.1.3 COMMITMENT LETTERS TO CUSTOMERS

The larger companies within the Agbar Group have set up a scheme using letters of commitment, which outline a number of service guarantees for customers. It is a tool the company uses to reinforce its quality service guarantees.

These documents establish guarantees relating to items such as the maximum time for meter installation, the maximum response time for complaints and claims, correct meter readings, the requirement to notify customers of excessive consumption, and the immediate resolution of commercial issues.

In Spain, the letters of commitment scheme has continued in 2010 with the involvement of Aigües de Barcelona, Aguas de Alicante, Agamed, Emasgra and Emuasa.

In the United Kingdom, the commitments letter of Bristol Water sets out 35 quality commitments related to water quality, supply continuity and quality, customer service, bills and collections.

COMMITMENT LETTERS IN LATIN AMERICA

Aguas de Saltillo (Mexico) implemented the Commitment Letter scheme on 1 April. If the company fails to respect its commitments, customers will be entitled to receive a bonus equivalent to the minimum consumption, in accordance with the price of water and/or drainage services in force on the date of the breach, and depending on the type of rate applicable to the customer.

Aguas de Cartagena will commit itself to complying with the timeframes established and will compensate customers if it fails to meet its commitments in terms of guaranteeing the quality of the service. The company will draw up the commitment letters at the start of 2011. Information on the letters of commitment established in 2010 at six Agbar companies is given below.

Approximately 5.5 million inhabitants in Spain and the United Kingdom are covered by Agbar's letters of commitment

	CASES OF COMPENSATION		INHABITANTS COVERED BY COMMITMENT LETTERS		MUNICIPALITIES WITH COMMITMENT LETTERS	
	2009	2010	2009	2010	2009	2010
Aigües de Barcelona	464	408	2,870,460	2,872,797	23	23
Amaem (Alicante)	33	36	478,222	479,825	7	6
Emuasa (Murcia)	3	0	444,868	441,345	1	1
Emasagra (Granada)	0	0	360,225	371,354	14	15
Agamed (Torrevieja)	3	1	101,381	104,137	1	1
Bristol Water (United Kingdom)	1,500	1,260	1,136,460	1,141,870	23	23
TOTAL	**2,003**	**1,705**	**5,391,620**	**5,411,328**	**69**	**69**

04.1.2

SUPPLY INNOVATION (COMMITMENT C2)

IMPLEMENTATION OF REMOTE METERING SOLUTIONS

Remote meter reading allows meters to be read remotely. Consumption can therefore be reported remotely without requiring an operator to visit the actual premises to read the numbers on the meter. This technique has clear advantages for customers, as it increases the flexibility of the billing process, making it easier to apply new pricing models and services.

In addition, the company is able to obtain additional information on consumption trends, though always respecting the privacy of customers.

In Spain, Agbar has finalised the process required to operate a remote metering solution independently from the manufacturers of the meters, thereby guaranteeing the interoperability of the system. The solution is based on local equipment that records, via cables or radiofrequency, the information from the electronic and/or mechanical meters of the various manufacturers, and then dispatches this information using a GPRS[G] mobile communication system.

At the same time, the company is continuing to develop its plans to roll out this solution throughout Spain.

Towns such as Tossa de Mar, La Bisbal del Empordà, La Jonquera, Begur and Calvià have already established a plan, approved by all the parties involved, to set up a comprehensive remote-metering programme over the coming years.

Furthermore, companies such as Emuasa, Aguas de Alicante and Aigües de Barcelona have already started providing a remote-metering service to major accounts wishing to take advantage of the service.

In addition, Aguas de Alicante has decided to extend the current pilot project to over 1,000 domestic meters in order to further refine the procedures, costs and resources involved in assessing the feasibility of applying the scheme to its 300,000 customers.

In Spain, 500,000 of the meters managed by Agbar offer remote metering solutions.

Aguas Andinas introduced a remote meter reading system to produce bills that truly reflect the actual consumption of its 'major

consumers' and consumers in 'green areas'; and after prioritising the setting up of the scheme, using radio-frequency technology, it has been a complete success.

The United Kingdom is another country where Agbar is introducing remote metering. Specifically, Bristol Water is continuing to develop a pilot test using this technology, and has drafted a document detailing a remote metering strategy by type of customer. These tests are being closely followed by other water management companies in the United Kingdom, which will enable them to take advantage of this type of solution under the scope of collaborative agreements yet to be determined.

In Spain, Agbar has finalised the processes required to implement remote-metering solutions. This tool is also being rolled out in Chile and in the United Kingdom

Benefits of remote metering

End customers:

> Have more information on their water consumption on the Internet
> Can detect excess consumption or leaks in the internal network, notified over the Internet, by email or text message
> Have advance information on their bills
> Can check consumption in rental properties and second homes

Communities:

> Ensure the availability of water
> Apply new urban development philosophies, such as the Smart City concept, a philosophy based on energy savings, mobility, lifestyle and sustainable working methods

Added value for customers:

> Fewer complaints due to incorrect readings
> Promotion of web-based communications
> Less requirement for travel
> Easier to detect potential fraud

Effective network management:

> Checking of the correct sizing of meters
> Early detection of meter faults
> Information on water consumption supplied hourly, daily, etc.

GPS TECHNOLOGY ON MOBILE UNIT PDAS[G] (AGUAS ANDINAS)

Aguas Andinas has introduced GPS technology on the portable PDA[G] equipment used by the mobile units working in the field to optimise the allocation of tasks. Using an algorithm that calculates factors such as distance, urgency and availability, the company assigns the tasks more effectively, thereby making better use of its resources, reducing response and travel times, and improving customer satisfaction.

CONTROLLING NON-REVENUE WATER AT AGUAS DE CARTAGENA (COLOMBIA)

An integral management system for Non-Revenue Water has been set up to control and monitor technical water losses throughout the network.

Aguas de Cartagena has launched a website for purchasing goods and services

PUBLICATION OF TENDERS AT AGUAS DE CARTAGENA

A new website has been designed and developed for publishing the "Procurement of Goods and Services of Aguas de Cartagena". The system includes an internal application that can be used by the company's personnel, as well as an external application that companies or interested parties can use to view the tenders. The system allows:

- The publication of bids (tenders) for the procurement of goods or services on the company's website
- The registration of companies and individuals interested in the tender process
- The dispatch of documents and media associated with the tenders
- Administration and consultation of the different quotations (proposals) by the internal staff of Acuacar.

04.1.3

ADVANCES IN COMMUNICATION (COMMITMENT C3)

04.1.3.1 CUSTOMER SERVICE OFFICES

In 2010, Agbar's new office model was implemented in the municipalities of Vila Joiosa and San Fulgencio (Community of Valencia), Pontevedra (Galicia), Arucas (Gran Canaria), Astilleros (Asturias), Benhavís (Andalusia), Grao (Community of Valencia), San Javier (Murcia) and Valladolid.

Among the municipalities managed by Sorea, the offices in Benicarló (Castellón), Castellar del Vallès, Torelló, Olot, Manlleu, Corbera, Collbató, Palafrugell, Centelles, La Garriga, Martorell and Dosrius have been refurbished to a greater or lesser extent. The offices in Consell de Cent of Aigües de Barcelona (Barcelona) have also been upgraded.

One of the main features of this new office model is the provision of a specific area for each of the two major customer service functions with, on one side, the customer service office and, on the other, the technical office and warehouse.

At the offices of Aguas de Saltillo (Mexico), counters are available exclusively for the elderly, for pensioners and for people with special needs; ramps and services are also supplied for people with a disability.

Agbar is continuing to roll out the new office model in Spain

—
Opening of new offices in Avilés
—

72% of Agbar's customers in Spain have access to virtual offices

04.1.3.2
EXPANDING ACCESS TO REMOTE SERVICE CHANNELS

Agbar is seeking to permanently improve its channels of communication using information technology, as it is aware that such resources provide users with greater availability and accessibility. The company is therefore seeking to improve its customer service.

In recent years, the telephone assistance channel has been increasing its rate of penetration. In 2010, the company's sales coverage remained at 86% of customers in Spain, although the number of municipalities it serves has increased. Telephone coverage for fault reporting has remained at around 81% of all customers. The target is to reach a 100% coverage.

In addition, Agbar is endeavouring to ensure its customers are able to use its interactive website to pay outstanding bills, view supply information, view copies of bills, change data, among other services.

In 2010, new virtual offices were set up across the country. 72% of Agbar's customers in Spain have access to virtual offices.

In 2009, Aigües de Barcelona launched a new virtual office with a series of technological improvements specifically tailored to the product, with a number of functional upgrades, including improved portal operability, inclusion of digital certificates, changes to ensure compliance with the Spanish Accessibility Act, and cost savings through the introduction of paperless bills therefore improving the corporate image. These objectives were achieved in three phases:

- ***Phase 1:***
  Started at the end of 2009

- ***Phase 2:***
  Changes implemented in 2010 include:
  > Paperless bills
  > Double AA accessibility level
  > Upgrades to the new platform
  > New bill displayed on only one side of the page
  > Access to the Virtual Office via the electronic ID number

- ***Phase 3:***
  Still being planned

Aigües de Barcelona Bill

Aigües de Barcelona is introducing innovative changes to water billing. The company is making a paperless billing system available to its customers, accessible to all users registered to use the Virtual Office who have activated the service. This billing method has advantages over the traditional system, including speed, convenience and safety. It also substantially reduces the amount of paper used, meaning it is also more environmentally-friendly.

Another innovation is the format of the paper bill, as it contains all the information on a single side and presents the information much more clearly.

Servialertas

Agamed in Torrevieja, Aigües d'Elx in Elche and Aquagest Levante in the municipality of Alicante have all implemented Servialertas, a free service for customers informing them by mobile phone or email of new developments to the service or incidents affecting their contract.

Via these channels, users can receive excess consumption notifications, bill collection notices, and information about scheduled disruptions to the service and meter change alerts, among others. At present, over 630,000 customers are able to receive Servialertas in the Community of Valencia.

The platform of both portals is extremely advanced and meets the requirements of the Electronic Commerce and Information Society Services Act (LSSI, Ley de Servicios de la Sociedad de la Información y de Comercio Electrónico) and the regulations for access to new technology for people with disabilities. The websites are therefore accessible to people with physical, visual, hearing or learning disabilities.

Equally, in 2009, Aguas de Murcia was already providing access to personalised information on its customer portal, as well as electronic billing operations with the sole requirement of possessing the new Spanish electronic ID card, or a certificate from the Spanish National Mint *(Fábrica Nacional de Moneda y Timbre)*. With these documents, Aguas de Murcia's customers have direct Access to their information and transactions.

In 2010, Aguas de Cartagena (Colombia) set up a new Electronic Collection System (website), which has automated the collection process of external collection entities.

In addition, it now sends utility bills (copy) by email in a PDF format. In the first phase, the system has been rolled out to major accounts.

In Mexico, Aguas de Saltillo provides a virtual office where customers can perform a range of operations such as paying for their services.

In turn, Bristol Water is continuing to promote an electronic billing service and customers can send meter readings to the company and notify of any changes to the ownership of the property.

Canaragua, Teidagua and Aguas de Telde have set up new virtual customer service offices

04.1.3.3
MONITORING CUSTOMER SATISFACTION AND IMPROVING CUSTOMER KNOWLEDGE

Agbar continues to monitor its telephone call centre in Spain by carrying out an annual survey of 800 customers who contact the company by phone, using the two platforms that currently serve Aigües de Barcelona and Agbar. In December 2010, users gave the call centre a score of 8.20 out of 10.

In 2010, telephone customer satisfaction surveys were carried out in the main cities supplied by Agbar companies. It should be noted that different surveys are conducted in each country; therefore, national results are not comparable.

In Spain, surveys were conducted on 33 operations, and the basic service obtained a Customer Satisfaction Index (CSI) of 6.92. During these surveys, customers were questioned about their satisfaction with their utility company and were asked to assess key indicators and consumption habits.

Aguas de Saltillo (Mexico) conducts two annual satisfaction surveys on 1% of its customers. The questions included on these surveys are directly chosen by the company's Quality Committee. In the most recent survey conducted at the end of 2010, 75% of customers surveyed rated Aguas de Saltillo as the utility company that offered the best customer service.

Aguas de Cartagena (Colombia) conducts an annual customer satisfaction survey. It also carries out a survey every two months at its offices in order to monitor the follow-up to the customer service plans introduced based on the results of the annual survey.

The 2010 survey was not carried out as a direct consequence of supply management problems, which would have distorted the results obtained.

In the United Kingdom, Bristol Water is ranked sixth out of 21 water companies in England and Wales. In 2010, customer satisfaction was rated as 88%.

Agbar customers in Spain, Mexico and the United Kingdom awarded the company a minimum ranking of 'outstanding'

04.1.3.4
ENCOURAGING COMMUNICATION WITH CUSTOMER ORGANISATIONS

In addition to maintaining high quality standards in its individual relationship with each customer, Agbar also remains fully proactive and open to dialogue with the various organisations representing its customers. This is one of Agbar's commitments as a socially responsible company.

Proactive and open to dialogue with the various organisations representing customers

Details of the contacts with such entities in 2010 are given below.

- Aguas de Murcia has ongoing contact with:
  - The *Unión de Consumidores de Murcia-UCE* (Consumers Union of Murcia-UCE) with whom the company is exploring the idea of establishing a "Water Line", to be operated by the aforesaid union, which will provide general supply information, prices, follow-up complaints and claims, suggestions for improvement, etc., covering not only Aguas de Murcia but also the entire Regional Department.
  - *Colegio de Administradores de Fincas* (land agents association), an entity it keeps permanently informed of new products and services involved in the complete water cycle the company is marketing.
  - *Federación Regional de Empresarios del Metal* (Regional Federation of Metal Companies), especially the Plumber's Guild, and last year the company regularly contacted the federation to provide service information in relation to Aguas de Murcia, and also received suggestions of various nature.

- Aguas de Alicante has been in periodic contact with the following entities:
  - > Consumer Council and Municipal Customer Service Office
  - > Local Development Agency
  - > Culture Department
  - > Traffic Department
  - > IES Bahía Babel (secondary school)
  - > Alicante University
  - > *Centro Ocupacional Terramar de APSA* (an association for people with mental disabilities in Alicante)
  - > Neighbourhood associations
  - > Department for Equality at the Social Action Council, Alicante City Council
  - > Social Action, Alicante City Council
  - > Large Families Association
  - > OMIC (municipal consumer information office)
  - > Several private companies (Hércules C.F., UCE, Coca Cola, Cemex and Grupo Vocento).
- Aguas de Cartagena (Colombia): across the various communities, it works directly with leading members (customer associations) on issues relating to regulatory training, the stratification committee, and in terms of providing a timely response to requests, complaints, claims and suggestions and maintaining a presence in the deprived areas of the city.
- Bristol Water has maintained periodic contact with the following entities:
  - > 8 meetings with OFWAT, the regulator for all companies supplying water in England and Wales.
  - > 18 meetings with CCWater (Consumer Council for Water), the body that deals with consumer's complaints about water companies.
  - > 21 meetings with the CAB (Citizens Advice Bureau), an organisation that provides free help to citizens in a range of areas and assists customers who are finding it hard to pay their bills.

04.2

COMMITTED HUMAN TEAM

IN RELATION TO ITS HUMAN TEAM AGBAR IS COMMITTED TO:

Setting up plans for training and monitoring development, in order to offer options for promotion and improvement, both professional and personal.	*Commitment*	E1
Promoting and improving channels of communication and dialogue tools in order to encourage participation in achieving common goals.	*Commitment*	E2
Effectively including occupational health and safety in all activities, and promoting training and participation in this area.	*Commitment*	E3
Implementing measures to achieve a better balance between professional and personal life, ensuring responsibilities are evenly distributed in both areas.	*Commitment*	E4
Considering preventive measures that promote equality and diversity, avoiding discrimination on grounds of gender, race, culture, religion or any other factor that may exist.	*Commitment*	E5

Agbar believes that the social and professional development of its workforce is an essential component of its business success and represents the future of the organisation.

The company is therefore focusing on personal management issues such as training, balancing professional and personal life, equality, diversity, and health and safety.

BREAKDOWN OF THE AVERAGE WORKFORCE OF AGBAR

	2009		2010	
BY PROFESSIONAL CATEGORY		**%**		**%**
Executives and graduates holding a higher degree	1,421	12.9	1,305	12.0
Middle-level graduates	914	8.3	828	7.6
Middle positions	1,540	14.0	1,702	15.6
Qualified administrative staff	1,505	13.6	1,454	13.4
Qualified non-administrative staff	3,125	28.4	2,991	27.5
Manual workers and auxiliary staff	2,513	22.8	2,601	23,9
BY COUNTRY				
Spain	8,658	78.6	8,506	78.2
United Kingdom	506	4.6	488	4.5
Chile	1,833	16.6	1,863	17.1
Algeria	21	0.2	18	0.2
Brazil	0	0	6	0.0
CONTRACT MODELS				
Permanent staff	9,684	87.9	9,465	87.0
Temporary staff	1,334	12.1	1,416	13.0
TOTAL	**11,018**	**100**	**10,881**	**100**

PERCENTAGE OF EMPLOYEES BY AGE	2009	2010
Under 30	13.4%	12.9%
30 to 50	64.0%	64.3%
Over 50	22.6%	22.8%
TOTAL	**100%**	**100%**

BREAKDOWN OF THE AVERAGE WORKFORCE OF AGBAR

BREAKDOWN OF DEPARTURES	2009	2010
BY GENDER		
Women	353	439
Men	1,063	1,329
BY AGE		
Under the age of 35	540	693
35 to 50	592	534
Over 50	284	541
BY COUNTRY		
Spain	1,218	1,487
United Kingdom	45	48
Chile	149	221
Algeria	4	12
Brazil	0	0
TOTAL	**1,416**	**1,768**

NET JOB CREATION	2009	2010
People hired during the period	2,127	1,932
Job creation rate*	19.3	17.7

** (hiring/average workforce) x 100*

TURNOVER RATE	2009	2010
Turnover rate (%)*	12.85	16.25

**(departures/average workforce) x 100*

04.2.1

PERSONAL AND PROFESSIONAL DEVELOPMENT, AND PROMOTION OF TRAINING (COMMITMENT E1)

Agbar's Human Resources Department offers ongoing training to employees to enable them to adapt to the needs of a constantly changing world and providing an opportunity for professional development.

04.2.1.1 PERSONAL AND PROFESSIONAL DEVELOPMENT

Agbar is endeavouring to refine and establish a system for the processes involved in the professional growth and development of its professional team.

The Performance Management System (PMS) is one of the tools developed for this purpose, as it compares the skills and knowledge of employees with the requirements their position demands. This comparison will highlight any training requirements, establish a personalised training plan and briefly outline a future career path, thereby encouraging internal promotions and favouring functional and geographical mobility.

In 2010, the number of Agbar professionals taking part in the PMS increased by 8.9% compared to the previous years, reaching 3,771. This figure represents 34.7% of the total workforce. The Performance Management System (PMS) has started to be rolled out at Bristol Water, and has continued to operate in Spain and Chile.

In Spain, during the course of 2010, the multidimensional 360º assessment process was applied to the entire management team at the organisation, extending the scheme from 59 to 175 people. This assessment is used to complement the Performance Management System.

This assessment requires an annual interview. Similarly, halfway through the year, an additional interview is required to monitor the action plan established.

The Strategic Management by Objectives (SMO) Programme is another professional development platform used by the organisation to align the specific objectives of each department with the company's overall objectives. The SMO also helps to establish objectives for employees with performance-based salaries. This tool has been rolled out in Spain and the United Kingdom.

INTERNAL PROMOTION

Agbar favours internal promotions. As proof of this policy, in 2010, the company launched a project for the more efficient management of employees identified by the Performance System as being of 'High Potential'.

The plan consists of producing action plans aimed at consolidating key skills and identifying the strategic positions suited to the professional development of the person in question.

Within the framework of this project, professional development paths have been assessed and determined for 330 persons with technical, supervisory and management profiles.

In Chile, Agbar is in the process of determining career plans for employees identified as potentially successful candidates for critical positions.

In addition, the group is promoting the posting of job vacancies on the corporate intranet, giving employees the opportunity to apply for these positions. Since the scheme started in 2009, a considerable number of jobs posted in this way have been filled by internal candidates.

In 2010, the number of Agbar employees included in the Performance Management System increased by 8.9%

Closing session of the 5 Master's in Complete Water Management

PERFORMANCE ASSESSMENT AND PROFESSIONAL DEVELOPMENT SYSTEMS	2009	%	2010	%
Number of employees on the SMO programme (Spain and United Kingdom)	1,838	16.7	1,817	16.7
Number of employees on the PMS programme (Spain and United Kingdom)	3,463	31.4	3,771	34.6

PERFORMANCE MANAGEMENT SYSTEM (PMS) BY PROFESSIONAL CATEGORY	2009	2010
Executives and graduates holding a higher degree	707	699
Middle-level graduates	463	554
Middle positions	1,206	921
Qualified administrative staff	150	258
Qualified non-administrative staff	912	1,194
Others	25	145
TOTAL	3,463	3,771

PERFORMANCE MANAGEMENT SYSTEM (PMS) BY COUNTRY	2010
Spain	1,332
Chile	1,951
United Kingdom	488

PERCENTAGE OF PERFORMANCE-RELATED SALARIES (SPAIN)	2009	2010
Executives	20%	20%
Graduates holding a higher degree	12%	14%
Middle level graduates	12%	11%
Middle positions	12%	16%
Qualified administrative staff	0%	0%
Qualified non-administrative staff	0%	0%
Others	0%	0%

Agbar has designed a range of face-to-face and online training options to develop all skills

04.2.1.2
PROMOTING TRAINING

Agbar firmly believes that the purpose of training is to facilitate the transfer of key skills and knowledge within the organisation, helping people discover and develop their talents through an ongoing process of improving their skills and abilities, thereby ensuring the success of Agbar's strategic objectives.

The main training principles at Agbar are:

> ***People:***
Members of staff are encouraged to take ownership of their own professional development within the organisation, and do their utmost to refresh their professional skills in order to generate confidence when dealing with the new corporate challenges.

> ***Knowledge:***
Knowledge is developed using a technical and skills-based programme.

> ***Innovation and technology:***
Innovation and technology are developed through a continual search for learning methods and solutions, and new technologies are used for all its models and processes.

> ***Equality and balance:***
All groups working within Agbar are taken into consideration by adopting tailored programmes compatible with the personal situation of each participant.

Agbar has been carrying out Performance Assessments for years, based on the Dictionary of Agbar Skills. This process identifies the potential and areas for improvement of all professional staff, and establishes a training and development plan.

The training programmes therefore focus on improving the skills of all staff, increasing their employability and professional development, allowing them to constantly adapt to present-day conditions, and encouraging transversal cooperation and management. Consequently, Agbar has designed a number of face-to-face and online training options to develop a wide range of different skills. A typical training plan includes a series of activities, on top of actual training workshops.

KEY ON-SITE TRAINING PROGRAMS

WORKSHOP	OBJECTIVE	TARGET
Management Tools	Master the 2.0 tools and develop Knowledge Management.	Agbar Professionals
Leadership 2.0 and Values Workshop	Increase an awareness of the importance of knowledge management and leadership in a collaborative environment.	Agbar management staff
Managing Teams and People	Increase familiarity with behaviour to clarify objectives and expectations, and provide feedback with regard to performance.	Agbar Professionals who managing teams
Transversal Team Coordination	Detect skills that assist coordination in an organisational structure without hierarchy or hierarchical responsibilities.	Agbar professionals managing or leading teams
Effective Communication	Promote active listening and provide communication tools to help develop influence and assertiveness skills.	Agbar Professionals
Time Management	Develop tools and skills to improve time management and activities fully focused on attaining results.	Agbar Professionals

KEY ONLINE TRAINING PROGRAMMES

WORKSHOP	OBJECTIVE	TARGET
Motivating colleagues	Identify situations that demotivate colleagues and create motivational strategies in the workplace environment as a tool to improve Leadership.	Agbar management personnel and intermediate positions
Developing emotional intelligence	Develop relationships by analysing and managing your own and other people's emotions.	Agbar Professionals
Becoming a management coach	Develop colleagues' skills; identify their potential and learning opportunities. Improving skills and developing talent.	Agbar management personnel and intermediate positions
Tips for transversal management	Knowledge management based on encouraging transversal management for leadership without hierarchy.	Agbar management personnel and intermediate positions
Negotiating successfully	Focusing on results by learning basic negotiating tools and strategy.	Agbar Professionals
Selling major projects	External commercial focus using more effective sales techniques.	Agbar Professionals

Agbar collaborates with prestigious and well-known higher education institutions, experienced in providing training for professionals

04.2.1.2.1 EXTERNAL COLLABORATIONS FOR EMPLOYABILITY

WITH HIGHER EDUCATION INSTITUTIONS

In 2010, Agbar collaborated with prestigious and well-known higher education establishments experienced in providing training for professionals.

Therefore, with Universitat Politècnica de Catalunya (UPC), it was involved in teaching a Master's course in Water Management, a Postgraduate Course in Wastewater Treatment and a Postgraduate Course in Distribution; and, in collaboration with Universitat de Barcelona (UB) a Postgraduate Course in Customer Management and, jointly with Valladolid University and Girona University, a Postgraduate Course in Wastewater Treatment.

In 2010, it also started a knowledge management programme in collaboration with EADA, a business school.

In Chile, Agbar has entered into a strategic alliance with Duoc UC, a school attached to the Pontifical Catholic University of Chile, for the certification of a programme for drinking water operators in the form of a diploma.

In addition, in 2010, a Wastewater Treatment Diploma was taught for the first time in collaboration with the Pontifical Catholic University of Chile and the Pontifical Catholic University of Valparaiso.

WITH THE PUBLIC AUTHORITIES

The processes involved in accrediting skills and knowledge serve a dual purpose for the organisations involved: they guarantee a superior quality of service and imply a greater involvement and training of workers.

Aware of this fact, since 2006 Agbar has been working with the Institut Català de Qualificacions (ICQ) on an accreditation project to be able to certify the professional qualifications awarded to its operating personnel.

The qualification certification process allows the corporation to establish individual training plans based on the needs of the group and, among other benefits, it also facilitates the internal and external selection process.

Catalogue of professional qualifications
QUALIFICATIONS OF THE WATER SECTOR
Organisation and control of the set-up and maintenance of water and sewerage networks and installations
Setting up and maintaining water networks
Operations in water treatment plants
Water foremen
Water operator
Distribution
Sewerage
Plant operator
Wastewater
Treatment

WITH ASSOCIATIONS AND FOUNDATIONS

Agbar is actively involved in making it easier for young people to enter the labour market, through sponsorships and by taking part in international university programmes.

In this way, for instance, it collaborates with Unitech International, a non-profit organisation formed in partnership with the main European universities and multinational companies in the field of engineering and whose aim is to prepare the best students in this area for their professional lives.

Agbar facilitates access by students on this programme when recruiting young graduates to its workforce, and also provides work experience for exchange students from all over Europe.

It also takes part in Best Barcelona (Board of European Students of Technology), an international association for technical students in partnership with 81 European universities from 30 countries, and sits on the jury of the annual engineering competition.

In addition, Agbar takes part in the Carolina Foundation, an institution set up to promote cultural relations and educational and scientific cooperation between Spain and Latin America, providing professional work experience for intern students in Spain to increase their knowledge of the Spanish employment market and the corporation's business.

TRAINING HOURS BREAKDOWN BY CATEGORY	TOTAL		BY EMPLOYEE	
	2009	2010	2009	2010
Executives and graduates holding a higher degree	45,014	42,847	31.7	31
Middle-level graduates	53,840	34,177	58.9	38.9
Middle managers and those in charge	19,488	46,410	12.6	26.9
Qualified administrative staff	32,929	19,412	21.9	13.3
Qualified operators	29,902	57,979	9.6	17.7
Rest of workforce	35,434	17,775	14.1	6.8
TOTAL	**216,607**	**218,600**	**19.7**	**19.3**

E-LEARNING TRAINING HOURS	
TOTAL	**12,878**

04.2.1.3
KNOWLEDGE MANAGEMENT AT AGBAR

In the constantly evolving times in which we live, globalisation and access to information represent a constant challenge for companies. Innovation has changed the perception of the traditional boundaries of a company, as new collaborative networks, information flows and open value-creation models involve both the company's own customers as well as agents external to its usual remit. For these reasons, companies able to take such changes into account will possess a greater capacity to evolve using the skills of both internal and external collaborators.

For this reason, in May 2009, Agbar created the Department for Knowledge Management and Transfer, a department predominantly focused on practical issues, which will continue to generate and disseminate knowledge throughout the organisation.

The objectives of this Department are:

> to identify knowledge in order to generate value, promote growth, improve efficiencies and make the transfer of innovation more flexible.

> to harmonise knowledge with the group's objectives.

> to promote a culture of exchange and collaboration between Agbar employees.

> to facilitate the development of employee skills based on interconnecting knowledge.

> to apply ICTs[G] comprehensively to improve information flows and collaboration, making them easier and more accessible.

> to establish a framework to promote and coordinate other knowledge management initiatives already existing within the organisation.

A model has been created to transform existing knowledge into an asset; the model's design encompasses the organisation, operations and the management culture using three basic units: technology, personnel and areas of knowledge. It has fostered a new and people-centred corporate model, promoting communication between members of staff and encouraging exchanges of knowledge to generate more, and also better, opportunities.

ICTS[G] AT THE SERVICE OF KNOWLEDGE

BITA intranet is Agbar's main technological platform used to exchange knowledge. This intranet specialises in the water and environment sector and offers all members of staff a number of collaborative work platforms.

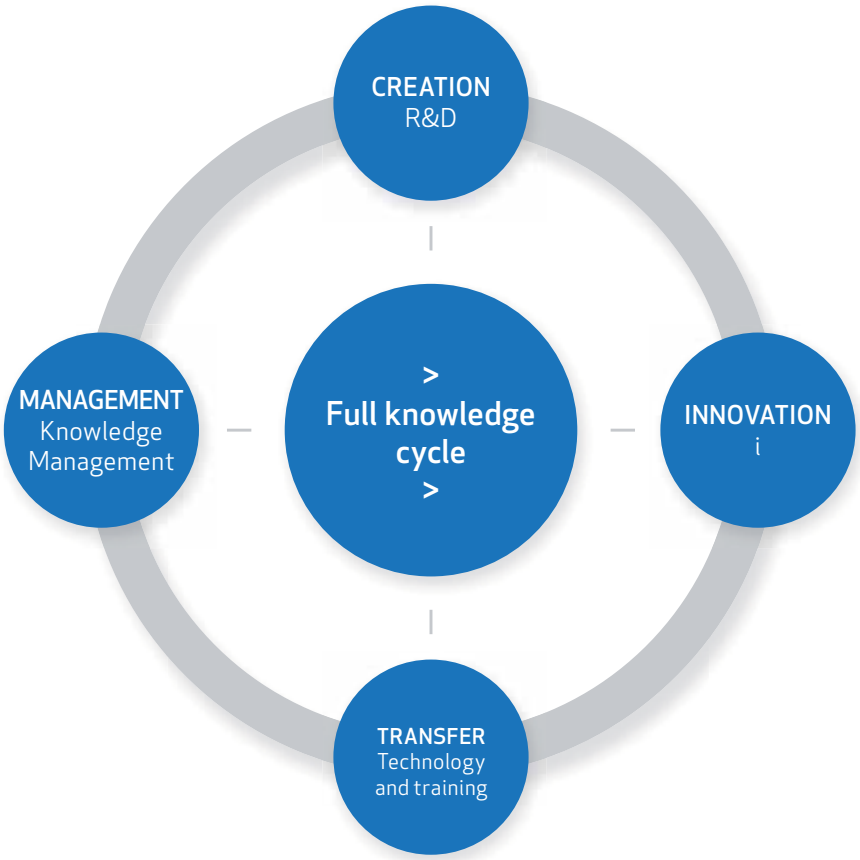
From BITA, Web 2.0 technologies can be assessed to facilitate the knowledge-management process. Seven blogs are currently available: one for the international community and one for each of the six areas of research of CETaqua, the water technology centre (alternative resources, impact of global change, efficient infrastructure management, environment and health, energy and water, and the management of water demand).

There are also 52 wikis: including Water Quality, Customers, Wastewater Treatment, ORL (occupational risk prevention), Corporate Responsibility and Energy Efficiency Department.

A "Who's Who" network is also being prepared on BITA to identify Agbar staff members and their roles.

4,183 members were registered to use this tool at the end of 2010.

International and Regional Committee for Information System, Aquagest Services



Agbar committed to Web 2.0 technology: with 52 wikis and seven blogs

DIGITAL LIBRARY DOCUMENTS	629,895
AGBAR STAFF INVOLVED IN A COLLABORATIVE INITIATIVE	1,913
NUMBER OF COLLABORATIVE ENVIRONMENTS	52
PROFESSIONAL NETWORKS AT AGBAR SPECIALISING IN A SPECIFIC AREA OF KNOWLEDGE	Drainage: 267 professionals Alternative water resources: 181 professionals Energy: 214 professionals Commercial: 254 professionals Corporative responsibility: 88 professionals

04.2.2

IN PERMANENT CONTACT WITH EMPLOYEES (COMMITMENT E2)

Agbar maintains an open attitude when it comes communicating and intervening with its staff. A number of channels are used for communication, such as the intranet, the *Infoagbar* magazine, emails, satisfaction surveys, meetings, etc.

The intranet is one of the main internal means of communication at Agbar. The 4,177 intranet users are able to obtain information on corporate news, check postings for jobs within the company, and view organisational documents, etc. It also provides access to a number of applications and the many wikis and specialist areas.

In 2010, 272 news items and new ideas were published, offering a more dynamic view of the company and its various departments.

Nine new sections have been added, including an events diary, a corporate presentation of Agbar for general use and links to the equality plans of several of the group's companies.

One of the most representative communication tools of the company is the *Infoagbar* magazine, through which employees are kept informed of Agbar's main activities. Three editions were published in 2010 with a print run of 18,000 copies. *Infoagbar's* design is visually attractive, making abundant use of graphs, and it is written in a clear and easy-to-read manner. The magazine is also available in a digital format.

Infoagbar 72
June 2010

Infoagbar 73
October 2010

Infoagbar 74
December 2010

04.2.3

HEALTH AND SAFETY OF EMPLOYEES, A PRIORITY (COMMITMENT E3)

Continually reducing accident rates, integrating prevention into business activities and minimising risks, including for subcontractors, are the main strategic lines of Agbar's health and safety policy.

In fact, Agbar has set itself the overall objective of progressively reducing the occupational accident rate to 2.5 by 2011.

For the end of 2010, the objective was to reduce the incidence rate (number of accidents for every 100 workers) to 3.5. And the rate actually attained was 2.71. This represented a drop in the number of lost-time accidents, with the incidence rate dropping by 38% between 2008 and 2010.

In 2010, due to the sharp drop in its accident rate, the company received favourable reports from the Spanish Ministry for Employment and Immigration (national scope) in relation to its payment of contributions (Royal Decree 404/10 "Reduction in occupational contingency contributions for companies that have reduced their workplace accidents"), for an amount in excess of €100,000.

In 2010, the absenteeism rate dropped from 3.1 to 2.9. During this period, there were no fatal accidents. As previously mentioned, one of Agbar's strategic objectives is the prevention of occupational risks. The company therefore set up a scheme to carry out medical examinations adapted to the various types of activity and then applied medical protocols based on the risk-assessment analysis (including vaccinations tailored to the different jobs); it also conducted ergonomic studies on the use of Visual Display Units (VDU) and the carrying of heavy loads, and promoted awareness campaigns and specific protocols for work involving special risks (access to confined spaces, structural work, handling chemical products, etc.).

Agbar's dedication to the health and safety of its employees can also been seen in its certification in accordance with the OHSAS 18000 standard. These internationally recognised audits, carried out annually by an external entity to check the implementation of the ORP Management System in Spain, have resulted in the certification of 69 companies over the 2010 period.

Agbar works on prevention through training and carrying out activities to increase an awareness of the problem. In Chile, the group provides training to workers to inform them of the inherent and specific risks associated with the activities carried out by the human team and organises training sessions on the use and handling of extinguishers, emergency and evacuation procedures, etc.

At national level, in 2010, over 14,000 hours of specific Occupational Risk Prevention training courses were delivered, in accordance with the Training Plan.

As a result of the Preventive Cooperation Agreement between Agbar and the Chilean Safety Association, a workshop was organised in 2010 on the strategic skills and competencies for Joint Health and Safety Committees - the second meeting of prevention experts/collaborative companies from the Aguas Group; a self-help campaign using theatre and a campaign to prevent musculoskeletal injuries were also organised. In addition, a half-yearly risk prevention bulletin is published with a print run of 1,500 copies.

Agbar, Occupational Risk Prevention Award

In 2010, Agbar received the 2010 ORP (Occupational Risk Prevention) Prize, an award given to professionals, organisations, companies, corporations, public or private, having made a commitment to increase awareness and apply occupational risk prevention values, to improve the management of health and safety at work.

The award was presented during the 8th International Conference on Occupational Risk Prevention held in Valencia in May 2010; at this event, Agbar also actively participated in the sessions on "Management innovation and risk control in the complete water cycle". 1,500 occupational risk prevention experts from over 20 countries attended the conference.

2010 ORP Awards, Valencia

HEALTH AND SAFETY, KEY FIGURES	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Percentage of the workforce under the protection of health and safety commissions	100	100	100	100
Incidence rate (1)	3.8	3.6	2.8	3.0
Frequency rate (2)	24.7	21.3	16.0	16.1
Severity rate (3)	0.6	0.5	0.1	0.2
Rate of work-related illnesses	0	0	0	0
Total number of fatal accidents	0	0	0	0
Absenteeism rate (4)	3.6	3	3.1	2.5

(1) Incidence rate (total lost-time accidents / average workforce) x100
(2) Frequency rate (total lost-time accidents / total hours worked) x 1,000,000
(3) Severity rate (days not worked through lost-time accidents / total hours worked) x 100
(4) Absenteeism rate (days not worked through illness, occupational accidents or accidents to or from work with time off / theoretical days) x 100

04.2.4

EQUALITY, WORK-LIFE BALANCE AND DIVERSITY (COMMITMENT E4 AND E5)

Agbar continues to make steady progress towards fulfilling the company u commitment to the effective implementation of equal opportunities and non-discrimination based on gender, as a guiding principle of its activities.

Equality plans continued to be developed and approved in all Agbar companies in 2010, as the essential tools for structuring and implementing equality actions, with dialogue and consensus being key elements in their development.

Participation and communication, both internal and external, were cross-cutting features of the entire equality plan development process. In 2010, therefore, Agbar made a significant effort to disseminate its equality policies, carrying out the following initiatives amongst others:

> Creation of a special section on the corporate intranet dedicated to publishing details of the progress and achievements made in respect of equality.

> Participation in specific forums for disseminating good practices adopted in the implementation of equality policies. Internationally, the company's attendance at the "Principles for the empowerment of women: Equality means progress" event, in which, jointly with other companies and organisations worldwide, Agbar presented the good practices it had adopted, was of particular note.

Sorea is one of 36 Spanish companies presented with an "Equality in Business" award by the Spanish Ministry of Health Social Policy and Equality

"Equality in Business" and Óptima Award

In recognition of Agbar's commitment to equality, Sorea was presented with an "Equality in Business" award by the Ministry of Health, Social Policy and Equality. In 2010, only 36 companies throughout Spain received this accolade, which rewards companies that make distinctive and particularly significant progress in applying equal treatment and opportunity policies to their female and male workers.

Furthermore, Aquagest and Aguas de Valladolid received the Castilla y León Óptima Award in recognition of the initiatives taken by both companies to ensure equal opportunities between men and women in the field of employment.

Corporate Equality Plan

For Agbar, achieving a work-life balance represents a new way of working that allows people to fully assume all their work, personal and family responsibilities.

The main measures applied at several of the group's companies include: flexible working hours, assistance during maternity or paternity leave, help for professionals with school-age children, financial support for further studies and subsidies for workers with disabled children.

In terms of salary benefits, some of Agbar's companies provide life and accident insurance to their workforce, as well as loans, seniority bonuses and discounts on a range of products and services.

The company also defends respect for diversity in the widest sense of the term: sex, race, age, communities at risk of exclusion, etc.

In this area, in 2010 Agbar took part in the Coaching Project developed by the Exit Foundation, aimed at introducing young people at risk of social exclusion to the workplace through a tailored training model based on specialised work, in association with other organisations and involving the world of business. As part of the most recent programme, Agbar sponsored two young people and showed them which particular areas of business were best suited to achieving their career plans.

Agbar presents its equality policies at a meeting of the United Nations Global Compact dedicated to the potential of women for the economy

PERCENTAGE OF WOMEN IN THE WORKFORCE. BREAKDOWN BY JOB CATEGORY	2009	2010
Executives and graduates with higher degree	29.6%	31.0%
Middle-level graduates	26.4%	26.6%
Middle positions	22.9%	22.7%
Qualified administrative staff	61.3%	60.5%
Qualified non-administrative staff	3.8%	3.3%
Manual workers and auxiliary staff	22.5%	21.2%
TOTAL	**23.8%**	**23.4%**

BREAKDOWN OF THE WORKFORCE BY GENDER	2009	%	2010	%
Women	2,622	23.8%	2,542	23.4%
Men	8,396	76.2%	8,339	76.6%
TOTAL	**11,018**	**100%**	**10,881**	**100%**

04.3

COOPERATION WITH PUBLIC AUTHORITIES

IN RELATION TO PUBLIC AUTHORITIES, AGBAR IS COMMITTED TO:

Maintaining a policy of transparency in its dealings, through a flexible dialogue that seeks the best alternatives for service users.

Commitment PA1

Acting proactively with regard to the regulatory trends in each sector, anticipating future requirements, in order to ensure a secure and guaranteed supply of services and products.

Commitment PA2

Offering an excellent quality of service within the framework of sustainability.

Commitment PA3

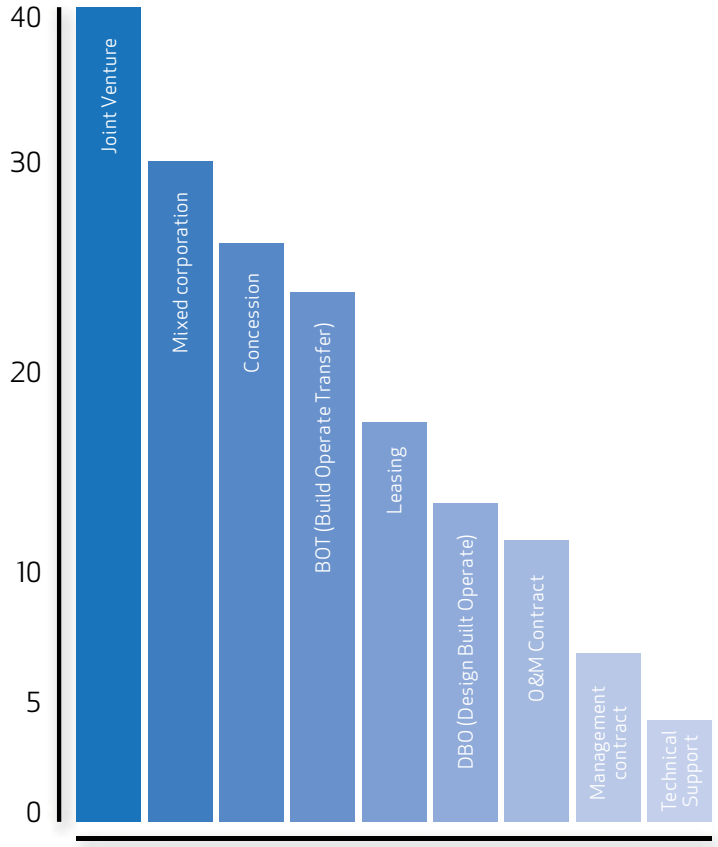
Given their triple role as main customers, regulators and joint venture partners, public authorities are one of Agbar's main stakeholders.

Agbar strives to ensure that a spirit of cooperation reigns in all its initiatives, projects and actions involving public authorities.

In Spain, it is the public authorities that own water supplies. However, these authorities may decide to outsource the management of the urban water cycle to concessionaire companies or through other forms of cooperation.

Some of the main options available for public-private partnerships in the water sector are: joint ventures, concessions, agreements and fee-based management schemes.

LENGTH OF COOPERATION BETWEEN PUBLIC-PRIVATE COMPANIES DEPENDING ON THE MODEL



* Years of involvement in the private sector

Public-private cooperation models

- **Joint Venture:**
  Long-term joint commercial investment agreement between two or more parties (normally legal or business entities).

- **Mixed corporation:**
  Company formed by public and private bodies that work together to perform a public service. The private sector partner is chosen through a tendering process in order to guarantee the objectivity and transparency of the process. The authority in question generally holds a majority stake in the capital and exerts a certain control over the company operated by the private-sector company in question.

- **Concession:**
  A concession involves one company granting to another company the operating rights attached to the goods and services for a certain period of time.

- **BOT (Build Operate Transfer):**
  A contract by means of which a company builds an infrastructure which it then operates for a certain period of time before transferring ownership to a public entity.

- **Leasing:**
  A contract by means of which the lessor transfers the right to use an asset in return for lease payments for a determined period of time, at the end of which the lessee has an option to purchase the asset being leased subject to a certain fee, or to return the asset or renew the contract.

- **DBO (Design Build Operate):**
  Contract by means of which a company designs and builds a facility. After building the facility, the ownership of the new facility is transferred to the public sector but the private-sector company continues to operate the plant for a certain period of time.

- **O & M (Operation and maintenance) Contract:**
  Contract by means of which the company operates and maintains the facility on behalf of a third party.

- **Management contract:**
  Contract by means of which a public authority entrusts an individual or legal entity with managing a service for which it has taken over responsibility.

- **Technical Support:**
  Contract by means of which a company agrees with one or more companies to receive support in areas in which it is experiencing technological development deficiencies.

MIXED COMPANIES

Mixed corporations are the type of cooperation Agbar believes is consistent with the public-private partnership model it supports.

Various examples of mixed corporations involving Agbar are given below:

Agbar in Huelva

In 2010, Agbar was awarded a 25-year contract to manage the complete water cycle in Huelva, representing the largest contract for water services in Spain by number of inhabitants since 2006.

The contract will be managed through a joint venture in which Huelva City Council will control 51% and Aquagest Andalucía, 49%. The length of the contract is 25 years.

This contract will help Aquagest Andalucia strengthen its position in the Andalusian market, where it already manages water in cities such as Granada, Marbella, San Fernando, Torremolinos and Roquetas.

Head office of EMAHSA, Huelva

Agbar has been awarded the largest contract for water services in Spain by number of inhabitants since 2006

Aguas de Murcia

Aguas de Murcia is a mixed corporation in which Murcia Town Council, the owner of the services, holds 51% and Aquagest (Murcia Region) 49%; Aquagest, an Agbar company, is the private sector partner providing its experience, know-how and professionalism, as Spain's leading private operator in terms of urban water management and one of the world leaders in this sector.

Aguas de Murcia manages the complete water cycle for the municipality of Murcia.

It therefore provides services to almost 439,033 citizens spread across urban centres, suburbs and outlying areas, covering an area of over 890 km^2.

Aguas de Alicante

Aguas de Alicante is 50% owned by Alicante Town Council, the owner of the service, and 50% by Aquagest Levante (wholly owned by Agbar) as the partner providing its water cycle related experience, technology and professionalism.

Aguas de Alicante uses cutting-edge technology and implements a total quality policy combined with effective management for environmental protection. Its aim is to become a benchmark in Spain in the field of water management, striving to provide users with an accessible and flexible company committed to the environment.

Wastewater treatment plant in Murcia

Alicante

Aguas de León

Aguas de León is a joint venture formed by Léon Town Council and Aquagest dedicated to the catchment, transport, treatment and distribution of drinking water with a minimal impact on the environment.

The company is committed to supplying effective management, based on technological innovation, allowing it to offer its customers a service based on guaranteed quality and respect for the environment.

The new management model of Aguas de León includes a protocol for resolving incidents, emergencies or complaints, the implementation of ISO 9011, health checks in compliance with Royal Decree 140/2003, the maintenance of facilities and improvements to the remote metering system, and the technical and specialised planning of the network.

Aguas de Avilés

Aguas de Avilés has been managing the water cycle in this Asturian city since February 2010, through a joint venture between the Town Council and Aquagest. The Chairman of the corporation is the mayoress of the city, Pilar Varela Díaz.

Aguas de Avilés provides services to 84,000 inhabitants.

León

Avilés

"I have high expectations of the contract agreed between the Town Council and Aquagest, as I think we will be able to manage the water cycle more efficiently. Our partner Aquagest provides management experience"

Pilar Varela Díaz,
Mayoress of Avilés

Aguas de Cartagena

This is a joint venture (45.91% Agbar) established in 1995 for the purpose of improving the community's quality of life through an efficient management of water supply and sewerage services.

It supplies service to 971,000 inhabitants, covering 99% of the population.

Its goal is to continue satisfying requirements in full, despite the rise in population numbers as more and more people move from the countryside to the city.

Aguas de Cartagena

CONCESSION IN SPAIN

Concessions are another formula used by Agbar when cooperating with public authorities.

A few examples of concessions awarded to the company in Spain are given below.

Aquagest Levante in Santa Pola

Aquagest Levante has been operating as the concessionaire company for municipal drinking water and sewerage services since 1985. It provides services to up to 150,000 inhabitants in summer, managing an urban drinking water network of 150 km. Forty kilometres of this network have been replaced since 2005.

The company has managed to reduce consumption by 15% thanks to efficiency improvements, despite a 10% increase in population numbers. It has implemented a new vacuum sewerage system[G] – not previously used in large urban networks – and has installed a solar powered plant to cover the energy needs of the complete water cycle.

All these upgrades contributed to Santa Pola receiving the Sustainable City Award, water category, from the Fundación Fórum Ambiental.

"The Sustainable City Award represents the culmination of the process to upgrade our water and sewerage infrastructure, which would have been impossible without Aquagest's cooperation"

Miguel Zaragoza,
Mayor of Santa Pola

Aquagest in Santiago de Compostela

Since 1971, Aquagest has been managing the complete water cycle in Santiago de Compostela. It provides services to 95,000 inhabitants, managing a drinking water network of 511 km.

It manages two main facilities: the drinking water treatment plant (DWTP[G]) at Tambre-Santiago de Compostela, capable of treating 900 l/s, and the wastewater treatment plant (WWTP[G]) at Silvouta-Santiago de Compostela, which treats 32,000 m^3 per day.

Santiago de Compostela, Spain

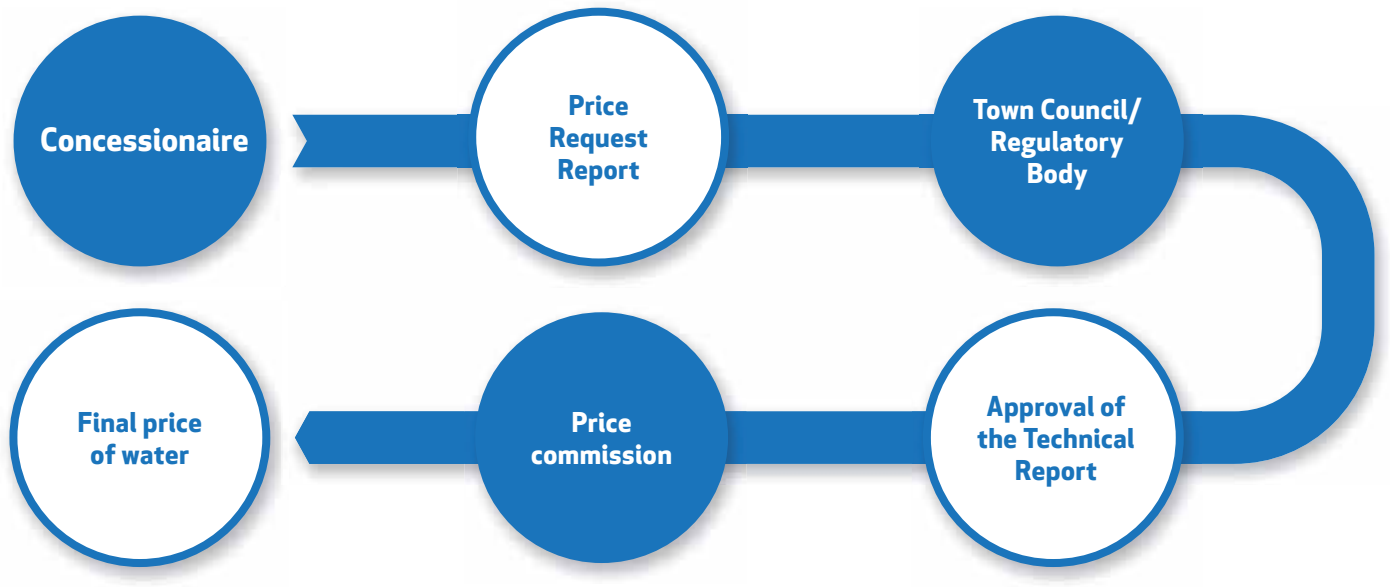
"The relationship with Aquagest is extremely good and the company has always been able to respond rapidly and effectively"

Xose Sánchez,
Mayor of Santiago de Compostela

HOW WATER PRICES ARE SET

The first step involves the utility company requesting the approval of its prices in order to maintain the economic-financial balance of its operations. In Spain, the regulatory body - normally the town council - examines the proposed prices and prepares a technical report to be sent to the pricing commission.

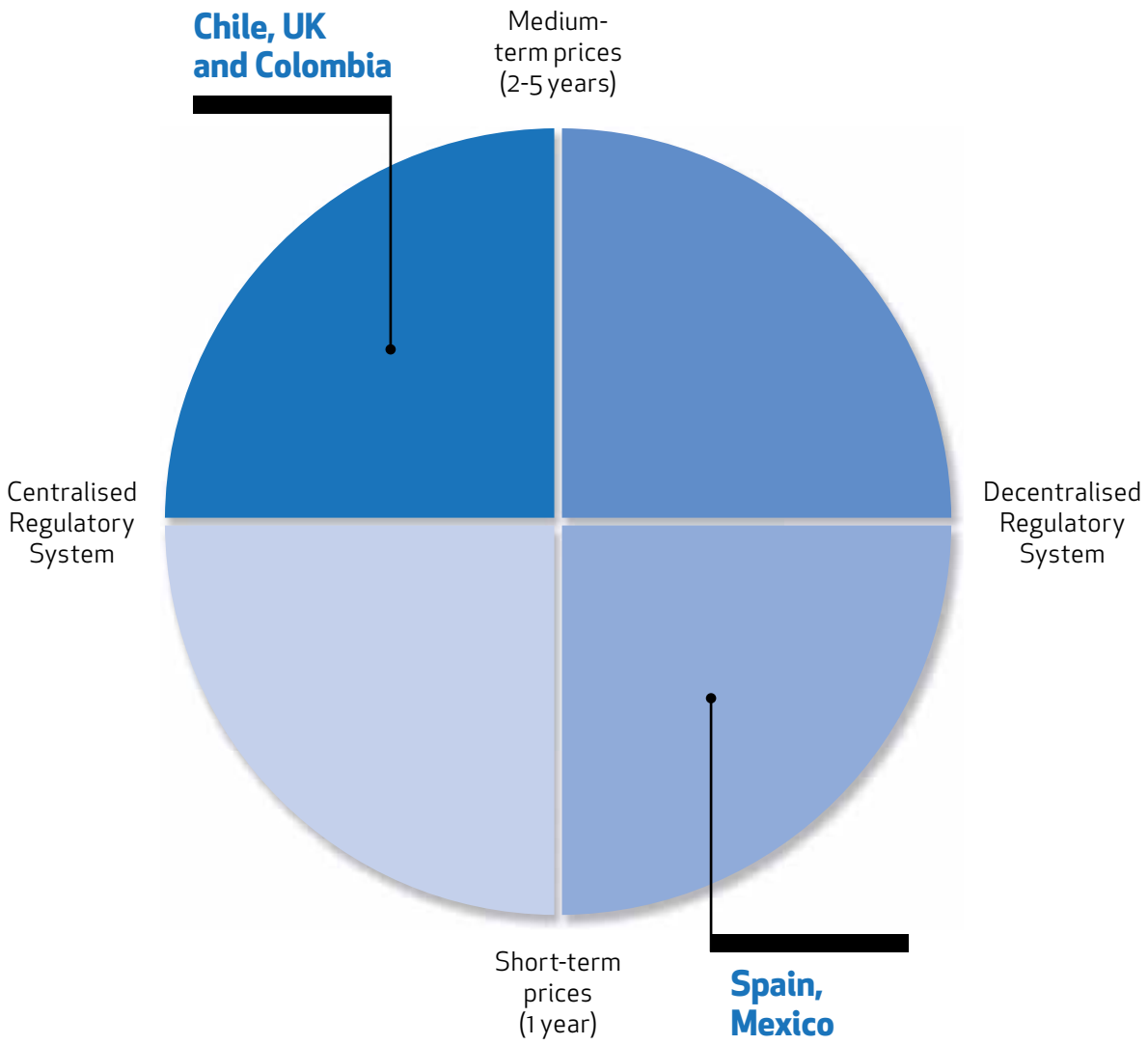
This independent commission, consisting of representatives from public administration bodies, trade unions, businesses, consumers and users, is the body responsible for the final approval of water rates.



ROLES IN THE PRESENTATION OF SERVICES

• REGULATOR:	• OPERATOR:
OVERSEES COMPLIANCE WITH THE COMMITMENT	PROVIDES AN EFFICIENT SERVICE
> Ensures universal access	> Operates by reaching targets and quality levels set
> Controls compliance with the regulatory framework: service quality, rate approval, coverage compliance, etc.	> Provides resources: Efficient management, know-how, technology, professionalism and financing capacity
> Guarantees sustainability through a balance between economic and financial elements	> Proposes, implements and consolidates service improvements
> Determines and ensures the feasibility of financing mechanisms	> Establishes mechanisms for relating to users and resolving incidents
> Organises the involvement of citizens	> Is paid to provide the service

AGBAR ADAPTS TO DIFFERENT NEEDS AND MODELS



04.3.1

TRANSPARENCY IN RELATIONS WITH PUBLIC AUTHORITIES (COMMITMENT PA1)

04.3.1.1 WATER FORUM

"Water as the source of creation" was the title of the first "Water Forum" sponsored by the Agbar Foundation and used as a multidisciplinary framework for carrying out an analysis, based on the United Nations Millennium Objectives, of the rational use of water, to promote an increased awareness of the importance and value of this basic element.

The event was organised in coordination with the Fundación Santiago Rey Fernández-Latorre (La Voz de Galicia). This was the first meeting in a series of debates, all with a similar agenda and organised throughout Spain, to analyse the various aspects of water, from a social, artistic and environmental perspective, as well as on a cultural and economic level.

The day-long event in La Coruña was opened by Xosé Luís Vilela, Director of *La Voz de Galicia*, after which the writer Marta Rivera de Cruz delivered a paper entitled "Writing on Water". A round-table discussion then emphasised the common points of the various aspects involved in water. María Álvarez Fernández (Kina Fernández), José Luis Antuña (Feiraco), José Manuel Iglesias (Galopín), Juan Vázquez Gancedo (Bodegas Martín Códax) and Juan Manuel Vieites (Anfaco) took part in the event.

04.3.2

ANTICIPATING REGULATIONS (COMMITMENT PA2)

La colaboración activa con asociaciones profesionales en aquellos países donde opera permite a Agbar lograr una anticipación eficaz a los futuros requerimientos legales, además de .estar al día de las estrategias y tendencias en el sector y estimular el intercambio de conocimientos con otros grupos de interés implicados en la gestión del agua.

04.3.2.1 AGBAR AND TRADE ASSOCIATIONS

Agbar is a member of international associations such as the International Water Association (IWA), a global network that brings together 10,000 professionals from the water industry, covering research and practice in all facets of the water cycle.

It is also a founding member of the International Federation of Private Water Operators (Aquafed), created in 2005. Aquafed, consisting of over 300 water service suppliers operating in 40 different countries, offers a channel for communication between private water operators and the main players on the international scene, providing solutions to the challenges facing water throughout the world and working with the international community to provide the experience obtained in the private sector.

In Spain, Agbar belongs to the *Asociación Española de Abastecimientos de Agua y Saneamiento* (AEAS), an entity that promotes and develops all the scientific, technical, administrative and legal aspects involved in providing water and wastewater services in an urban environment.

This organisation contributes to improving the complete water cycle by exchanging knowledge in the areas of R&D&I, management and training, and encouraging debate between professionals working in the sector. It consists of more than 120 operators providing services to a population of close to 32 million inhabitants and over 1,500 municipalities.

Agbar sits on various working committees at the AEAS, such as, for instance, the Corporate Social Responsibility Working Group, created in 2006 within the Economy and Statistics Commission.

In the Autonomous Regions of Spain, Agbar is a member of the following water industry associations and groups: *Agrupación de Servicios de Agua de Cataluña* (ASAC), *Asociación de Abastecimientos de Agua y Saneamiento de Andalucía* (ASA) and *Asociación de Empresas Valencianas de Agua* (AVAS).

Agbar participates in a range of trade associations in all the countries where it operates

In the United Kingdom, Bristol Water is active in several organisations such as the Office of Water Services (Ofwat) and the Drinking Water Inspectorate (DWI), the regulators of companies in the water sector in England and Wales. These bodies are responsible for guaranteeing that consumers are offered a good quality and efficient service, at a fair price, monitoring and inspecting the quality of drinking water and ensuring compliance with the current standards.

Bristol Water is also a member of Water UK, an association that represents all UK water and wastewater service suppliers at a national and European level; Consumer Council for Water (CCW), a public body created to represent the interests of water consumers in England and Wales; Environment Agency (EA), a public body whose aim is to protect and improve the environment and promote sustainable development and, finally, Natural England (NE), an independent public body whose aim is to conserve and enhance the natural environment in England and to encourage people to enjoy and take part in their surroundings.

In Chile, one of the most important collaborations of Aguas Andinas is with the *Asociación Nacional de Empresas de Servicios Sanitarios* (ANDESS), an organisation representing sanitation service companies in Chile. The company supports the management of the association, dealing with the various public and private organisations and institutions and promoting its contributions and environmental role. The company is also a member of the Chilean Chapter of the Inter-American Association of Sanitary and Environmental Engineering (AIDIS-Chile), an association that brings together professionals involved in the supply of drinking water, waste water disposal, waste management and environmental protection.

In Colombia, Acuacar is part of the *Asociación Nacional de Empresas de Servicios Públicos Domiciliarios* (Andesco), whose main role is to facilitate cooperation, seeking to achieve excellence in the provision of public utilities.

In Mexico, Aguas de Saltillo is a member of the *Asociación Nacional de Empresas de Agua y Saneamiento de México* (ANEAS), an association that serves the country's Drinking Water and Sewerage Operators, and also belongs to the *Asociación Nacional de Cultura del Agua* (ANCA), an association whose main aim is to promote care and efficient use of the resource, and, finally, it is a member of the American Water Works Association (AWWA), a non-profit organisation to promote the provision of drinking water to all.

Agbar is promoting the International Conference on Water Reuse, to be held in Barcelona from 26-29 September 2011

04.3.2.2
COOPERATION OF THE AGBAR FOUNDATION WITH BARCELONA CITY COUNCIL AND THE ASSOCIATION OF LOCAL ADMINISTRATION SECRETARIES, INTERNAL AUDITORS AND TREASURERS (CSITAL)

The Agbar Foundation and Barcelona City Council are promoting a project to draft and submit a proposal for adapting the Water Framework Directive to the urban stretch of the Ter watercourse passing through Manlleu. The aim of the project is to improve the quality of the water and convert the area into a major nature conservation area.

This project is part of a framework cooperation agreement between the Agbar Foundation and Barcelona City Council, focused on promoting the sustainable use of water in the municipalities of Barcelona.

The Agbar Foundation and the Association of Local Administration Secretaries, Internal Auditors and Treasurers of Barcelona (CSITAL) organised a day-long event entitled "Management of Key Local Services" aimed at staff working for the local authorities, to analyse the impact of the new Services Directive on the public sector.

Together with the IWA it also organised the National Conference for Young Water Professionals – an event bringing together professionals and postgraduate researchers to present their research on water in a number of different areas.

WATERBCN 2011

The new website of the International Conference on Water Reuse is already available; its portal provides timely information on the conference to be held in Barcelona from 26 to 29 September 2011 organised jointly by Agbar, the Universitat Politècnica de Catalunya (UPC), the Costa Brava Consortium and Suez (www.waterbcn2011.org).

The new website has sections dedicated to providing information on the issues to be tackled during the conference, as well as details of the members of the scientific committee, technical visits, among others.

The purpose of this international conference is to present and discuss best practices, models and applications in relation to water regeneration and reuse.

04.3.3

EXCELLENT SERVICE QUALITY (COMMITMENT PA3)

Agbar is continually striving to improve the quality of its services with a view to achieving an excellent rating from its main customers, including public authorities. As part of this process, the company is firmly focused on protecting water resources in particular and the environment in general.

A few examples of Agbar's links to the community, its actions to preserve the environment and public/private cooperation initiatives are given below.

Six days after the earthquake in Chile, Aguas Andinas was already distributing drinking water to 100% of the population of Santiago

AGBAR AND THE CHILEAN EARTHQUAKE

On 6 March 2010, Aguas Andinas had already resumed normal drinking water services to its six million customers. Six days earlier, in the early morning of Saturday 27 February, an earthquake registering 8.8 on the Richter scale shook Chile and was one of the ten strongest earthquakes ever recorded. After the earthquake, which lasted for about two minutes, dozens of teams worked in the field to repair the damaged structures and check the 13,000 kilometres of the supply network to replace any sections that had been fractured by the earthquake. The prevention and reaction mechanisms meant that from the very first day, 95% of the capital's population were already receiving drinking water and, in less than a week, the system had resumed full capacity.

95% of the population of Santiago de Chile were immediately "guaranteed a water supply of the required quantity, continuity and quality"

Enrique Cruzat,
Production and Wastewater Treatment Manager at Aguas Andinas, referring to the actions carried out in relation to the earthquake

AGUAS DE VARADERO CELEBRATES ITS 15TH ANNIVERSARY

Agbar's oldest international contract, which is still in force today, is the one agreed with Aguas de Varadero fifteen years ago. At the end of November 1994, the Cuban Institute for Hydraulic Resources and Agbar set up the Aguas de Varadero International Economic Association, with the contract initially set to run for seven years; in 2011, the contract was renewed for a further 23 years. During these 15 years, the company has worked to improve the efficiency and quality of the drinking water service, as well as making electricity savings and improving customer service. Between 1995 and 2009, hydraulic performance improved from 31% to 72%, while the consumed energy ratio decreased from 0.21 to 0.155 (kW/m^3). During this same period, the amount of water billed increased threefold, from 4.7 hm^3/year to 12.7 hm^3/year, and the waste water reused increased fivefold to the current level of 0.2 hm^3/year.

Earthquake on 27 February 2010, Santiago de Chile

04.4

CARE FOR THE ENVIRONMENT

IN RELATION TO THE ENVIRONMENT, AGBAR IS COMMITTED TO:

Managing water resources in a sustainable manner.	*Commitment*	EN1
Water quality. Anticipating health and environmental risks.	*Commitment*	EN2
Preserving biodiversity.	*Commitment*	EN3
Managing rainwater in a sustainable manner.	*Commitment*	EN4

AGBAR COMMITMENTS

Promoting energy efficiency and the use of renewable energies.	*Commitment*	EN5
Optimising sludge management[G].	*Commitment*	EN6
Adequate environmental management.	*Commitment*	EN7
Appropriate odour management.	*Commitment*	EN8

According to a study carried out by Oxford University, 78% of the world's population say they are extremely or fairly concerned about the environment. And damage to the environment is increasingly evident.

For Agbar, a company that works with a natural resource, these concerns are extremely worrying. Minimising its environmental impact and protecting and regenerating the natural environment, therefore, form an integral part of its management model. This policy all forms part of an ongoing improvement process.

04.4.1

AGBAR IN RESPECT TO GLOBAL AND CLIMATE CHANGE

Climate change is undoubtedly the most widely known environmental deterioration process, and the one on which the efforts of environmental protection organisations are most focused.

This phenomenon is however part of a much broader concept of 'global change', which includes all the other impacts humans are having on the planet, such as demographic trends (overpopulation, migration, etc.), and changes in land use and plant cover (deforestation, urbanisation, industrialisation, etc.). Global change therefore includes all the changes human beings are causing to their environment.

Water is specifically one of the natural resources most affected by this global change. According to the 3rd United Nations World Water Development Report, the current demand for water is unprecedented and is set to increase even further due to the growth and greater mobility of the world's population, improved standards of living and the pressure exerted by a growing need for energy.

Over the last 50 years, the world population has doubled, leading to a tripling of water extracted over the same period. Despite this, 18% of the world population suffers from a lack of access to drinking water, and 38% does not have access to basic sewerage services.

Domestic use accounts for only 10% of water consumption, while agriculture uses 70% and industry and energy 20%.

All forecasts indicate that the world population will continue to increase in the coming years – and it is estimated that the global population will rise from 6 to 9 billion between 2000 and 2050. This situation implies that there will be a scarcity of water not only to cover individual basic needs (drinking and hygiene) but also to increase food production through agriculture and industry, and to provide a response to an increased demand for energy.

Consequently, by 2025, over one third of the population will be living in countries subject to water stress and, by 2030, water supplies will not even cover 40% of the demand.

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04.4.1.1
AGBAR'S ENVIRONMENTAL RESPONSIBILITY

In its daily activities, Agbar is seeking to achieve a balance between defending access to drinking water and wastewater as a human right and maintaining the sustainability of this scarce resource.

For this reason, Agbar's business model is based on a sustainable water cycle, which endeavours to preserve the environment's ecological equilibrium in each and every phase of the complete water cycle.

It is a virtuous circle that begins with the recovery and care of traditional sources, and a search for alternative sources, such as the desalination of sea or brackish water[G]; improving catchment, drinking water treatment, distribution and wastewater treatment processes to minimise the environmental impact, and culminating in the reuse of the treated wastewater for uses other than for drinking or returning the used water to nature.

In addition to forming part of its business model, Agbar's commitment to the environment is reflected in the requirements listed in its Corporate Environmental Code, approved in 2002, such as the implementation of environmental management systems, environmental audits and good practices, correct waste management, the role of the workers as agents to promote respect for the environment and maintaining an open dialogue with civil society about the company's environmental performance.

Protection of the environment at Agbar has also assumed a strategic significance in terms of its corporate governance. For this reason, in 2009, it created an Energy Efficiency Department to play an active role in reducing the consumption of the energy generated at its various facilities in Spain, thereby encouraging lower CO_2 emissions.

In 2010, the Energy Efficiency Department conducted 125 energy audits at the facilities consuming the highest amount of energy and possessing the equipment with the lowest rate of performance. Information on this issue is provided in the section on energy efficiency.

In addition to forming part of its business model, Agbar's commitment to the environment is reflected in the requirements listed in its Corporate Environmental Code, approved in 2002

ENVIRONMENTAL EXPENSES	€ THOUSAND			
	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Investments in assets intended for environmental protection	30,267	20,854	92,705	13,031
Environmental audits and management expenses	36	45	11	21
Waste management expenses	18,565	19,227	135	N.Av.
Environmental legal expenses	5	4	10	14
Environmental training/raising awareness expenses	93	141	1	N.Av.
Other relevant costs	542	4,951	0	272

04.4.1.2
R&D INTO GLOBAL CHANGE

Agbar's 2002 Corporate Environmental Code already sets out a commitment to invest in environmental R&D and innovation.

This commitment is demonstrated through the setting up of the Water Technological Centre (CETaqua), an organisation created by Agbar, the University Politècnica de Catalunya (UPC) and the Spanish National Research Council (CSIC) to promote innovation in the management of the complete water cycle, which carries out dedicated research into global change.

It also develops methodologies and tools to assess the contribution of water cycle activities to climate change, as well as procedures for modelling the impact of global change on water resources. In this way it is able to propose actions and measures to mitigate and offset emissions, and determine and implement medium- and long-term adjustment measures.

In 2010, the budget set aside for this area of study was €0.9 million, maintaining investments at the same level as in 2009.

04.4.2

SUSTAINABLE MANAGEMENT OF WATER RESOURCES (COMMITMENT EN1)

Agbar constantly endeavours to reduce the strong pressure on traditional sources - surface water (rivers and lakes) and underground water - by setting up new management facilities that use the latest technologies in terms of sustainability, and by improving the processes at existing plants based on the criteria of obtaining the maximum performance possible from this scarce resource. All these measures are associated with the conservation, recycling and environmental improvement of these sources.

Agbar is also decreasing the pressure on tradition water sources by increasing its use of other resources, such as seawater, whose catchment and treatment continues to be guided by a respect for nature.

Second convention on Climate Change and Sustainability

Agbar sponsored the Second Convention on Climate Change and Sustainability held in Albacete. This second convention analysed the impact of this phenomenon on the environment, on industry, on cities, on the authorities and on people, and also attempted to identify the opportunities for taking action and the business outlets available for these sectors and entities.

Second Convention on Climate and Sustainability, Albacete

04.4.2.1 NEW WATER RESOURCE MANAGEMENT FACILITIES

Most of Agbar's new facilities that started operating in 2010 were wastewater treatment plants (WWTP)[G] and drinking water treatment plants (DWTP)[G].

In 2010, one of the main innovations was the construction of a wastewater plant at Tavertet (Barcelona), the first plant to use a Rizhopur system in Spain. The Rizhopur system biologically[G] treats domestic wastewater using technology that combines a bacterial[G] bed and a filtering bed planted with reeds[G]. The new facility at Tavertet, which provides services to 420 inhabitants, has an extremely low consumption of energy (90 kWh/day).

In turn, Sorea started operating a reverse osmosis[G] plant at Masnou (Barcelona) involving a single phase for the elimination of nitrates from Mina de Sors. It is estimated that the maximum recycling capacity of this new facility from its water catchment areas is 240 m^3/day (12 m^3/h, operating 20 hours a day).

Empresa d'Aigües i Serveis de Cervera y la Segarra has built a wastewater treatment plant at Cervera (Lleida). It is a rotating biological contactor WWTP[G] with a treatment capacity of 25 m^3/day. This operation comprises an initial project phase during which wastewater will be reused for irrigation and urban cleaning.

There are also a number of facilities under construction such as the two DWTPs[G] Aquagest is building in Aragón: one to replace the water captured from wells in Gallur with water from Vesa and the other to service an industrial estate.

Agbar has built the first plant using a biological[G] Rizhopur system to treat domestic wastewater in Spain

Natural wastewater in all senses

It is often nature that offers the best solutions for sustainability. For this reason, Aquagest has started to build a pilot wastewater treatment plant that uses earthworms in order to analyse the benefits of using this type of biological[G] treatment as an ecological alternative to the current methods of managing the urban sludge produced by WWTPs[G] when treating wastewater. The project aims to establish a cost-effective system for treating wastewater without generating sludge, to obtain a competitive and environmentally-friendly quality product, providing an alternative to the current system used to manage urban sludge from WWTPs[G].

The drinking water plant at Benidorm has increased its production capacity from 300 to 600 litres per second

WATER CATCHMENT SOURCES (hm^3)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Own groundwater, not acquired	394.9	262.4	146.0	110.2
Own surface water, not acquired	176.8	364.3	747.1	776.8
Own seawater, not acquired	17.7	19.2	0.0	0.0
Purchased groundwater*	124.3	80.9	0	0.0
Purchased surface water	566.3	571.9	7.3	0.0

UNDERGROUND AQUIFER RECHARGE TOTAL AMOUNT EXTRACTED FROM RECHARGED AQUIFERS AND RECHARGED VOLUMES (hm^3)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Total extraction	15.7	18.2	0.0	0.0
Surface recharge of aquifers (scraping, recharge dams, etc.)	3.7	5.8	0.0	0.0
Recharging in depths of aquifers	1.2	0.2	0.0	0.0

04.4.2.2 IMPROVING THE SUSTAINABILITY OF EXISTING FACILITIES

Agbar's procedures for upgrading water resource management facilities always seek to improve sustainability, minimise the environmental impact and preserve the surroundings.

Increasing the production capacity at the plants is one of the lines it pursues. To illustrate this point, in 2010, the drinking water treatment plant (DWTP)[G] in Benidorm increased its production capacity from 300 to 600 litres per second. These improvements now mean that the plant is able to cover 100% of the flows the city requires for residents and visitors during the months of peak demand. The extension to the plant allows capacity to reach 51,840 m^3/day, a figure representing a production margin 25% higher than the average daily demand during summer months (40,400 m^3).

Furthermore, Agbar is constantly striving to integrate new technologies, methods and procedures to mitigate its impact on the environment.

For instance, in 2010 Sorea installed an acid-washing tower at its Vila-Seca plant to eliminate the ammonia (NH_3) released into the atmosphere.

In turn, Emasagra has implemented an iron chloride dosing system to minimise the concentration of hydrogen sulphide (SH_2) in the biogas. Thanks to this initiative, SH_2 concentrations have dropped from 5.000 ppm to 800 ppm.

Other actions are currently underway. This is the case of Aguas de Telde (Las Palmas), which is currently setting up a recarbonationG process to replace calcium hydroxide with calcium carbonate, a less toxic chemical product.

Equally, Aquagest is carrying out the work required to start up a reverse osmosis[G] system at the DWTP[G] at Campo de Calatrava (Ciudad Real), in order to take advantage of the water from the Embalse Vega del Jabalón. This company is also constantly working to reduce phosphorus concentrations in the water treated at Plaza La Muela WWTP[G] (Zaragoza).

At the Albacete WWTP[G], steps are underway to reduce the quantities of contaminants entering the system by using a homogenisation tank, contamination sensors and adjusting pH levels using chemical products.

Agbar is promoting the reuse of treated wastewater and rainwater for secondary uses that do not require human consumption quality levels such as, for instance, agricultural irrigation

04.4.2.3 REUSE OF TREATED WATER

Agbar is committed to reusing treated wastewater and rainwater for secondary uses that do not require the quality levels demanded for human consumption, such as agricultural irrigation, industrial process and non-drinking urban uses (watering green areas, cleaning roads or extinguishing or preventing fires).

For instance, in 2010, Agamed replaced the drinking water mains connections[G] used for watering the municipal gardens in Alicante with connections supplying recycled water.

In turn, Aguas de Alicante installed an irrigation system using recycled water in the Vistahermosa Oeste housing estate (Alicante), and is also introducing the same system at Benacantil and Tossal (Alicante).

In addition to using wastewater for purposes other than for human consumption, other water resources can also be used. For instance, Sorea has installed hydraulic equipment at two wells in order to use this water to irrigate garden areas.

04.4.2.4 EFFICIENT MANAGEMENT OF THE DISTRIBUTION NETWORKS

Agbar carries out exhaustive checks and strives to constantly upgrade its distribution network to minimise potential leaks and make the maximum possible use of this scarce resource.

For this reason, the company is rolling out the widespread use of remote metering over its distribution networks, for real-time, centralised and remote control.

In fact, a remote metering system has been installed in the Foixà-Rupià-Parlavà-Ultramort community and in Bellcaire d'Empordà (Girona), making it easier to detect leaks.

In turn, Aquagest (Murcia Region) has installed remotely controlled stations at the main water inlets in San Javier.

One of the main innovations Agbar has developed in the area of remote control is the installation of early leak detectors[G] – a system using electronic equipment that records the sound of water passing through the pipe. Technicians then use a computer program to interpret the sounds, which in turn helps them to locate the leaks.

Agbar is committed to using remote control and dividing its distribution networks into sectors

In 2010, Sorea purchased 94 early-leak detectors[G] with two amplifier probes to find leaks in the distribution network.

Agbar is also firmly committed to segmentation in the area of network management. This process involves dividing up the networks hydraulically for an optimal control of pressure, continuity and the quality of the water supplied. Creating isolated sectors makes it easier to detect leaks and also reduces the amount of water lost from the network.

In the case of Aquagest (Murcia Region), in Aguilar it has developed a network segmentation design that includes the installation of 16 subsectors and, in Cehegín, is rolling out a leak-detection programme adapted to the segmented system that also checks the amount of non-revenue[G] water for every kilometre of the distribution network. In this place a remotely designed management plan has been set up to monitor the distribution of drinking water. The technical performance of the network has currently risen by 8%.

In turn, Aquagest Levante has segmented the drinking water network at Crevillent (Bajo Segura-Vinalopó area, Alicante) and is segmenting the supply network in Santa Pola (Alicante). The Santa Pola project should improve the technical performance of the network by up to 85%.

Agbar is also taking action in the area of improving the sustainability of the distribution network with the introduction of pressure-regulation systems, allowing flows to be adapted to demand and therefore resulting in water savings. It also allows a reduction of night-time pressure, which is a time of lower consumption.

In this area, Sorea has installed a pressure-regulation system via GSM[G] in Santa Coloma de Farners and in the neighbourhood of Esclanyà de Begur (Girona). In this last case, night-time flows have been reduced by 20%.

Sorea has also introduced a pressure-regulation system in the municipality of Regencós (Girona), reducing daily flows by 12%.

Aguas de Murcia has been recognised by the Ministry for Universities, Companies and Research, through the Agency for Energy Management of the Region of Murcia (ARGEM), receiving an award in the energy efficiency category for its project entitled "Energy savings in the transportation and distribution of drinking water"

A laboratory for analysing pipes

Agbar's materials laboratory in Valladolid currently diagnoses the state of fibre cement[G] pipes in the distribution networks.

The purpose is to determine the structural and operational state of the fibre cement[G] networks using advanced diagnostic tools supported by technological and innovative devices to assess the condition of the pipes.

This structural diagnosis of the distribution networks, using leading-edge technology, can be used to forecast the investments needed to upgrade the pipes.

Network maintenance

Agbar's network management rewarded by the IWA

Agbar's Ice Pigging solution and its Micro Metering District Area Enabler received two of the Project Innovation Awards from the International Water Association (IWA).

Ice Pigging is a new system for cleaning pipes that works by injecting a thick ice solution inside the pipes to remove the sediment. The project was developed by Bristol Water together with the University of Bristol.

Micro Metering District Area Enabler is a cost-effective and reliable system that uses butterfly valve actuators[G] to transform the permanent segmentation of the distribution network into a dynamic micro-segmentation[G] for the daily control of night-time flows.

Ice Pigging project for cleaning the inside of pipes

EFFICIENCY IN DISTRIBUTION NETWORKS (hm^3)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Water entering the distribution network	1,250.7	1,234.8	865.8	846.8
Technical yield*	75.7%	75.2%	68.2%	69.0%

** Technical yield = 100 - [(flow supplied/ flow recorded)/ flow supplied] making the representative calculation with numerator and denominated always correlated. Many types of consumption influence performance, such as leaks, uncontrolled consumption, faulty meters, sub-metering, etc.*

EFFICIENCY IN DISTRIBUTION NETWORKS (km)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Pipes replaced or refurbished	635	452	48	62
Total pipes	61,960	65,757	19,276	21,198
Replacement percentage	1.02%	0.69%	0.23%	0.29%

04.4.2.5
CONTROLLING DISCHARGES

The discharge of contaminants into surface water and sewerage networks poses a risk for the environment, endangering water sources and obstructing the operations at water treatment plants. Agbar is fully aware of such dangers during its everyday activities and rigorously monitors any discharges.

For urban and industrial sewerage networks, Agbar uses Idroverter, an automated measurement and data-collection system it has developed to detect and identify discharges. Agbar's network of laboratories, which are able to test up to 1,500 parameters, produces specialist reports on the status of water basins. The latest analytical technology allows the detection and quantification of a number of chemical elements that until recently were impossible to detect.

In fact, Agbar also applies R&D and innovation in this area, as can been seen in the development of the new Continuous Flow Integrative Sampler (CFIS) device, which continually takes water samples for laboratory testing. This system can be applied to a range of water types and also used to identify sources of pollution or to assess any environmental impact on ecosystems.

Agbar uses Idroverter, an automated measurement and data-collection system to detect and identify discharges in urban and industrial sewerage networks

One example of Agbar's schemes to control discharges is the initiative conducted by Aquagest (Murcia Region). It has identified the 25 companies most likely to pollute in the Municipal district of Cartagena, checked the contaminant load in terms of the chemical oxygen demand (COD)[G] in the 10 areas most likely to contain contaminants, as identified during previous assessments, monitored an average of eight measurements taken over the year of a given parameter for each area, and then checked the conductivity values in 11 actual areas of the sewerage network.

CFIS Project

At other times, corrective measures were adopted to prevent any discharges. In the case of Sorea, the coagulant dosage parameters (PAX)[G] and the filter washing frequencies at the DWTP[G] at Puigcerdà (Girona) were changed to avoid the water used to wash the filter being discharged with excessive levels of aluminium.

Discharges are one of the many environmental incidents that can be prevented by carrying out a risk assessment. And this is precisely the action taken by the Technical Department in Murcia, as it is currently drafting an Operating Risk Plan based on an assessment of the possible risks in order to mitigate and control such events.

Implementation of an alert system

> ***Sensors:***
Installed on residential, commercial and industrial networks, the sensors are designed to detect and assess over twenty compounds and variables such as organic material, flow rates, ammonium and heavy metals, among others.

> ***Network:***
The data recorded is sent to the control centre via radio, cable or traditional telephone lines.

> ***Control Centre:***
It manages the information received and sends operating instructions to the network.

> ***Portable devices:***
In the event of an alert, the remote control stations send alerts by text message or by email.

> ***Information system:***
Some of the discharge detection systems allow information to be uploaded to a web portal.

04.4.2.6
WASTE MANAGEMENT

Agbar endeavours to adopt a responsible and sustainable waste management policy.

In 2010, Aguas de Puertollano (Ciudad Real) put into practice a systematic process for managing and removing waste at its wastewater treatment plant and wastewater pumping station (WPS)[G]; Aquagest Environment adopted a system for managing the dehydrated sludge produced by its WWTP[G], and Castellano Manchega de Limpiezas implemented a plan for the screening and sand waste from its wastewater treatment plant and the pumping stations[G].

Along the same lines, Aquagest is strengthening its waste management procedures at the WWTP[G] of Ciudad Real to reach environmental certification standards. This action provides for the final collection of the waste by an authorised manager and the installation of containers for waste assimilated to solid urban waste..

In addition to these overall plans, they have also produced concrete plans for specific types of waste such as, for instance, a protocol for good practices when handling cement fibres, produced by Aigües de l'Horta. Furthermore, workers attended courses to learn about how to put these good practices into action.

04.4.3

WATER QUALITY (COMMITMENT EN2)

Around the world Agbar manages over 200 drinking water plants. Although each country imposes specific regulations in relation to water for urban consumption, the World Health Organisation imposes around 100 different parameters as a basis for the minimum requirements used to establish legislation relating to drinking water quality. These parameters range from turbidity to all kinds of different compounds. Agbar's purification plants ensure compliance with these guarantees and for this purpose its laboratories are equipped with systems with which to perform continuous analyses.

In 2010, for example, Aguas Andinas set up three flow and water quality measurement stations in the basin of the Mapocho River (Chile) to provide appropriate information on changes in water quality, in order to protect the population and any drinking water treatment systems that might be affected by extreme events.

These measurement systems also supply instant information on temperature, pH, conductivity, turbidity, dissolved oxygen and flow rates. In Spain, Agbar analyses up to 1,500 drinking water parameters every day through its network of specialised laboratories and its continuous measurement equipment, which checks not only the water intended for human consumption but also the water used for other purposes.

In addition to testing, Agbar is also improving water quality by upgrading its facilities and introducing new technologies.

As an example, Agamed is replacing the lead pipes[G] in Torrevieja (Alicante) in order to ensure the greatest possible reduction in the concentration of lead in water for human consumption in this area.

Along the same lines, Aquagest Levante is upgrading a large section of its distribution pipes in order to ensure that they comply with future requirements, and replacing any materials covered by Royal Decree 140/2003, for the purpose of ensuring that no substance ends up in the water that might alter its quality or increase concentrations of iron ions, lead, vinyl chloride, etc.

For its part, in the municipality of Tagamanent (Barcelona), Sorea is installing a sand and anthracite filtering system to remove iron, turbidity and, if necessary, manganese from the Vila well in order to make the water fit for human consumption. The maximum recovery capacity from own water catchment flows will be 240 m^3/h (operating 20 hours a day).

Reducing trihalomethanes[G] is another of the customary actions performed by Agbar to improve water quality. For example, Agamed is developing an effective method to reduce trihalomethanes in the distribution systems by installing a blowing system (with soundproofing) at the Depósito de La Hoya (Almería).

In Spain, Agbar analyses up to 1,500 drinking water parameters every day

Agbar's tasters

Agbar has had a taste and odour analysis laboratory since 1987. This laboratory comprises a team of water tasters in charge of describing the odour and taste of the water using a series of labels, in a similar way to the system used by wine, beer or oil tasters. However, in this particular laboratory they use expressions such as "has a fresh natural odour", "has a spicy taste", "smells earthy" or "has a bitter taste", describing up to 50 different types.

Only a dozen laboratories of this kind exist in the world and they all follow a standardised pattern. The descriptions given by the tasters are so accurate that they have occasionally identified extremely unusual compounds more efficiently than electronic devices.

—
Team of water tasters
—

04.4.4

PRESERVING BIODIVERSITY (COMMITMENT EN3)

Agbar is globally involved in improving the environment and biodiversity in the areas where it operates. Throughout the world, Agbar is involved in reintroducing threatened species and protecting the biodiversity and the integral quality of the water basins. This has a knock-on effect on the overall improvement of the environment.

Delta del Llobregat

Location:
El Prat de Llobregat, Viladecans, Gavà and Sant Boi de Llobregat (Cataluña, Spain)
Surface area:
900 hectares
Natural resources:
360 bird species, 29 mammals, 13 reptiles, 4 amphibians, 12 indigenous fish species, over 700 plant species (of which 22 are orchids) and over 200 species of fungi.

Agbar's action in the area:
Aigües de Barcelona monitors the quality of the park's aquatic areas by carrying out tests. In addition, it has set up several sign-posted trails for visiting the park.

The Delta del Llobregat nature reserve, located within the metropolitan area of Barcelona, is a coastal strip with a 40-km diameter centred on the Catalan capital.

In environmental terms, this protected area contains lakes and wetlands, coastal pine forests next to virgin dunes and beaches with vegetation that typically grows on the back of dunes. The reserve is located on the migratory route of birds flying from northern Europe to Africa.

Although the Consortium for the Protection of the Delta del Llobregat *(Consorcio para la Protección de los Espacios Naturales del Delta del Llobregat)* is in charge of managing the reserve, Agbar company Aigües de Barcelona signed an agreement with the consortium in 2007 to conduct tests to analyse the environmental quality of the nature reserve. This agreement involves carrying out tests and checks, and producing reports on the physical and chemical characteristics of the aquatic environment.

—
Delta del Llobregat,
Prat del llobregat, Catalonia
—

Artificial lake and reforestation in Alicante

Location:
Alicante (Community of Valencia, Spain)
Surface area:
5 hectares
Natural resources:
Lake created from recycled water where several species have been introduced.

Agbar's action in the area:
Attempts are being made to control mosquito populations in a sustainable manner by introducing larvivorous fish.

In Alicante, the dual urban network for reusing water consists not only of the pipes but also adjustment reservoirs for storing the regenerated water. One of these reservoirs is a small artificial lake that is home to several species of waterfowl.

In recent years the mosquito population has proliferated in these still waters which offer an ideal environment for the development of larvae. In order to naturally control the seasonal peaks in the larval population, Aguas de Alicante has implemented a strategy of creating a more complex ecosystem: larvivorous fish have been introduced into the lake, thereby controlling the mosquito larvae but also considerably enriching the ecosystem. Aguas de Alicante is working to roll out the initiative to other areas along the same lines.

In addition, Aguas de Alicante has planted over one thousand trees in Sierra de San Julián (Alicante), to celebrate World Tree Day. One of the city's former tips has thus been converted into a new green lung for the area.

—
Artificial lake in Alicante,
Community of Valencia
—

Two environmental lagoons in Murcia

Location:
Cartagena (Murcia Region, Spain)
Surface area:
50 hectares
Natural resources:
The lakes are the habitat of 44 bird species, including the white-headed duck.

Agbar's action in the area:
Aquagest (Murcia Region) has artificially reclaimed the lagoons and contributes to their conservation.

The lakes formed by treated water from the wastewater treatment plant at Cabezo Beaza (Cartagena) have been transformed into one of the largest wetland areas for waterfowl in the Murcia Region. According to the census compiled by the Southeast Naturalist Association, 44 species live in these artificial lakes, including the white-headed duck, which is listed as a protected species and is in danger of extinction (due to the presence of the ruddy duck that has become an invasive species).

The measures applied to save this bird have resulted in a significant increase in its numbers in the Murcia Region, even when analysed in comparison to other regions of the world.

Aquagest (Murcia Region) contributes to conserving the lagoons and the species that live in them. Some of the actions carried out include: improvements to breeding conditions, the replanting of slopes and the monitoring of the populations of waterfowl through periodic surveys, among others. This initiative is part of the LIFE programme, a financing instrument set up by the European Union specifically for projects dedicated to the environment.

—
Cartagena lagoon,
Murcia Region
—

Environmental restoration at the Bay of Cadiz

Location:
San Fernando and Cadiz (Andalusia)
Surface area:
6 hectares
Natural resources:
This area is considered to be one of the most extensive wetlands in southern Europe, forming a labyrinth of dunes, narrow channels, marshes and beaches.

Agbar's action in the area:
Aquagest Andalucía has improved the circulation of water flowing through the different channels and salt flats, planting over a thousand indigenous trees and shrubs.

Building channels to improve the movement of water, restoring the vegetation and excavating ponds are some of the actions carried out under the plan to restore the water and plant environment around the Cadiz-San Fernando wastewater treatment plant; this plant is located in the Bay of Cadiz Nature Reserve, a 55,900 m^2 protected area including marshlands, beaches, pine woods, sandy ground and scrubland.

In accordance with this plan, in 2009, Aquagest Andalucía planted over a thousand different plant species including tamarisk, broom and wild olive trees.

—
Nature Reserve,
Bay of Cadiz, Andalusia
—

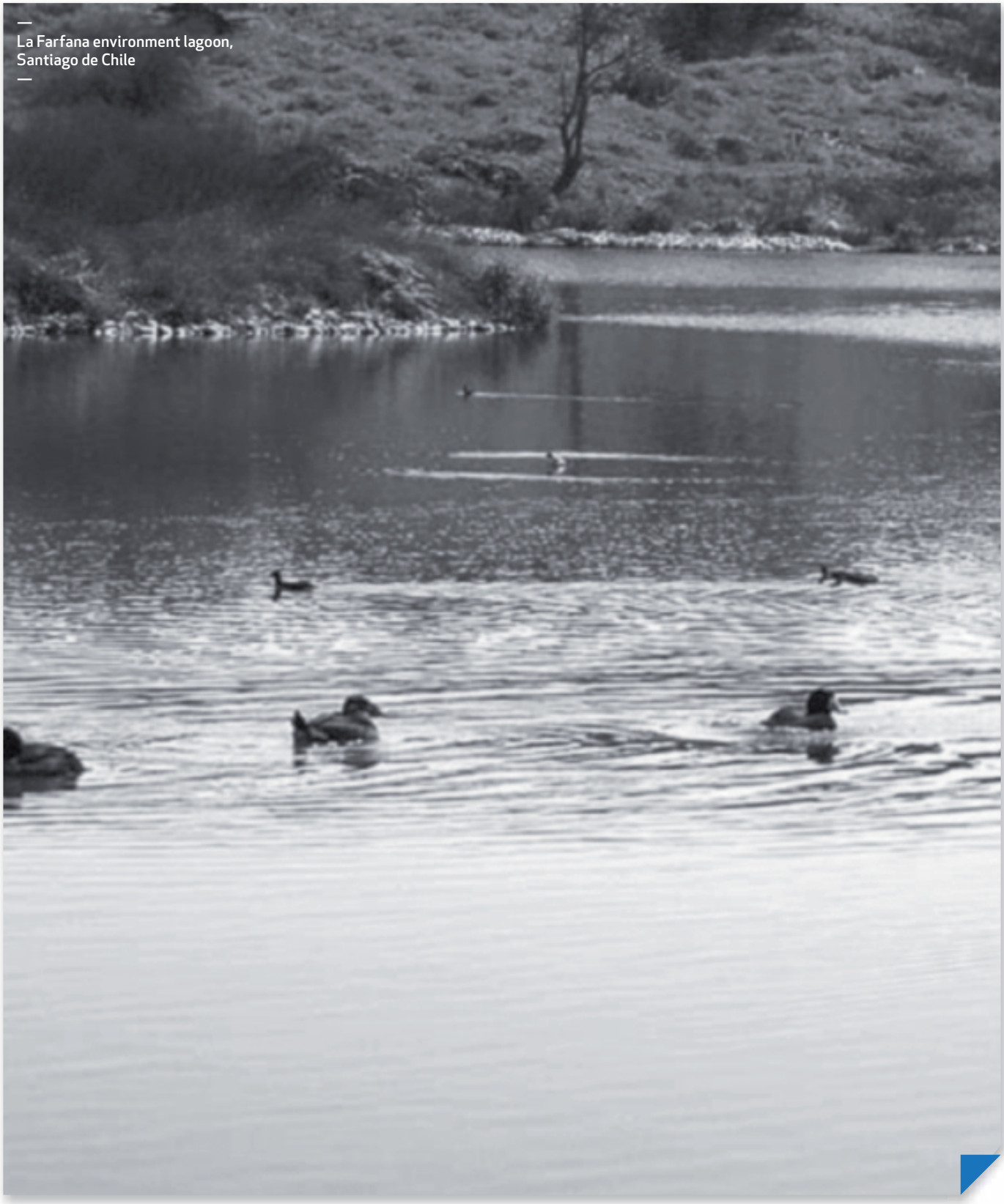
La Farfana environmental lagoon

Location:
Santiago de Chile (Chile)
Surface area:
15 hectares
Natural resources:
Around twenty species of waterfowl have been reported at the lagoon, including ducks that experts consider to be "rare species" or "inadequately known species".

Agbar's action in the area:
Aguas Andinas created this lagoon as an environmental action associated with the La Farfana plant.

One of the most significant projects implemented by Aguas Andinas to protect biodiversity is its creation of the La Farfana environmental lagoon. With a capacity of 50 hm^3, the lagoon is an artificially created marsh where several bird species have been introduced successfully.

The project is now bearing fruit and, over the last few years, during their monthly surveys, ornithologists have observed a few species of duck that experts consider to be "rare species" or "inadequately known species".



—
La Farfana environment lagoon,
Santiago de Chile
—

Aguas de Ramón nature reserve

Location:
Santiago de Chile (Chile)
Surface area:
3,300 hectares
Natural resources:
Over 300 out of the 398 species of flora and fauna that are specific to the foothills of the Andes.

Agbar's action in the area:
Agbar is involved in the management of the reserve, together with the Parque Cordillera organisation.

The Aguas de Ramón Nature Reserve is a protected area covering over 3,300 hectares. The reserve was set up in 2005 by Aguas Andinas and the Protege organisation (now known as Parque Cordillera). It is one of the closest nature reserves to Santiago de Chile and, for this reason, receives a large number of visitors. Located within striking distance of the Andes, the reserve provides educational areas and a network of sign-posted trails allowing visitors to discover 300 of the 398 species of flora and fauna that are specific to this area.

As well as helping to care for this environment, and given that Chilean regulations relating to 'complete water cycle' concessions encompass water basins, Aguas Andinas also manages the reservoirs and lakes that supply the capital. Noteworthy among these basins are the El Yeso reservoir and the Laguna Negra, which have a combined capacity of 850 hm^3 and cover a surface area of 16,000 hectares.

—
Aguas de Ramón Nature Reserve,
Santiago de Chile
—

Bristol Water's vocation for biodiversity

Location:
Bristol (United Kingdom)
Surface area:
720 hectares of a lakeside ecosystem
Natural resources:
This nature area comprises a range of different habitats, including two lakes, marshland, meadows and wooden banks.

Agbar's action in the area:
Bristol Water owns the lakes and, therefore, manages all aspects connected to their biodiversity.

Bristol Water supplies drinking water to over one million people in a 2,400 km^2 area; the Agbar subsidiary also owns and manages various water sources in this area, namely Chew Valley, Blagdon, Barrows and Litton, among others.

In this area, one of Bristol Water's most important conservation and recovery projects involved reintroducing the European freshwater crab, which is a highly endangered species in the United Kingdom and had been widely expected to become extinct over the next 20 year if no steps were taken to save it.

The project conducted by Bristol Water involved breeding the crabs in captivity and then releasing the adult crabs into the wild. The Environment Agency and the Wildlife Trusts were associated with the project, and they awarded Agbar's subsidiary one of the Green Apple Environment Awards.

In addition to reintroducing the European freshwater crab, Bristol Water is also working to preserve a species of water vole endemic to the Cheddar area.

In recent years, Bristol Water has also been involved in initiatives to protect meadows (an ecosystem specifically found in United Kingdom and which has declined by 97% over the last sixty years); it also restored Woodford marsh, after reintroducing endemic species.

It is not surprising that the UK government's advisor on the environment, Natural England, rated Bristol Water as the water sector company that is doing the most to manage its environmental assets. This organisation reported that 100% of the nature areas managed by Bristol Water are in a 'favourable' position, the highest rating it awards.

In addition, the British company has received a Biodiversity Benchmark, the highest accreditation for diversity management in the United Kingdom, for its work in the protected area of Chew Valley Lake.

—
Bristol Water's vocation for biodiversity
—

Bristol Water has received a Green Apple Environment Award for its project to reintroduce European freshwater crabs to Chew Valley Lake

—
Initiatives to improve water efficiency, Bristol Water, United Kingdom
—

Natural England, an organisation concerned with environmental issues, rated Bristol Water as the water sector company that is doing the most to manage its environmental assets

Reforestation in Colombia

In 2010, Aguas de Cartagena conducted a 10-hectare reforestation project along the banks of the rivers Quita Calzón, Quirón and Cabrita located in the basin of the Juan Gómez-Dolores lagoon system (Colombia). In all, they planted 8,800 trees of species endemic to the area.

Furthermore, Aguas de Cartagena has introduced a species of fish called 'bocachico' into the marshy areas along the Magdalena River (Colombia) to regenerate areas where fish numbers have been decimated.

Agbar is involved in projects to reintroduce endangered species, and to protect biodiversity and the integral quality of the basins

04.4.5

SUSTAINABLE MANAGEMENT OF RAINWATER (COMMITMENT EN4)

Rainwater and floods can result in major pollution to coastal waters, rivers and lakes, and cause considerable environmental damage. Agbar therefore believes that rainfall management is an essential part of managing the water cycle. For this reason, it implements a range of actions to prevent these impacts as far as possible.

04.4.5.1 IMPROVING RISK PREVENTION

Improving risk prevention is an important part of sustainable rainwater management.

Particularly noteworthy in this area is Cowama (Coastal Water Management), an integral coastal water quality forecasting system that allows developments to be forecast, thus alerting public authorities and informing users of the state of the water. This solution was developed by Agbar Clabsa and financed by the R+I Alliance innovation platform, of which Agbar is also a member.

Cowama received one of the Project Innovation Awards from the International Water Association (IWA).

Cowama is an integral coastal water quality forecasting system developed by Agbar, which allows developments to be forecast in real time and the population to be alerted

More specifically, having set up the Cowama system on the Internet, Aguas de Alicante is currently developing Phase II of the system on Alicante's beaches, calibrating the water quality model in the collector by sitting a buoy at sea to take and analyse samples, installing a weather station to adjust the forecasts received from the Spanish Meteorological Institute, as well as remote-monitoring cameras receiving visual information from a number of rainwater drains, and allowing water quality information to be displayed on information boards at the beaches.

At Cullera (Valencia) Cowama is also installing sensors to determine the quality of bathing water.

Amaem is also establishing an Integrated Prevention and Alert System for Floods and Discharges into the collector (*Sistema Integrado de Prevención y Alerta frente a Inundaciones y Descargas al medio receptor* (SIPAID)). Major work has been carried out to equip the city of Alicante with a network of stream gauges[G], rainwater gauges[G] and a meteorological radar[G] to provide accurate information on the current state of the urban drainage systems during rainy weather.

The aim of the SIPAID system is to manage efficiently the information received from the rain gauges, the radar and the real-time flood levels at the collectors[G], to provide visual alerts throughout Alicante and surrounding areas. The system allows decisions to be taken with regard to notifying maintenance teams, the city council, the fire services and the local police.

04.4.5.2
IMPROVING THE SEWERS

Agbar is well aware that managing the complete water cycle requires every stage to operate correctly. Sewers represent a seldom recognised but essential stage of the process in terms of customer satisfaction (odours, debris, etc.).

Aquagest Levante is carrying out work in accordance with the Sewer Master Plan of the Municipality of Santa Pola (Alicante), which envisages replacing the gravity-based sewer network[G] in the western section of the municipality with a vacuum wastewater treatment system[G]. This action provides a response to the problem of seawater from the water table infiltrating the sewers. This leads to a combination of household wastewater and infiltrations from the water table[G] reaching the wastewater treatment plant, preventing the biological wastewater process from operating and having a negative impact on water reuse after the water has passed through the treatment plant.

The sewerage network of Aguas de Lucena (Cordoba) is also being upgraded to mitigate the impact this aging system has on the environment.

Santa Pola, Sustainable City Award

Santa Pola, a town in Alicante managed by Aguagest Levante, received the Sustainable City Award from the Fundación Fórum Ambiental for the quality of its water cycle.

The upgrading and segmentation of the town's drinking water network resulted in a significant drop in the number of leaks; the sewers were replaced with a vacuum wastewater treatment system[G], a pioneering scheme in Spain, and infiltrations and salinity problems are being eliminated.

— Santa Pola, Sustainable City Award —

04.4.6

SEEKING ENERGY EFFICIENCY AND USE OF ENERGY (COMMITMENT EN5)

Agbar knows that climate change is one of the main environmental problems facing our planet and is combating this phenomenon by adopting energy efficiency measures and promoting the use of renewable energy.

Agbar's commitment to this issue can be seen in its creation of the Energy Efficiency Department (DEE) in 2009 to help the company reduce its energy consumption and reduce its CO_2 emissions.

The DEE conducts an energy audit at water catchments and sampling points, and at drinking water and wastewater pumping stations DWPS[G], WPS[G], WWTP[G], DWTP[G] and DSP[G], as well as in office buildings. In practical terms, in 2010 it completed and reviewed a total of 125 audits. Implementation of the actions proposed in these audits would result in energy savings of 6,970 MW/h.

Most of the measures proposed (55%) involve upgrading the equipment, continuing to monitor the price of electricity (28%) and modifying the operating system (17%).

In 2010, the Energy Efficiency Department completed 125 audits which, if their recommended actions are applied, will result in energy savings of 6,970 MW/h

The Energy Efficiency Department selects plants to be audited from among those that use the greatest amount of energy and have the lowest equipment performance levels.

In the case of WWTPs[G], the DEE analyses the efficiency of the fans (option of using magnetic levitation fans and turbo-compressors), of the blowers and the possibility of remotely controlling the major pumps.

At Agbar's Drinking Water Pumping Stations (DWPS)[G] and WWPS[G], the department looks at ways of improving the productivity of the pumping equipment or at whether it would be more worthwhile to install new and more efficient equipment. It also examines the efficiency of energy consumption (installation of frequency variators[G] and condensers) and the setting up of a remote control system for the major pumps.

The DEE analyses the feasibility of introducing the following innovative technologies at Agbar's pumping stations:

> ***Optipump:*** This system optimises the operation of the drinking water pumps by minimising the number of pump movements per day, maximising the deposit level at the end of off-peak periods[G], avoiding the unnecessary accumulation of water in the deposit and always pumping during off-peak periods.

> ***Vibration analysis techniques:*** This is a technology used to detect any faults to the pumping equipment, to locate breakdowns and analyse the behaviour of the dynamic fluids. This technique offers savings in terms of repair costs, meaning the machines remain available for longer periods and avoid serious breakdowns, leading to improved performance, with the resulting financial and environmental benefits.

> ***Thermodynamic method:*** This is a technique used to improve the pump's efficiency by determining its flow to identify any progressive wear and anomalies. It offers the advantage of being able to take measurements continuously.

> ***QL5 Project:*** Calculates the incoming flows and the pumping rate at the wastewater pumping stations, meaning the pumps are more efficient.

RESULTS OF THE AUDITS CONDUCTED BY THE ENERGY EFFICIENCY DEPARTMENT IN 2010

	FIELD DATA COLLECTION	AUDITS PREPARED	AUDITS REVISED	CAPTURED SAVINGS IN AUDITS REVISED				REDUCTION OF t CO_2*
				kWh	%	€	%	
North America	37	33	28	3,522,746	17%	683,780	32%	1,627
Central America	38	35	31	902,912	4%	292,995	13%	406
Andalusia	33	24	25	767,405	30%	198,869	42%	450
Murcia + Canary Islands	30	18	13	581,198	15%	140,957	43%	262
Catalonia + Balearic Islands	54	33	28	1,196,213	8%	221,346	9%	538
TOTAL	**192**	**143**	**125**	**6,970,474**	**15%**	**1,537,946**	**28%**	**3,284**

** Electrical emission factor (kg CO_2/kWh) supplied by the Spanish Ministry of Energy*

04.4.6.1 EFFICIENCY IN THE USE OF ELECTRICITY

The processes associated with supplying drinking water such as water treatment and transportation, consume considerable amounts of electricity. Therefore, in order to reduce CO_2 emissions, in 2010 Sociedad General de Aguas de Barcelona started implementing a comprehensive system to improve its energy efficiency, based on UNE 16001 (a European standard for energy management systems) methodology, to ensure it consumed energy more efficiently.

In addition, the widespread national and international use of frequency variators[G] (devices that control the motor's rotation speed) is one of the most extensive actions Agbar has implemented to improve the efficiency of its electricity use.

Therefore, in 2010 Aquagest Levante installed frequency variators[G] on each pump of the new driving unit at the Cautivador tank and on the pressure unit of the new Cautivador 2 tank. In addition, it also intends to install these new devices at the new DWPS at Faima Estate in Crevillent (Alicante) and at the Senija well belonging to Consorcio de Aguas Teulada Benitachell (Alicante).

In turn, Sorea has also installed a frequency variator at the Prats i Sansor well to avoid overusing the aquifer, reducing the pump's rate of extraction and improving its electrical performance.

Probes are other devices that can be used to save electricity. More specifically, at all of its 61 WWTPs[G] in the Province of Ourense, Aquagest has installed an optical regulation probe[G] in the biological reactor and a frequency variator[G]. The probe measures oxygen and transfers the reading to the frequency variator[G], allowing the blower to operate at a speed adjusted to the plant's actual oxygen demand. This measure has resulted in overall savings of 502,274 kWh/year.

Aquagest has also acquired a third pumping unit for the DWTP[G] at Vilarbetote (Lugo). Its installation should result in savings of 97,035 kWh/year.

Aquagest Levante has installed two separate networks, one for rainwater and the other for sewerage, which should result in energy savings at the existing WPS[G], as it will no longer receive rainwater, contrary to the current situation.

In turn, Sorea has installed a new suction system on the filter pumps at the Sallent DWTP[G], which has improved its electrical efficiency.

Small suction collectors[G] caused cracking of the pumps, reducing their operating life and resulting in high electricity consumption.

Hydraulic energy studies

The Energy Efficiency Department is examining the option of using new sources of energy such as waterfalls, and upstream water[G] pressure regulating points. The viability of such schemes normally requires the installation of facilities to recover the electricity from waterfalls and the pressure-reducing valves by attaching suitable turbines at each location.

04.4.6.1.1
REPLACEMENT OF EQUIPMENT

At times, installing new equipment can be more cost effective over the medium- to long-term than upgrading the existing devices.

Pumps are the item that Agbar needs to replace most frequently.

In fact, Aguas Andinas has looked at the possibility of improving the electrical efficiency of pumping operations at deep wells. In 2008, it invested 0.7% of its total energy costs in replacing the pumps at the El Trébol 1 and 2 and Pomaire 1 wells. The investment was recouped within three months and, in February 2009, the company reported a 1.5% saving in total energy costs.

The actual savings reported during the pilot programme confirmed its forecasts and, in March 2009, a proposal was put forward to purchase nine pumping units to replace the existing ones, representing an investment of 2.5% of the total annual energy costs it expected to recover over 10 months.

Along the same lines, Aquagest has installed a new submersible pump at the Sada WWTP[G] (La Coruña). The previous pump was extremely large and the new one can now be adapted to the electrical consumption the plant's treatment flows require, resulting in annual energy savings of 384,405 kWh.

At the Ourense supply network, a motor and a pump with a total performance of 65.70% have been replaced with another motor and pump with a total performance of 79.49%. The energy consumed dropped from 215 kW to 180 kW. A motor/pump unit (30 kW) has been installed on a line through which 1,500 to 2,000 m^3/day of water is pumped directly to the network, without passing via the distribution tank. All these measures imply savings of around 360,000 kWh/year.

Sorea has also taken actions along the same lines: it has installed two new super-elevated pumps at the Parc Nou de Olot station (Girona), saving around 50,000 kWh/year (5%), and a new super-elevated pump at the Montolivet de Olot station, saving around 10,000 kWh/year (10%).

Agbar is working on the energy efficiency of lighting and air-conditioning systems in its buildings

At the supply networks of Lerma (Burgos) and Dueñas (Palencia) motorised pumps have been installed to improve efficiency and, at Los Ángeles de San Rafael (Segovia), a pump with a new driving mechanism has been installed.

The replacement of the pump at the Épila catchment (Zaragoza) by Aquagest PTFA has resulted in an 11% drop in consumption.

04.4.6.1.2 OTHER WAYS TO REDUCE CONSUMPTION

Agbar's Energy Efficiency Department also seeks to ensure energy efficiency in its buildings, considering the feasibility of replacing light fittings and installing presence and light sensors, and of improving heating and air-conditioning system, as well as thermal insulation.

With respect to the lighting system, Agamed has installed low-wattage light fittings at its drinking water tanks, which should result in electricity savings of 60%.

Equally, energy-saving halogen bulbs have been used in the customer service area at the offices of Aquagest Levante in Teulada (Alicante).

With regard to air-conditioning, Aquagest Levante has also replaced its air-conditioning system in the customer service area in Teulada, and has now installed a reverse system which should result in considerable energy savings.

04.4.6.1.3 EFFICIENCY IN THE USE OF OTHER RESOURCES

WATER

Not only is Agbar devoting all its efforts to making the most efficient use of water through its management of the complete cycle, it is also helping end consumers make savings in their use of this scarce resource.

Bristol Water has teamed up with EON and the Save Water Money chain of stores for an initiative to provide free water efficiency equipment for domestic customers. The kit includes a water-consumption timer, a save-a-flush pack for cisterns, as well as flow reducers[G] for taps and showers.

Aquagest (Murcia Region) has also begun installing water-saving devices in the municipal offices in Águilas, which should result in a 2% drop in consumption.

PAPER

For years Agbar has been promoting the use of recycled paper in its offices, in keeping with its commitment to respect the environment. The initiative has been extremely well received. Since 2009, 52% of paper Agbar purchases has been recycled.

The use of recycled paper by Aquagest Andalucia is worth highlighting, as it has replaced 90% of its white paper with recycled/acid-free paper; the figure for Aigües de Barcelona is 71%.

Agbar's Energy Efficiency Department is promoting the replacement of the fleet with gas-powered vehicles

FUEL USED FOR TRAVEL

In 2010, Agbar intensified its efforts to reduce the fuel consumption of its vehicles, as this has a major impact on the environment.

Agbar's Energy Efficiency Department is promoting the replacement of the fleet with gas-powered vehicles. LPG reduces NOx[G] emissions by 68% compared to diesel and CO_2 exhaust emissions by 10% compared to petrol; in addition it is 50% quieter than diesel.

In turn, Aguas Andinas has rolled out Teseo Pack to all its subsidiaries; it is a solution that optimises routes and travel times for the fleet of vehicles. Consequently, the fuel consumption of these vehicles is lower, with fewer emissions.

FUEL CONSUMPTION FOR TRAVEL IN COMPANY CARS (M^3)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Petrol	324	282	234	217
Diesel	6,038	5,676	435	748

04.4.6.1.4 RENEWABLE ENERGIES

Another of the activities of the Energy Efficiency Department is the promotion and implementation of systems using renewable energies, such as photovoltaic solar energy.

PHOTOVOLTAIC SOLAR ENERGY

The Energy Efficiency Department is promoting the installation of photovoltaic solar energy systems on roofs, making the most of buildings suitable for receiving the grants determined in Spanish Royal Decree 1578/2008.

The infrastructure suited to the installation of such systems are warehouses, water tanks or any other building among the range of the facilities used by the group, which fulfil the necessary requirements in terms of surface area, length of concession, etc. These requirements include: minimum surface area for building the installations must be 900 m^2, and the length of the concession must be at least 24 years.

In 2009, Aguas Andinas started to assess the possibility of installing solar panels at Pintor Cicarelli (Chile) where most of the company's operating staff work. Specifically, the use of panels to heat the water used in the showers is currently being studied. This will result in energy and liquid gas[G] savings of around 65% each year; it will also help to reduce CO_2 emissions. In 2010, the project was still being examined.

In turn, Sorea has installed photovoltaic[G] panels at the remote control station in Palafrugell (Girona) and in Aigua Gelida II (Barcelona).

Details of the photovoltaic energy scheme set up by Murcia are given below:

MURCIA'S PHOTOVOLTAIC ENERGY SCHEME

FACILITY	METRES COVERED	PEAK POWER (kWh)	ANNUAL PRODUCTION (kWh/YEAR)	CO_2 EMISSIONS (t)
Warehouse	720	63	73,080	33
Rincón de Beniscornia	700	43	71,050	32
WWTP Murcia East	5,980	520	754,000	339
Cabezo Cortao	621	30	43,500	20
Mosa Trajectum	1,427	98	144,888	65
Nueva Condomina	1,937	175	253,750	114
La Paloma	4,223	340	428,627	193
El Valle	2,822	198	286,473	129
TOTAL	**27,850**	**1,467**	**2,055,368**	**925**

Photovoltaic panels

BIOGAS

Agbar is making good use of the biogas generated in various industrial processes, in addition to using it for production via cogeneration[G].

One of the benchmarks in this area is the biogas plant of Aguas Andinas. This plant supplies biogas to the Metrogas gas works in the city, allowing it to serve over 35,000 inhabitants in the Santiago Metropolitan Region, and making the company one of the leading proponents of the use of renewable energy in Chile.

Since it started operating in October 2008, the plant has produced over 26 million m^3 of biogas for the distribution networks of Metrogas and was able to successfully handle the emergency situation caused by the earthquake on 27 February 2010, which affected the central and southern areas of Chile.

In March 2010, the company launched the 'Clean Urban Mapocho' [Mapocho Urbano Limpio (MUL)] initiative, increasing by around 20% the biogas produced at its La Farfana wastewater treatment plant, with the biogas plant operating at historically high capacity.

The benefits of the plant are far ranging and are fast becoming apparent, as the biogas which was previously burnt off is now used to satisfy the energy requirements of the city of Santiago, resulting in a reduction in the associated emissions both locally as well as in terms of greenhouse gases[G]. The decrease in emissions is estimated to be around 20,000 tonnes of CO_2 each year. The use of fossil fuels is also being replaced according to the volume of biogas supplied, offering a local and renewable solution, and also reducing the dependency on foreign suppliers.

In 2009, the plant received a National Award for Energy Efficiency awarded by the Chilean Commission for Energy.

The biogas plant of Aguas Andinas is supplying gas to over 35,000 inhabitants of the Metropolitan Region of Santiago, Chile

"We will start building the Mapocho plant this year and, in 2012, we will be able to treat all the wastewater from Santiago de Chile"

Chairman of Aguas Andinas.

Aguas Andinas is planning a third wastewater treatment plant at Mapocho, which will allow the company to treat all the wastewater produced in the greater Santiago area. The technology used at the sludge line will be replaced by one that uses thermal hydrolysis[G]. This technology increases the biogas produced during the production process. This biogas will be used to cogenerate electricity and heat, which will then be reused for the plant's processes, even for the hydrolysis itself. It also means that the plant will require fewer supplies from outside suppliers.

In Spain, cogeneration[G] using biogas amounts to 1,425,947 kWh. This system is used at the WWTPs[G] in Valladolid, at Sur Chirriana (Granada), Rincón de León (Alicante), Sur Oriental (Madrid), Cabezo Beaza (Cartagena), Algorós-Elx (Elx), Benidorm (Alicante), Palencia and La Hoya (Lorca).

A cogeneration[G] system is being set up at the WWTP[G] in Albacete using some of the biogas generated as fuel for a generating motor.

Joint Award for Aguas de Murcia

Aguas de Murcia received one of the joint prizes for its sustainable biogas management project for wastewater treatment plants. This initiative, called AMEB, allows the sustainable use of the biogas generated in the urban WWTPs[G] where selective elimination processes for contaminants have been installed.

AMEB is an innovative solution to minimise the consumption of natural resources, reduce CO_2 emissions, and also prevent the emission of sulphur dioxide and other harmful secondary products.

— Presentation of the award —

Agbar is rolling out a carbon footprint calculator[G] called CAFCA in all its companies

04.4.6.1.5 GREENHOUSE GAS EMISSIONS

The aim of all Agbar's efforts to improve energy efficiency and promote renewable energies, in addition to saving costs, is to minimise the impact on the environment, especially in order to reduce greenhouse gas emissions (GGE)[G].

In 2008, the CETaqua research centre developed a carbon footprint calculator[G] called CAFCA, which calculates the total GGE[G] produced throughout the complete water cycle.

Agbar is rolling out this tool to its companies, namely Aguas Andinas. The Chilean company used the calculator for the first time in 2009 for its direct and indirect emissions, though the calculation period for CO_2 emissions related to 2008. This first carbon footprint calculation[G] was only approximate, as it did not take all the company's sources of emissions into account.

The amount calculated was 172,000 tonnes of CO_2 for the year. The net emission of greenhouse gases for each megalitre of drinking water produced and distributed is 104 kg of CO_2 each year; the net emission of greenhouse gases[G] by megalitre of collected and treated wastewater is 293 kg of CO_2 each year.

In Spain, CAFCA is already been used in Canagua, Teide Agua, Aguas del Telde and at the wastewater treatment plants at the Technical Department of Andalusia, among other Agbar companies.

ENERGY PRODUCED (GJ)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Photovoltaic origin	6,120*	6,638.9*	0	0
Cogeneration	132,267.6	108,771.1	0	0

**Photovoltaic solar facilities of Santa Pola (Alicante), Rincón de León (Alicante) and Telde (Gran Canaria)*

ENERGY CONSUMPTION (GJ)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Total electricity consumption[1]	2,915,724.80	3,024,723.10	1,212,969.50	1,335,842.50
Total natural gas consumption	22,884	158,356	0	0
Diesel consumption	13,152,973	1,544,245[2]	3,857	4,037

[1] Includes the electricity consumption at DWTP[G], WWTP[G], other technical facilities and offices.
[2] Reduction in diesel consumption in Spain after management of the wastewater treatment plants in Andorra ceased. In 2009 these plants consumed a total of 364,339 m³.

CO_2 EMISSIONS (t)* FROM ENERGY CONSUMPTION	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Electricity	218,679	226,854	150,651	161,470
Natural gas	12,528	8,873	47	0
Gasoil	987,855	115,965	501	303
Trips in company cars				
Emissions through travelling	17,113	16,033	1,733	3,839

**Nota: The CO_2 emissions were calculated using CAFCA, a tool developed by Agbar to calculate the greenhouse gas emissions[G] of the water cycle. The CO_2 emissions from the consumption of electricity have been calculated using the emission factor in kg CO_2/ kWh supplied by the CNE (National Energy Commission) for Spain, and by the IEA (International Energy Agency) for Chile and the United Kingdom. Likewise, these values were use to recalculate the 2009 emissions.2009.*

EMISSIONS OF NOx AND SOx THROUGH FUEL CONSUMPTION (KG)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
NOx	668,837	85,146	376	202
SOx	1,841,388	216,201	933	565

Diesel consumption in Spain was considerably lower than in 2009. Consequently, the CO_2, NOx[G] and SOx[G] in 2010 were considerably lower than in 2009. The same situation with regard to diesel consumption was also observed in the United Kingdom, which dropped considerably in 2010. Natural gas consumption was zero in the United Kingdom, whilst in 2009 it was 21,983 m³. Consequently, CO_2 emissions from natural gas consumption were zero in 2010, which was not the case in 2009, and NOx and SOx emissions were also lower. Diesel consumed during trips also increased significantly in 2010 in Chile and the United Kingdom, therefore resulting in an increase of CO_2 emissions during travel.

04.4.7

OPTIMISATION OF SLUDGE MANAGEMENT (COMMITMENT EN6)

Sludge[G] is a by-product generated by wastewater and drinking water treatment plants. Agbar is seeking new solutions to both reduce the amount produced and ensure that the amount produced is disposed of in an increasingly sustainable manner.

In fact, in its WWTPs[G] Agbar is committed to drying the sludge at low temperatures rather than incinerating or drying it at high temperatures, as this is more environmentally sustainable. This method has been demonstrated to be effective by STC, a company specialising in installing low-temperature sludge drying plants. STC has already applied its technological solution at facilities in Barcelona, Ibi (Alicante), Lorca (Murcia), Motril (Granada), Málaga, Baiña (Pontevedra), Mieres (Asturias), Guillarei (Pontevedra), Burdeos and Dublin.

The low temperature of the process results in lower CO_2 emissions of around 15,000 t/years. At the end of the process, the water content of the treated sludge[G] is up to 10% lower, and it has lost its polluting potential. The dried sludge can be used for building or for composting[G].

In 2010, Agbar made significant advances in its treatment of sludge[G].

Aquagest Levante has installed a sludge treatment line[G] at the Benidorm DWTP[G], which should minimise the quantities of the most abundant by-product generated when treating drinking water.

Aquagest has also started to install a sludge treatment plant at the Ciudad Real DWTP[G] to prevent sludge from being discharged into the environment.

This by-product is now being treated using the best techniques available. Emasagra (Granada) has replaced its centrifuge in order to increase the sludge dehydration capacity[G]. This has increased the dryness of the biosolids[G] by 1% and reduced by 15% the volume of biosolids[G] produced.

Drying sludge at low temperatures results in lower CO_2 emissions of around 15,000 t/year

Alicante's sludge drying plant

Aquagest Levante and Cemex own a sludge drying plant in Alicante. This drying plant allows the companies to achieve considerable savings, as the process uses the surplus heat from the cement kiln without requiring any additional fuel to dry the sludge. This decreases the amount of CO_2 produced.

The thermal drying technique reduces the amount of water in the sludge and transforms its moist/sticky consistency into a pellet-type consistency (small balls of dry mud).

The facility comprises two thermal drying tunnels, a water/air exchanger to take advantage of the residual heat in the cement kiln, and installations for discharging and storing the wet sludge and dry-mud deposits. Each drying tunnel will be able to process 30,000 tonnes of sludge each year.

CONVERTING SLUDGE INTO FERTILISER

Reusing sludge[G] as fertiliser or compost is one of the channels Agbar is exploring.

In 2010, the Unión Temporal de Empresas (UTE) Servicio de Aguas de Montehermoso (Caceres) applied for permission from the Extremadura Town Council to reuse the sludge generated at the town's wastewater treatment plant as an agricultural fertiliser.

Finally, the Directorate-General for Environmental Quality has signed a firm agreement with the UTE to recycle its non-hazardous waste.

Along the same lines, Aquagest has completed an R&D and innovation project on the reuse of sludge as an organic fertiliser for golf courses.

The project involved devising an optimal technique for producing a low-cost and effective organic fertiliser, using natural techniques, to produce perfectly green lawns for the golf courses, requiring minimal watering. The project was conducted at the Villa de Cuéllar golf course.

Sludge from WWTPs[G], as well the organic fertilisers produced from the sludge, has proven to be an excellent fertiliser for the various types of lawn at golf courses, and could replace conventional mineral fertilisers.

These products comply with the requirements for being considered as a quality compost product; moreover, the sludge can be applied to the soil without any risks to the environment, whilst chemical fertilisers can pollute the sub-surface and surface water.

04.4.8

ENVIRONMENTAL AND QUALITY MANAGEMENT

The Agbar Quality and Environmental Management Department sets up and maintains quality management systems (ISO 9001:2008) and environmental management systems (ISO 14001:2004). At present, Agbar applies a management model adapted to the realities of the territory. In fact, this department is active in the Iberian Peninsula, Chile, Argentina, Paraguay, Uruguay, North America, Central America, Middle East, North Africa and the United Kingdom. The implementation of these management systems will result in an overall improvement of business.

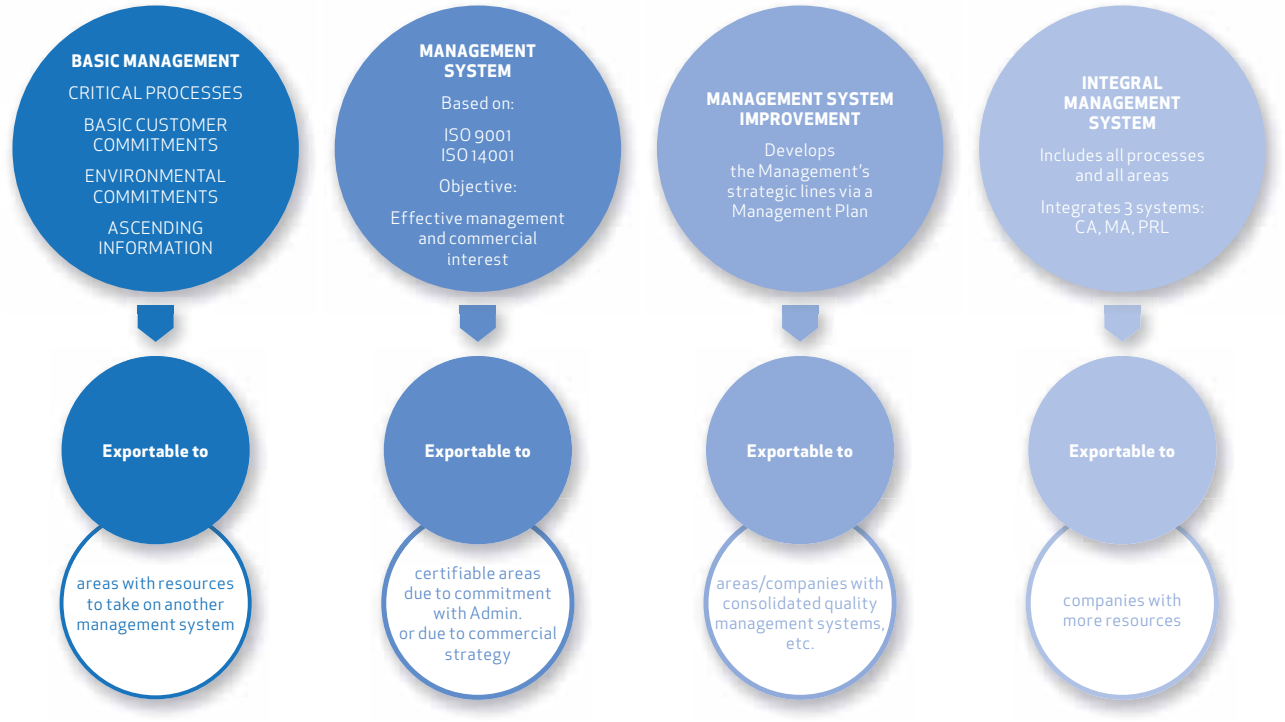
The vast majority of the indicators associated with ISO 14001 improved in 2010. In Spain, the percentage of certified income has increased by two percentage points to 43.6%, and the population receiving drinking water covered by the 14001 standard has increased by 6.4% to reach 30.3%.

In Spain, the percentage of municipalities receiving certified drinking water increased from 5.4% to 7.5% and the percentage of towns with the 14001 sewerage standard has risen by 4.4% to 12.7%.

Several tools have been developed internally to monitor the management plans at the certified units. In this way, a Quality, Occupational Risk Protection and Environmental Management Portal has been established to contain these environmental assessment tools (Evam).

Likewise, a Management Reporting application has been developed as a tool for reporting to senior management, acting as the basis for an Integral Management Framework to integrate and implement the Management strategy.

ONGOING IMPROVEMENT



In addition to the quality management and environmental management system, Agbar has also rolled out other management systems or implementation methods such as ISO 17025 for the accreditation of laboratories, awarded to Labaqua, the laboratory of Aigües de Barcelona, Aguas de Valladolid and Emasagra; furthermore, ISO 22000 Food Safety Management Systems is being applied to the water sector in a pioneering move by Sociedad General de Aguas de Barcelona (SGAB) and Empresa Municipal Mixta d'Aigües de Tarragona (EMATSA).

The vast majority of the indicators associated with ISO 14001 improved in 2010

A few cases of the implementation of ISO 14001 in 2010 concerned the drinking water production process at Aguas Andinas, the operations of Sant Cugat del Vallès, Rubí, Reus, Granollers, the DWTP[G] at Palafolls and the supply system at Olot (Sorea), the Works Department at Aquagest and the installations of this company at Zamora and Pontferrada, and the Works and Maintenance Department of the Municipality of La Orotava and the Municipal Department of Arucas (Canagua).

It is also being rolled out at many of the other facilities of Agbar in the areas of Caceres and Badajoz (Aquagest Extremadura).

IMPLEMENTATION OF QUALITY MANAGEMENT SYSTEMS (ISO 14001)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
ISO 14001 certified income (%)	43%	44%	11%	30%
ISO 14001 certified DWTP (%)	5%	13%	27%	28%
ISO 14001 certified municipalities, drinking water (%)	5%	7%	0%	0%
Population supplied with drinking water covered by ISO 14001 (%)	24%	30%	0%	0%
ISO 14001 certified municipalities, sewerage (%)	9%	13%	0%	0%
Population supplied with sewerage service covered by ISO 14001 (%)	46%	49%	0%	0%
ISO 14001 certified WWTP (%)	29%	31%	34%	33%

IMPLEMENTATION OF QUALITY MANAGEMENT SYSTEMS (ISO 9001)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
ISO 9001 certified DWTP (%)	86%	86%	58%	58%
ISO 9001 certified municipalities, drinking water (%)	90%	86%	64%	64%
Population supplied with drinking water covered by ISO 9001 (%)	93%	92%	92%	91%
ISO 9001 certified municipalities, sewerage (%)	60%	75%	0%	0%
Population supplied with sewerage service covered by ISO 9001 (%)	88%	84%	0%	0%
ISO 9001 certified WWTP (%)	63%	63%	34%	33%

04.4.9

ODOUR MANAGEMENT

Odour control is a fundamental aspect involved in the complete water cycle to ensure good relations with the communities living near the plants.

For this reason, Agbar is carrying out projects in this area to improve its knowledge of the impact of odour production in order to mitigate its effect.

Specifically, dynamic olfactometry and Cryocore, solutions developed by the laboratories of Labaqua, an Agbar company specialising in water analysis, should help manage odours from wastewater treatment plants.

Dynamic olfactometry is a sensorial analysis method which uses the human nose to differentiate a range of sources to determine the extent of emissions, assess any impact and establish the corrective measures.

The Cryocore system is a little more complex as it involves taking air samples. Traditional air sampling techniques are somewhat limited insofar as they require one-off sampling campaigns that do not guarantee that the samples will be representative. The Cryocore system, which received a Project Innovation Award from the International Water Association (IWA), is based on suction, condensation and cryo-generation procedures that allow samples to be taken for five to seven days uninterruptedly. The odorous compounds in the sample taken by the Cryocore sampler are identified in the lab.

One of the customary actions Agbar uses for mitigating the smells is the installation of deodorisers[G]. Agamed has started to install these devices at a collector[G] in Torrevieja.

A biofilter[G] is a device designed to biologically treat outgoing air naturally using microorganisms. The equipment contains a fan to absorb the air leaving the sewerage network, pumping wells, etc. and forces it through a biological bed (peat) kept permanently moist; the absorption occurs in this bed, and substances contained in the air are broken down microbially; this process is capable of eliminating substances such as sulphydric acid[G], which is the main culprit for the foul smells emanating from sewers.

Another frequent option Agbar uses to combat foul smells is to apply calcium nitrate. Agamed has started to use this compound in its network of sewers to prevent potential odours from occurring at certain peak moments due to increased flows during the summer months. In July, a calcium nitrate dosing system was installed in the sewerage network to reduce the sulphides at the entrance to the Hombre del Mar wastewater pumping station[G] (with water below the dosing point) to reduce the odours in the network that collects the wastewater arriving at the wastewater pumping station[G], as well as in the pump itself.

Similarly, Aquagest Andalucia is developing an 'odour map' for the wastewater treatment plant at Roquetas de Mar (Almería).

Dynamic olfactometry and Cryocore are solutions for managing the odours from wastewater treatment plants

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Dynamic olfactometry, Labaqua
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04.4.10

WATER PRODUCTION AND TREATMENT

04.4.10.1 PRODUCTION OF DRINKING WATER

The water captured in rivers, lakes, groundwater or seawater is treated to obtain drinking water that can be distributed to households. The DWTPs[G], the desalination plants and desalting plants all perform this function.

Most of the plants managed by Agbar are DWTP[G], where the water captured undergoes certain procedures that make it fit for human consumption. This includes three main phases:

> ***Pre-treatment:***
The water captured is filtered through screens installed on the riverbed that retain the sediments. An initial dose of pre-oxidant (chlorine or chlorine dioxide) is added to the water to disinfect it and remove certain microorganisms, especially pathogens.

> ***Clarification:***
To clarify the water, chemical reagents are added to make the smaller particles in the water clump together to form heavier particles (floccules). The water is left to sit in tanks to allow the floccules and sludge[G] to precipitate to the bottom. After this, the water passes through sand filters, which retain the particles that were not decanted during the previous stage.

> ***Disinfection:***
At this stage a disinfectant (generally chlorine) is added to the water, which guarantees its disinfection.

DATA FROM DWTP AND DESALINATION PLANTS (hm³)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Volume of water consumed during ancillary drinking water treatment processes	18.1	21.9	24.6	24.5
Total outgoing DWTP and Desalination Plant water	428.6	475.9	722.9	736.3

CONSUMPTION OF MAIN REAGENTS AT THE DWTP AND DESALINATION PLANTS (t)	2009	2010	2009	2010
Water line reagents. Conventional treatment	20,393	21,229	12,333	11,749
Water line reagents. Advanced technologies	3,200	10,617	1,997	1,804
Sludge line reagents	797	921	6	5

ENERGY CONSUMPTION AT THE DWTP AND DESALINATION PLANT	2009	2010	2009	2010
Electricity consumption (kWh)	166,836,725	198,281,448	76,279,156	94,346,596
Natural gas consumption (m³)	430,716	503,808	0	0
Diesel consumption (m³)	1	1	10	10

GENERATION OF WASTE AT DWTP (t)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Sand removal, dump	423	715	0	0
Dehydrated sludge, dump	1,181	1,617	0	0
Dehydrated sludge, agricultural	0.3	0.15	1,230	825
Dried sludge, dump	272	249	0	0
Dried sludge, recycling	4,423	4,467	0	0
Rubbish, dump	202	163	0	0
Rubbish, others	1.6	1.9	0	0

04.4.10.2
WASTEWATER TREATMENT

A WWTP[G] is a facility used to treat wastewater and rainwater that separates out any harmful elements so that the remaining water can be reused for non-drinking water purposes or returned to the environment.

Normally, the wastewater treatment plants perform the following stages:

> ***Pre-treatment:***
Elimination of large solids.

> ***Primary treatment:***
Sedimentation of suspended materials through the use of physical or physicochemical treatments[G], sometimes simply leaving the wastewater in large tanks for a certain amount of time.

> ***Secondary or biological treatment[G]:***
Tanks where substances are broken down[G] by the bacteria.

> ***Tertiary treatment:***
Filtering, adsorption and the addition of chlorine or other substances. This last stage is performed when discharge water is to be reused for non-drinking water purposes but requires a certain quality level.

> ***Sludge treatment[G]:***
Wastewater treatment plants generate sludge[G] as the main by-product, which needs to be treated.

CONSUMPTION OF MAIN REAGENTS AT THE WWTPS (t)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Water line	11,453	10,922	1,642	1,830
Sludge line reagents	4,587	5,031	3,630	4,833

ENERGY CONSUMPTION AT THE WWTP	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Electricity consumption (kWh)	341,436,442	335,802,103	105,376,182	122,212,083
Natural gas consumption (m^3)	5,400,638	3,626,498	0	0
Diesel consumption (m^3)	364,885	42,839	97	102

GENERATION OF WASTE AT WWTP (t)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Sand – Dump	15,537	16,379	1,667	5,070
Sand – Recycling material	0	32	0	0
Rubbish - Dump	19,206	18,876	12,796	10,359
Rubbish - Recycling	459	24	0	0
Grease – Treatment	4,359	10,181	0	0
Grease – Authorised manager	1,475	2,226	0	1,461
Grease – Agricultural recycling	82	10	262	0
Sludge – Dump 1	41,130	40,164	213,169	255,271
Sludge – Agricultural	296,442	292,220	27,180	62,710
Sludge – Composting	150,389	143,629	0	0
Sludge – Wastewater treatment plant	32,406	34,383	3,231	0
Sludge - Recovery of spaces	4,007	13,775	0	0
Sludge - Direct thermal drying	36,150	34,426	0	0
Sludge - Direct heat recycling	5,877	1,889	0	0

REMOVAL OF CONTAMINANTS AT THE WWTP (ppm)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
BOD5 in WWTP incoming water (ppm)	344.45	298.22	255.27	272.72
BOD5 in WWTP outgoing water (ppm)	18.25	14.24	6.95	8.73
BOD5 % reduction	95%	95%	97%	97%
Chemical oxygen demand (COD) in WWTP incoming water (ppm)	822.12	577.29	544.77	613.88
COD in WWTP outgoing water (ppm)	80.57	60.62	40.13	38.77
COD reduction percentage	90%	89%	93%	94%
Solids in Suspension (SS) in WWTP incoming water (ppm)	463.01	286.82	277.64	312.49
SS in WWTP outgoing water (ppm)	35.86	24.14	12.75	16.61
SS reduction percentage	92%	92%	95%	95%
Nitrogen in WWTP incoming water (ppm)	43.29	40.63	52.37	53.81
Nitrogen in WWTP outgoing water (ppm)	18.33	18.13	31.36	34.96
Nitrogen removed (ppm)	24.96	22.50	21.01	18.86
Phosphorus in WWTP incoming water (ppm)	5.61	5.48	10.34	10.02
Phosphorus in WWTP outgoing water (ppm)	1.87	1.69	6.52	3.16
Phosphorus removed (ppm)	3.74	3.79	3.82	3.87

REUSE OF OUTGOING WATER FROM WWTP (hm^3)	SPAIN		UNITED KINGDOM AND CHILE	
	2009	2010	2009	2010
Total quantity of water treated at the WWTP	633.5	685.3	384.8	446.8
Amount of water reused	139.3	139.7	220.2	414.0
Amount of water reused by usage:				
Agriculture	88.8	83.1	209.4	0
Industry	0.0	21.0	0.0	0.0
Internal use	3.6	4.2	10.8	0.5
Environment	35.2	38.9	0.0	413.4
Sport	2.1	3.9	0.0	0.0
Others	9.7	9.4	0.0	0.0

04.5

LINKS TO THE LOCAL COMMUNITY

AGBAR'S COMMITMENTS TO THE LOCAL COMMUNITY:

To become involved in improving the quality of life of the local community where the company operates, through communication and awareness actions and offering the experience the organisation has acquired in each sector of activity.

Commitment LC1

The social benefits Agbar generates are not simply limited to the distribution of drinking water and sewerage, as the company is also committed to conveying to society its values in terms of protecting the environment and, more particularly, water resources, by carrying out educational, outreach and awareness-building activities.

Agbar is also involved in actions to support the community where it operates and expresses its social commitment in cultural and sporting areas. Agbar's commitment in this area can also be seen through its use of the London Benchmarking Group (LBG)[G] methodology, a worldwide benchmark used to determine and report the contributions companies make to the community using a series of comparable parameters. In fact, Agbar was one of the founding companies of LBG[G] in Spain, in 2007.

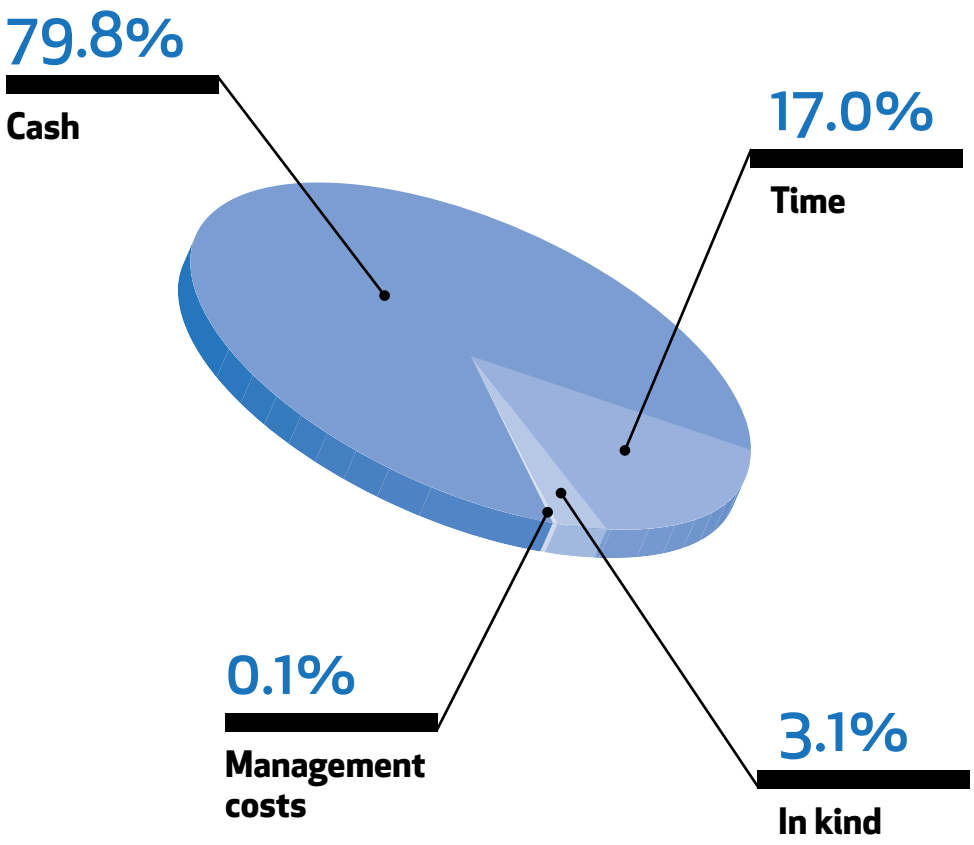
According to this measurement system, the value of Agbar's community investments in 2010 exceeded €8.7 million, compared to €8.6 over the previous year.

LBG España

Agbar's contribution to the community exceeded €7.8 million in 2010

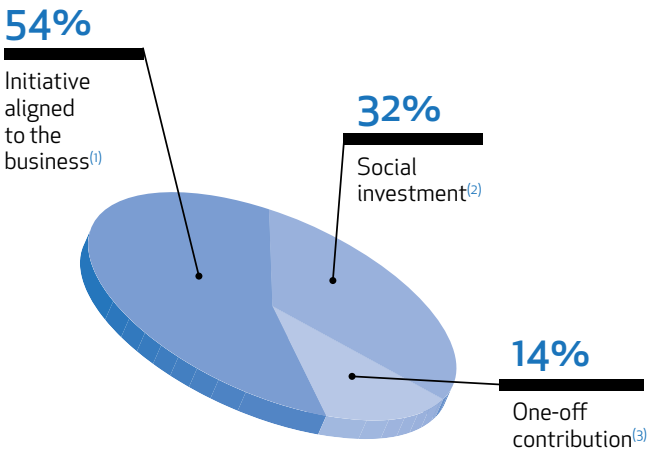
ESTIMATED AMOUNT OF CONTRIBUTIONS TO THE COMMUNITY IN 2010

TYPE OF CONTRIBUTION



ESTIMATED AMOUNT OF CONTRIBUTIONS TO THE COMMUNITY IN 2010

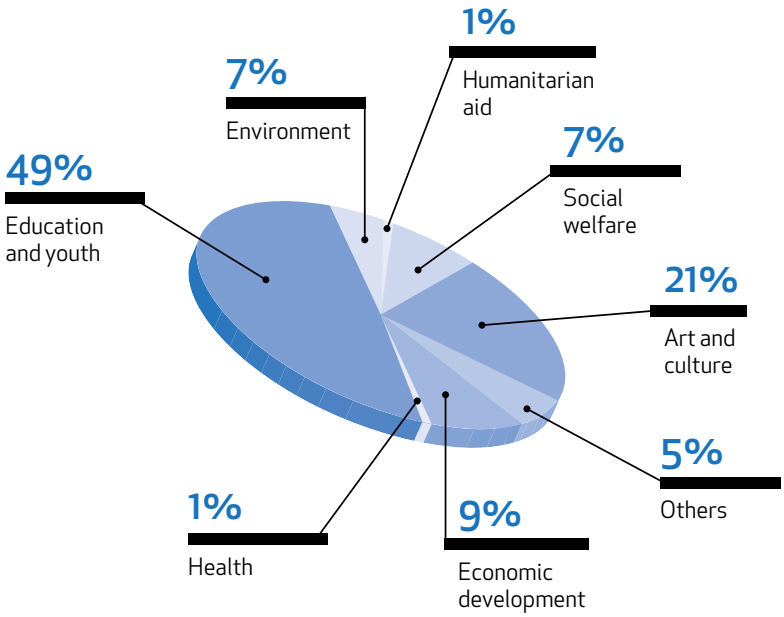
MOTIVATION



[1] Contribution to the community which at the same time promotes the company's business interest
[2] Contribution not connected to the business with long-term commitment
[3] One-off contribution not connected to the business

ESTIMATED AMOUNT OF CONTRIBUTIONS TO THE COMMUNITY IN 2010

ISSUES



04.5.1

AGBAR FOUNDATION (COMMITMENT LC1)

Created in 1998 from the Study Centre for Water Research and Applications (*Centro de Estudios de Investigación y Aplicaciones del Agua*), the Agbar Foundation forms part of Agbar's corporate responsibility remit.

It is a private foundation with a scientific, cultural, beneficial and educational purpose, which seeks to generate, promote and publicise knowledge on water and the environment using past experience, present opportunities and future challenges.

Its main objectives and lines of action are:

> To promote the dissemination of knowledge, reflection and social awareness through various publications including documents, high quality professional and academic articles, audiovisual media and awareness-building materials, as well as coordinating and managing socio-cultural and educational activities in relation to water and to the environment.

> To become a platform for communications and dialogue between the company and the key stakeholders of the water industry. For this purpose, the foundation has created meeting places for discussions and analysis of water-related and environmental issues for the public and private sectors, international organisations, NGOs, research centres, universities and the general public.

> To preserve the history of Agbar. The Foundation therefore manages the historical resources and historic assets of Agbar and acquires knowledge from documentary and oral sources.

The main objectives of the Agbar Foundation are to disseminate knowledge, increase social awareness and preserve the history of the water sector

Agbar
Museo de las Aguas

04.5.1.1
THE MUSEU AGBAR DE LES AIGÜES

Opened in 2004, the Museu Agbar de les Aigües (Agbar Water Museum) has become a platform for the Agbar Foundation to communicate with society.

Its main objective is to increase people's knowledge about water and its environmental and cultural implications using interactive exhibits, educational tools and games.

It is located in the Central Cornellá district of Barcelona, in an Art Nouveau building with three separate sections designed by the architect Josep Amargós i Samaranch in 1905. Inside the buildings, this historical heritage coexists with the modern machinery of the plant, which still extracts water from the Llobregat aquifer and is used to pump water throughout Barcelona and its metropolitan area.

The aim of the Museum is to conserve, study and emphasise the value of the industrial and architectural legacy of the company, allowing visitors to discover, understand and experience the history of supplying water to a major city.

Since it opened in 2004, the centre has received over 250,000 visitors, and around 100,000 school children have taken part in workshops. In 2010, the number of visitors rose to around 35,000.

Its main actions include educational activities, mainly for school children but also for specific groups, and socio-cultural outreach activities.

In all, the cultural and educational activities of the Museum attracted over 25,000 visitors in 2010.

The museum was also nominated as one of the best European museums by the European Museum of the Year Award. Other awards the museum has received include: Premio Bonaplata 2009 awarded by Associació de la Ciència i la Arqueologia Industrial de Catalunya (Catalonian Association for Industrial Science and Architecture) for its project to refurbish a steam machine; a tourism diploma from the Catalonia Tourist Office and the Premio Bonaplata 2006 for its educational project dissemination.

The first Spanish museum to receive the Micheletti Award

The Museu Agbar de les Aigües (Agbar Water Museum) received the 2010 Micheletti Award, considered to be one of the most prestigious European awards for museums. This is the first time it has been presented to a Spanish museum. This award, which is presented by the European Museum Forum, recognises and rewards excellence in the field of industrial heritage museums.

The panel highlighted the value of the preserved industrial heritage that is exhibited next to contemporary machines still in operation, the cultural and informative interactivity of the exhibits displayed, the strong emphasis on education offered through a kaleidoscopic and rigorous overview of the water sector from a scientific, environmental, historical, social, ethical and human perspective.

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Presentation of the Micheletti Award to Museu Agbar de les Aigües
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04.5.2

AGBAR'S EDUCATIONAL ACTIONS (COMMITMENT LC1)

04.5.2.1 PROGRAMMES AND CAMPAIGNS

Agbar's strong emphasis on education can be seen in the wide range of educational programmes and campaigns it conducts, mainly focusing on sustainability and the environmental protection of water resources.

MUSEU AGBAR DE LES AIGÜES

Museu Agbar de les Aigües is one of the main exponents of Agbar's emphasis on education, as it offers the following programmes:

> School programme for children of all ages: infants, primary, and secondary compulsory and post-compulsory. In 2010, there were over 18,000 school visits. The number of school visits accounted for 50% of the total number of visitors, demonstrating the educational interest in the Museum and making educational institutions one of its main users.

> Programme for universities and teachers, such as the 'Teachers Days at Museums and Science Centres' (*Jornadas de Educadores de Museos y Centros de Ciencia*), the fourth of which was attended in 2010 by 65 participants from 27 institutions.

> Holiday programme for children.

> Specific programme targeted at the elderly.

> Educational programmes associated with temporary exhibits.

> Family activities programme.

In 2010, the Museum set up a Virtual Water Pilot Project to involve students in their community through strategies to increase their awareness about the concept of virtual water[G] associated with the production of food and industrial products, and the impact of lifestyle habits on water resources. Schools from Sant Joan Despí and Sant Adrià de Besòs (Barcelona) attended the first event.

Another one-off educational project conducted by the Museu Agbar de les Aigües in 2010 was entitled 'Oceans of Plastic', with the collaboration of North American artist Dianna Cohen, the driving force behind the Plastic Pollution Coalition, and the Benjamin Franklin International School in Barcelona. The mural produced by the school children and Dianna Cohen was exhibited at the Museum.

The mural, exhibited as part of the World Environment Day, was produced from bags collected from the children's own homes and involved a creative process to explore the effect on aquatic life of producing and disposing of plastic products into the sea.

OTHER PROGRAMMES

Also in relation to sustainable education, Aguas de Cartagena (Colombia) is continuing to promote its Water Defence Clubs (*Clubes Defensores del Agua*) formed by groups of 15 to 20 students between the ages of 8 and 17. The purpose of these clubs is to foster the idea of developing and caring for the environment in the public and private schools of Cartagena de Indias (Colombia) through educational, didactic and recreational activities aimed at improving the environmental conditions of the school and its surroundings.

Efficient Use of Water in Cartagena de Indias (Colombia)

Aguas de Cartagena is conducting a programme on the Rational and Efficient Use of Water to increase the awareness of the population living in Cartagena about the rational use of the water resources from a sustainability perspective, using fun and educational strategies.

A 'Water Culture Workshop' was organised for children between the ages of 5 and 7 using three puppets (Purita, Clarita and Beto) who exchanged their knowledge with the children about the importance of water and made commitments with them about conserving this precious resource.

For children aged eight and over and for adults, a Water Culture Workshop was organised to discuss issues such as the hydrology cycle, water distribution throughout the world, the water treatment process and the effects of climate change, giving practical advice on the correct way to use water.

In 2010, around 16,200 home visits were carried out as part of this programme to raise people's awareness, as well as 214 educational activities involving some 7,500 people.

Efficient use of water, Cartagena de Indias, Colombia

The Gotagotham campaign has reached over 100,000 students throughout Spain since it was set up in 2008-2009

GOTAGOTHAM

One of Agbar's most popular educational activities is its Gotagotham campaign, the objective of which is to bring Spanish schoolchildren closer to the natural and urban water cycles, and promote responsible habits when using this resource. Since it was set up in 2008-2009, over 100,000 students from all over Spain have taken part in the activities.

In practice, the 90-minute long event is a fun and educational way for specialists in environmental education to transport the students to an imaginary world called Gotagotham by watching a DVD and participating in a number of workshops and games during which they learn about the natural and urban water cycles. It is included in the 'Knowledge of the natural, social and cultural environment' subject taught in primary schools.

In 2010, the programme was rolled out at several locations around Spain.

Aguas de Alicante has launched a new online reservation system for the activities, requiring users to select a date and complete a simple questionnaire; it has also created new workshops on "Animated Cards", "The Best Advice", and "Experimenting with Water". Since Aguas de Alicante first introduced 'Aligotham' (an off-shoot of Gotagotham) in 2007, over 160 institutions and 15,000 schoolchildren have taken part in the programme.

In turn, Aguas de Murcia is continuing the campaign in the municipality of Murcia, reaching over 20,000 schoolchildren.

In 2010, Aquagest also took Gotagotham into 17 schools in Pontevedra, involving some 400 children, and Aquagest Levante took it into schools in Teulda and Benitatxel (Alicante).

Gotagotham, received an award at *MarketPlace 2010*

Agbar's Gotagotham project received the first prize in the social action category from *MarketPlace 2010* (Forética), a scheme established to reward innovative corporate initiatives in the area of ethical and socially responsible management. The Agbar programme was awarded the prize over 12 other pre-selected initiatives after receiving the highest number of public votes from over 400 professionals attending the event.

Gotagotham Project

OTHER CAMPAIGNS

Agbar's other educational campaigns include the aforementioned Aligotham, an imaginary city representing the complete and urban water cycles. Its purpose is to make students more aware of the importance of using water responsibly. Specifically, in 2010, the programme was launched at the Alfaz del Pi School (Alicante).

For its part, over the last 10 years, in conjunction with the town councils of Salou and Vila-seca (Tarragona), Sorea has been organising *A raig d'aixeta*, an educational programme to teach primary school about how water reaches their homes and where it goes after it is used. Since the programme was launched, 3,500 primary school children (years 5 and 6) from these two towns have learnt how a wastewater treatment works and how the sewerage network is maintained.

To give another example, Aguas de Saltillo organises talks in the schools of Saltillo (Mexico) on the responsible and careful use of water. Each year around 9,600 students take part in these sessions.

04.5.2.2 VISITS

Agbar encourages citizens to visit its water management facilities as it considers that such visits constitute a unique educational tool to teach them about the entire water management cycle before it reaches their taps and after they have used it.

For instance, Aguas Andinas (Chile) has set up a Guided Visits Programme for schools, neighbourhood associations and community organisations in the areas where it operates. Over the eight years the programme has been running, La Florida drinking water plant and La Farfana wastewater plant have received 87,249 visits.

In turn, in 2010 Aquagest organised environmental days at the Tambre drinking water plant and at the Silvouta wastewater treatment plant in Santiago de Compostela. In all, 1,500 students from various schools, faculties and technical schools attended these events.

Aguas de Alicante also organises visits to the remote control centre at its wastewater plants at Monte Orgegia and Rincón de León (Alicante) for groups of secondary school, higher education and vocational students.

Equally, in 2010, the WWTP[G] and DWTP[G] at Puertollano (Ciudad Real) managed by Aquagest was visited by primary and secondary school students from the town, whilst students from the engineering school at Caminos Universidad de Castilla La Mancha (UCLM) visited the DWTP[G] at Campo de Calatrava (Ciudad Real). Aigües de Barcelona, with its Water Classroom (*Aula del Agua*) programme also organises visits to various facilities to teach students about how a drinking water treatment plant operates and the complex processes involved in purification.

However, these visits are not merely limited to visiting drinking water and wastewater treatment plants. Labaqua laboratory also receives visits from secondary, further education, and vocational students as well as students studying chemistry, science, etc. Students experience *in situ* the various tests and analyses the laboratory conducts on a daily basis to determine the quality and safety of the water.

04.5.2.3
EDUCATIONAL COLLABORATIONS

Agbar works with many organisations to promote educational projects.

For instance, the Agbar Foundation offers grants to university graduates and professionals from Latin America, in conjunction with the Carolina Foundation. It also collaborates with the Astoreca Foundation to offer financial support to Chilean students from poorer backgrounds wishing to study civil engineering.

Since 1999, the Agbar Foundation and Kemira Ibérica have been supporting the Stockholm Junior Water Award. This award is presented to students under the age of 21 who, individually or jointly, present a practical project on water and the environment. A national committee selects a Spanish candidate to put forward for the international award.

The Museu Agbar de les Aigües collaborates with several universities such as Barcelona University (UB) and Universitat Autònoma de Barcelona (UAB), taking part in masters' programmes (cultural management), research (science didactics), seminars and specialised workshops (museum education and science centres).

The Universitat Politècnica de Catalunya has been added to this list, as it included a visit to the museum in its Summer Scientific Campus, within the framework of its Campus of Excellence scheme.

Agbar provides financial support to Chilean students from poorer backgrounds through the Astoreca Foundation

04.5.3

PROMOTIONAL AND AWARENESS ACTIONS (COMMITMENT LC1)

In addition to the initiatives aimed at schoolchildren and students, Agbar also carries out actions to promote and increase people's awareness of water, environmental and social issues, targeted at other stakeholder groups and the general public.

04.5.3.1 AWARENESS CAMPAIGNS AND ACTIONS

In 2010, Agbar promoted a number of campaigns, workshops and day-long awareness increasing events, aimed at the local community.

For instance, Aguas de Alicante jointly participated with Alicante Town Council in the 'Consumer Day' held in the town. Its main workshop was called "Water Wishes": stickers were placed on helium balloons in which participants wrote about their wishes for the World Water Day, and the balloons were then released into the air.

In turn, and under the framework of the activities planned by Torrent Town Council (Valencia) for the "Mes del Medi Ambient" (Environment Month), the joint venture Aigües de l'Horta organised a day-long event on the water cycle for secondary school students.

Aquagest Levante conducted workshops on good practices in relation to water consumption, for families, under the scope of *X Jornadas Socioambientales de L'Eliana* (a socio-environmental event) organised by the town council of this Valencian town.

In 2010, Aguas Andinas (Chile) continued its *'Aguas Andinas en mi Barrio'* (Aguas Andinas in my neighbourhood) scheme, whose objective is to educate the community about the responsible use of water and the importance of taking care of sanitary facilities.

It is targeted at poorer sectors of small towns (customer associations) and, in the nine years it has been running, has benefited 88,116 inhabitants.

Bristol Water has started a campaign to extend the customer's level of commitment to its water utility company. A travelling exhibition relating to the services and investments of Bristol Water is taken round the main shopping areas and train stations in the 2,400 square kilometre area where the company supplies water services. The aim of the exhibition is to make people think about the importance of increasing the company's investments to improve the network's efficiency.

In the campaign, the slogan "Working for You" appears at the top of several sections devoted to subjects such as the importance of investing in infrastructure maintenance, targets to reduce incidents in the network or the need to anticipate future requirements in relation to population growth trends over the next 20 years.

Aguas de Cartagena (Colombia) is also continuing to roll out its 'Buen Uso del Alcantarillado' (Good Use of Sewers) scheme, whose purpose is to make the community aware of the correct use of the sewer system, in order to improve the quality of life in terms of basic sanitation, and to inform them of the importance of connecting their household wastewater to the sewerage system. Workshops were organised to provide advice about using the service correctly and giving warnings about the consequences of discharging wastewater into streams or canals; home visits were organised to provide information on correctly connecting to and using the sewerage system.

Using this scheme, Aguas de Cartagena was able to provide training to 2,901 people.

Blue lights illuminated the Agbar Tower to highlight the issue of autism during the World Autism Awareness Day on 2nd April

Agbar Tower

PUBLICATIONS

E-BILLING

One of the campaigns on which Agbar is placing the greatest emphasis is the use of electronic billing.

To illustrate this point, in 2010, Aguas de Alicante launched a campaign entitled "Our role is to eliminate it" aimed at increasing the use of E-billing and to popularise its added advantages, such as being able to control leaks, on top of its well-established environmental benefits.

The company used a number of channels to publicise the campaign: messages on its bills, messages on hoardings, radio commercials, written press, etc.

Aguas de Murcia also promoted an e-billing campaign in 2010.

Aguas de Murcia promoted an e-billing campaign. For each registration, the company promised to plant a tree in the town of Murcia

Information campaigns

Agbar promotes actions to increase the awareness of its users. Evidence of this can be seen in the various information campaigns conducted in 2010.

In the case of Aguas de Saltillo (Mexico), it launched an awareness campaign entitled "Take care and look after water" to make people more aware of the importance of conserving this resource. It was targeted at three segments of the population:

> ***Children:***
A character was created with six drops to represent the different types of water. This message was spread using leaflets, sketch pads and cuddly toys.

> ***Young people:***
A competition called "Simple Ideas" was launched and the campaign was announced on social networks.

> ***Adults:***
So-called "Water Moments" were created to disseminate messages containing little known facts about water. The campaign involved the press, television, radio and hoardings.

Aguas de Alicante conducted an awareness campaign to inform customers about the need for water in our lives and to promote a responsible use of this resource. It reminded customers that one bath was equivalent to taking four showers and advised people to drink two litres a day, to repair taps and not to water plants at the hottest times of the day.

Bristol Water invites people to carry out a simple audit to determine their water efficiency levels

04.5.3.2 DISSEMINATION OF KNOWLEDGE

Agbar is deeply committed to sharing the knowledge it has gained from working in the water industry for over 140 years with the community, and places a particular emphasis on ensuring that this information is clear and easy to understand for all audiences.

04.5.3.2.1 PUBLICATIONS AND CONFERENCES

PUBLICATIONS

The Agbar Foundation is involved in several areas of publishing as part of its commitment to contribute and participate actively in the global debate on water and the environment.

Namely, the publication of the book "*Globalization of Water*". Written by Arjen Y. Hoekstra, the scientific director of the Water Footprint Network, and Ashok K. Chapagain, from the United Kingdom World Wildlife Fund (WWF), the book examines the critical link between water management and international trade, offering an analysis on each nation's water use based on the water footprint[G].

The Agbar Foundation also promoted *Notes d'Aigua*, a digital monograph that includes an extensive article by a renowned water and environmental expert. In easy-to-read language with abundant graphics, the author introduces a much wider readership to subjects that can seem at times to be the preserve of experts but which, nonetheless, have a major impact on today's society.

In 2010, articles were published on *Management of Water Quality, the regeneration and reuse of Water (La gestión de la calidad del agua, la regeneración y reutilización del agua)* by Rafael Mujeriego, Professor of Environmental Engineering from the Civil Engineering School at Catalonia Polytechnic University [Universitat Politècnica de Catalunya (UPC)]; and *The Invisible Microbial Diversity (La invisible diversidad microbiana). Protection of aquatic environments due to its microbiological interest (Protección de ambientes acuáticos por su interés microbiológico)* by José Eduardo González Pastor, researcher at the Astrobiology Centre, Madrid (INTA-CSIC). Eight *Notes d'Aigua* have so far been published.

The Agbar Foundation organised the "Strategic opportunities for the future challenges of water services" conference jointly with the International Water Association

In 2010, the Environmental Information Centre (C*entro de Información Ambiental,* CIM) of Aigües de l'Horta published and distributed a Good Domestic Good Practices Guide for people living in the municipality of Torrent (Valencia).

Along the same lines, Bristol Water (United Kingdom) has published a leaflet for people to carry out a simple audit to determine how efficiently they use water. Customers can therefore determine how much water they consume for each of the daily domestic tasks (shower, bath, dishwasher, washing machine, etc.) and then calculate the total number of litres they use at home every day based on the number of times they perform each of the actions. The final result concluded that the average daily consumption was 130 litres per person; people exceeding this figure were given a number of recommendations.

CONFERENCES

By organising and coordinating seminars, conferences and events, the Agbar Foundation is also involved in disseminating and debating the state of knowledge of issues connected with water and the environment.

Therefore, in 2010, it organised a conference entitled "Strategic opportunities for future challenges in water services" with the International Water Association (IWA). This was the only conference organised for, and by, water companies in Europe, and it tackled the strategic challenges and opportunities for water and sewerage services.

In addition, the Agbar Foundation and the Association of Local Administration Secretaries, Internal Auditors and Treasurers of Barcelona (CSITAL) organised a day-long event entitled "Management of Key Local Services" aimed at staff working for the local authorities, to analyse the impact of the new Services Directive on the public sector.

Together with the IWA it also organised the National Conference for Young Water Professionals – an event bringing together professionals and postgraduate researchers to present their research on water in a number of different areas.

Not only does the Agbar Foundation organise its own encounters but it also collaborates in other events. And this was the case of the Second Convention on Climate Change and sustainability in Spain. Under the slogan "It is more cost effective and cheaper to combat climate change than to do nothing", the goal of the meeting was to exchange ideas, experiences and submit proposals on climate change and sustainability.

Turning into water

The Museu Agbar de les Aigües organised a scientific performance called *Sigues Aigua!* The scientist Dani Jiménez directed the session, 'converting' the attendees into water molecules at different stages.

—
Show entitled *Sigues Aigua!* given by the scientist Dani Jiménez at the Museu Agbar de les Aigües
—

04.5.3.2.2
MUSEUMS AND EXHIBITS

In 2010, the exhibition "The Ocean, a Major Source" (*El Mar, la Gran Fuente*) informed the general public about the desalination of seawater using audiovisual resources, original items from private collections and museums, as well as objects supplied by several desalination plants and manufacturers. Since it opened in July 2009, this exhibition in the lobby of the Agbar Tower has been visited by around 75,000 people.

Equally, in 2010, Aguas de Alicante set up a tour to provide students with firsthand experience of the past, present and future of water supplies in the city. The tour, for students from the second cycle of primary school, is led by instructors who take the schoolchildren to various historic sources around the city of Alicante before reaching the Museo de Aguas de Alicante (M2A), followed by a visit of the museum.

The Museu Agbar de les Aigües, in addition to its permanent exhibition at the industrial site at Cornellà (Barcelona), organised a temporary exhibition under the title "Eigua" by the painter Jacint Todó.

Agbar also supports the various museum activities of other organisations. This is also the case of Aquagest Levante, which collaborates with the Museo del Calzado de Elda [Footwear Museum] (Alicante).

04.5.4

SOCIAL DEVELOPMENT ACTIONS (COMMITMENT LC1)

In addition to providing water services, Agbar fosters social development. It therefore carries out solidarity actions and has a deep-rooted tradition of engaging in dialogue with stakeholders in the interest of progress and the well-being of the community.

04.5.4.1 SOLIDARITY ACTIONS

Agbar supports and promotes cooperative development projects.

One of the main projects of this kind is the Concurso Aguas de Murcia Solidaria competition. NGOs and social entities can take part through cooperation projects aimed at improving access to drinking water and sewerage services in less developed countries. The winner receives €10,000 to finance the successful initiative.

In 2010, the award was presented to the Engineering Without Borders NGO for a project entitled: 'Hydro-Sanitary Programme for Same District: increasing the sustainability of water and sewerage services in the communities of Njora, Vumaria and Ishinde, in Tanzania'. Engineers Without Borders intends this project to guarantee and facilitate fair access to water supply and sewerage services for the most vulnerable population in these three communities. The project will improve the supply and sewerage infrastructure in order to solve the current management and lack of maintenance problems, providing services to over 26,900 inhabitants.

Agbar also encourages the involvement of some of its stakeholders, such as employees and customers.

The Technical Department of Murcia encourages its employees to give one euro from their salaries to an NGO or association which has been voted for by the entire team.

Aguas de Saltillo (Mexico) conducted a campaign among its customers to round up the centavos on its bills and send the amount recouped to the National System for Integral Development of the Family (DIF), a social assistance organisation that supports the most deprived and vulnerable groups in Mexico.

In fact, the monthly financial aid donated by the company covers the food costs of children living in a hostel managed by the DIF.

The Aguas de Murcia Solidaria Competition funds aid projects to improve access to drinking water and sewerage services in less developed countries

AID TO VULNERABLE COMMUNITIES

Agbar is involved in a number of actions providing assistance to vulnerable communities.

One such example is the Agbar Foundation's cooperation with the Food Bank, an organisation whose purpose is to combat local hunger by preventing the disposal of consumable but no longer saleable food and distributing it to the needy. The Bank distributes food to the needy within our local environment and, together with Femarec, supports various social integration and employment projects for socially excluded people or those at risk of social exclusion.

Along the same lines, in 2010, Aquagest Levante and APSA (an association for people with mental disabilities in Alicante) signed an agreement to integrate people with a mental disability into the world of employment. Through its specialised employment centres, APSA provides cleaning, disinfection, copying, binding, handling and caretaking services to Aquagest Levante. Thanks to this agreement, two people with a mental disability will perform caretaking and disinfection services at Aquagest Levante.

Since 2008, the company has also been organising a drawing competition (*Concurso de Dibujo Aquagest Levante*) with the dual objective of encouraging creative activities and increasing the environmental awareness of people with a mental disability. Members of all the associations belonging to FEAPS (Spanish Confederation of Organisations for People with Intellectual Disabilities) in the Community of Valencia can take part in the competition.

Equally, and also in 2010, Aguas de Murcia and the Pupaclown, Hospital Clowns Association, signed a cooperation agreement to carry out several projects with Hospital Virgen de la Arrixaca in Murcia.

Aquagest Levante has signed an employment integration agreement for people with intellectual disabilities

Bristol Water made a donation to WaterAid in 2010

Bristol Water made a donation to WaterAid, a non-governmental organisation dedicated to improving access to drinking water, hygiene and sewerage in the world's poorest countries.

The money donated was raised by selling Basil's School Antics, a children's book recounting the story of a fictitious character at one of Bristol's schools.

Donation to WaterAid

The Museu Agbar de les Aigues accessible to hearing impaired people

In order to fulfil its intention to reach all sections of the public, the Museu Agbar de les Aigües has made a number of changes to improve accessibility for people with a sensory disability or impairment.

The reception, ticket sales desk and shop have all been fitted with a magnetic loop and a sound amplifier connected to audio outlets, which send a signal directly to the hearing aid.

Audio guides for visiting the museum are equipped with an individual magnetic loop option. Sign language interpretation and lip-reading services are available, as well a direct description for guided visits (when requested in advance) and audiovisual media containing information has been subtitled.

Likewise, all the Museum's personnel have received specific training on how to look after people with various sensory disabilities.

—
Museu Agbar de les Aigües,
Cornellá de Llobregat,
Barcelona
—

In 2010, Aguas de Murcia will pay the fixed water rates for unemployed people not receiving unemployment benefit

HELP FOR CUSTOMERS EXPERIENCING DIFFICULTIES

Due the economic crisis, Agbar has set up a number of schemes to help customers experiencing difficulties.

The Aigües de l'Horta (Valencia) joint venture is promoting one of these schemes. In 2010 it earmarked funds to help pay for the costs of the water services for people experiencing financial difficulties. The value of the fund represents 0.8% of the profits to be distributed among the shareholders (Torrent Town Council and Aquagest Levante). It also offers special rates for large families and pensioners. In 2010, 569 large families and 696 pensioners benefited from this scheme.

Agbar also grants discounts to non-profit healthcare entities. In this way, Aigües de Barcelona granted a discount to the Auxilia Foundation on the cost of two connections[G] and another to Fundació Hospital de la Mare de Déu de Lourdes for supplying a fire-fighting connection[G].

Also, Aguas de Saltillo (Mexico), in coordination with the town council, created a popular tariff to offer a 10% discount on the total contracting cost for domestic use in housing developments and poorer areas; in 2010 alone, 3,337 customers and families benefited from the scheme.

04.5.4.2
INTERACTION WITH STAKEHOLDERS

Agbar takes an active role when communicating with its stakeholders. Our relationship with the local community is described in further detail below.

One of the initiatives with the greatest impact is the panel discussion scheme (*Programa Mesas de Trabajo*) set up by Aguas Andinas (Chile). This scheme consists of setting up permanent discussion groups consisting of the neighbourhood associations close to the wastewater treatment plants and the company's personnel, in collaboration with the Casa de la Paz Foundation.

These discussions endeavour to establish and maintain a relationship of trust and ongoing dialogue with the neighbouring communities, to detect any problems, difficulties or issues at an early stage, and foster mutual knowledge between the communities and the company.

In turn, Aguas de Saltillo (Mexico) has implemented a scheme whereby it visits housing estates each year to maintain a permanent and uninterrupted relationship with the various representatives of the estates. It visits 20 estates each month, duly noting any problems and explaining the solution proposed by the company.

Before starting any major work in the city of Alicante, Aguas de Alicante contacts the neighbourhood associations, retailer groups, etc. that may be affected by the work. The project manager explains the actions to be undertaken, ascertains any concerns they may have and attempts to resolve any problems.

Agbar is also cooperating with several public authorities to promote social development.

The Agbar Foundation has in fact been working since 2009 with Barcelona City Council on developing measures to encourage the sustainable use of water and on the implementation of the Water Framework Agreement in the municipalities of Barcelona; it has also been collaborating with the Consortium for the Environment and Public Health of La Garrotxa (*Consorcio de Medio Ambiente y Salud Pública*) on the project entitled "Maintenance and development of the primary sector to guarantee the sustainability of La Garrotxa".

Aguas de Murcia and Aigües de Barcelona, among others, are working with the town council to develop 'Agenda 21', a global sustainability plan which largely depends on the role of local communities and is also involved in the 'Covenant of Mayors', an initiative to go beyond the energy policy objectives of the EU.

04.5.5

ACTIONS TO SUPPORT CULTURE (SOCIAL COMMITMENT LC1)

Agbar collaborates with recognised cultural institutions to promote access to cultural products and services for all citizens, and contributes to enriching the cultural heritage.

In this way, the Agbar Foundation is collaborating with Barcelona Town Council in a project to renovate the Torre de las Aguas del Besós water tower and the historic Casa de las Válvulas, buildings constructed between 1880 and 1882, to convert them into a space for civic and cultural events. This space will be used to give people a glimpse of the mechanical water extraction process used in the 19th century and, at the same time, allow them to see the transformation of a neighbourhood that was once an industrial area.

The Foundation was awarded a grant by the Spanish Agency for International Development Cooperation for the Project to Renovate the *Muelle de Caballería*, Havana, promoted by the *Oficina del Historiador* of the Cuban city. The aim of the project is to improve the urban surroundings of the traditional Havana jetty and reduce pollution levels in Havana Bay.

In turn, in 2010, the Agua Granada Foundation organised the fourth International Painting Competition under the theme of "The Gardens of Granada" and 128 paintings were presented. Albert Sesma, a realist painter, was awarded the first prize for his painting "Bulevar de Granada". The winning painting together with several others were then displayed at an exhibition in the '*Gran Capitán*' Cultural Centre.

Agbar is also involved in spreading Spanish culture in the countries where it operates. For this purpose, the group has established a cooperation agreement with the Cervantes Institute in Oran (Algeria) whereby it sponsors the Institute's cultural programme aimed at disseminating Spanish culture in the North African town. Several of the complete water cycle facilities managed by Agbar are of historic and cultural value.

This is the case of the Canal de Castilla, one of the largest civil engineering projects of the 18th and 19th centuries. Large sections of the canal are navigable and provide areas for walking along the banks or cycling along tracks.

The desalination, wastewater treatment and reuse facilities of Aguas del Telde (Gran Canaria) are located just a few metres away from the Noria de Jinámar waterwheel. For over 150 years, this waterwheel has been supplying water to the inhabitants of Telde.

The Spanish Cooperation Agency awarded the Agbar Foundation a grant to renovate the Muelle de caballería (quay) in Havana to help improve the urban environment and reduce pollution

04.5.6

ACTIONS TO SUPPORT SPORT (SOCIAL COMMITMENT LC1)

Agbar also supports various sporting initiatives in the local communities where it is present.

For instance, Aigües d'Elx acts as a benefactor for Fundació de l'Esport Il licità, a foundation whose objective is to promote, encourage and support any high level sporting activity representing the town of Elche, and the Aigües de l'Horta joint venture sponsors the athletics club, the tennis club and cycle club in Torrent (Valencia).

Equally, Aguas de Alicante has worked with Ciclo-Vía, an initiative promoted by Alicante Town Council, and each Sunday a few of the city's streets are transformed into a relaxing place for the local population.

Promoting physical activity is one of its objectives. In fact, the company provides water to the sportsmen and women, and this was indeed the case during the first Sant Joan d'Alacant 10-km race organised by town's council on 11 September 2010. The company also set up stands to promote efficient consumption.

04.6

RELATIONSHIP WITH SUPPLIERS

IN RELATION TO ITS SUPPLIERS, AGBAR IS COMMITTED TO:

Establishing relations based on the principles of integrity and honesty.	*Commitment*	S1
Promoting transparency in relations and maintaining objective screening criteria.	*Commitment*	S2
Encouraging sustainable practices in this group.	*Commitment*	S3

Agbar is committed to achieving excellence in its relationship with its suppliers, and adopting professional conduct throughout the purchasing process. It is also committed to continuously improving and innovating the processes based on economic, social and environmental responsibility criteria.

In its interaction with suppliers, there are three different areas of procurement: products, services and utilities[G], with different management and relationship models (local or centralised).

The 'products' area relates to materials for the network, electromechanical equipment and products to treat the water and waste, etc. It requires an infrastructure that supports the supply chain. It is managed centrally, which means that the supplier does not need to be situated close by.

The 'services' area has complex specifications and requires suppliers to be close by, which is why most of the management is performed locally (operational management, general services, engineering, meter readings, etc.)

In the utilities[G] area, such as electricity, gas or fuel, most of the actions are coordinated centrally, even though contracts are local, as such services are regulated and require monitoring due to the spread and diversity of the supplies. Furthermore, there are few local suppliers in this market.

Agbar contributes to the development of the communities where it is present, as the subcontracts and other services it purchases directly affect the local economy. In fact, the purchase of local services accounts for around 79% of Agbar's purchasing volume.

In 2010, the company continued using the procedure set up the previous year to identify the percentage of volume purchased from local and non-local suppliers or subcontractors compared to the overall volume of each company; the postcode of the company name of the supplier or subcontractor was used to differentiate between 'local' and 'non-local'. In 2010, the process of identifying the volume purchased from the local community was simplified by using standardised criteria.

The purchase of local services accounts for around 79% of Agbar's purchasing volume

COMPANY	VOLUME PURCHASED FROM SUPPLIERS (%):	
	LOCAL*	NON-LOCAL
Aigües de Barcelona	77	23
Aguas de Alicante	83	17
Cartagena (East Murcia)	77	23
La Laguna (Canary Islands)	85	15
Ourense (Galicia)	38	62
Ematsa (Tarragona)	67	33
Aguas de Murcia	75	25
Emasagra (Granada)	58	42
Aguas Valladolid (Castilla y León)	17	83
Agamed (Torrevieja)	74	26
Aigües d'Elx (North Alicante)	75	25
Orihuela (South Alicante)	15	85
Bristol Water (United Kingdom)	25	75
Aguas Andinas (Chile)	99,6	0,2
AVERAGE PERCENTAGE (%)	**79**	**21**

(*) Supplier whose fiscal domicile is located in the same province.

COMPANY	VOLUME PURCHASED FROM SERVICE SUPPLIERS (%):	
	LOCAL*	NON-LOCAL
Aigües de Barcelona	100	0
Aguas de Alicante	91	9
Cartagena (East Murcia)	94	6
La Laguna (Canary Islands)	89	11
Ourense (Galicia)	31	69
Ematsa (Tarragona)	50	50
Aguas de Murcia	84	16
Emasagra (Granada)	48	52
Aguas Valladolid (Castilla y León)	N.Av.	N.Av.
Agamed (Torrevieja)	75	25
Aigües d"Elx (North Alicante)	76	24
Orihuela (South Alicante)	33	67
Bristol Water (United Kingdom)	19	81
Aguas Andinas (Chile)	99,8	0,2
Average percentage (%)	**85**	**15**

(*) Supplier whose fiscal domicile is located in the same province.

04.6.1

RELATIONSHIP BASED ON INTEGRITY AND HONESTY (COMMITMENT S1)

Agbar's relationship with its suppliers is based on principles of integrity and honesty and, in order to guarantee the greater transparency and traceability of management procedures, it implements a procurement policy focused on optimising costs and processes.

Since 2010, the company has been using a technological negotiation platform (Bravo Solution) that ensures the necessary traceability of the negotiation process, in accordance with the requirements set out in the Spanish Law on Contracting 31/2007, taking into account the principles of transparency and non discrimination.

In Spain, Agbar puts out to tender 10% of its centralised procurement volume, accounting for €10.7 million.

TOOLS USED IN AGBAR'S PROCUREMENT CHAIN:

Register of Agbar Suppliers	Achilles
Negotiation Tool	Bravo Solution
Procurement tool	E-Procureo
Register of Complaints and Incidents	Siralc

The number of incidents and complaints relating to the purchase of hydraulic equipment dropped by 80 in 2010, and is now 473

04.6.1.1 IMPROVEMENTS IN THE MANAGEMENT OF SUPPLIERS

A relationship with suppliers is successful when it is sustained over a period of time and becomes stronger.

For this reason, managing suppliers is inevitably based on constant awareness of the degree of mutual compliance with the agreements, as well as an awareness of the conditions required for their fulfilment; it also requires any changes to the procurement management process itself to be taken into account.

Therefore, Agbar's Procurement and Logistics Department is promoting the use of SIRLAC, a computer platform that allows the Agbar companies in Spain to log any claims and incidents arising during the course of their daily management activities.

All this information, supplemented by data from the suppliers' ongoing feed-back process, allows Agbar to improve the way it manages its suppliers.

In relation to the purchase of hydraulic materials (for networks, electromechanical, products for treating water and waste, etc.), the following incidents and complaints were logged onto this platform:

INCIDENTS + CLAIMS	2009	2010
Shipment: incorrect quantities	118	84
Shipment: incorrect references	108	92
Administrative error. Invoicing	137	69
Faulty material	93	141
Incomplete material	23	20
Other reasons (deadlines not respected, non-compliant transport)	74	72
TOTAL	**553**	**473**

According to the information obtained from SIRALC, the number of incidences and complaints fell by 80 during the 2010 financial year to 473.

The improvement was mainly due to a reduction in the number of administrative errors and incorrect quantities shipped.

Local technical presentations were conducted with the suppliers to explain any technical innovations and, if applicable, to make suggestions about new products or services, as well as to examine their level of applicability

Meetings were organised with suppliers that had experienced high numbers of incidents and, in certain cases, faulty equipment, to determine the reasons and to reach an agreement about any solutions required.

At the same time, the process used to monitor and assess strategic suppliers was upgraded (it is now performed quarterly using the data from the previous six months). This frequency provides more up-to-date information on the relationship (incidents and claims detected earlier, as well as identification of potential problems, service levels, etc.), meaning corrective actions can be implemented more rapidly.

Moreover, and to improve the conditions and relationship with the most important suppliers, the Procurement and Logistics Department visited the facilities of suppliers to discover *in situ* their products, manufacturing processes and installations, when applicable.

In addition, during the course of 2010, the following actions were carried out:

> A "wikisphere" was set up as a tool for disseminating technical innovations relating to the various equipment and products (hydraulic, chemical, electrical, pumps, etc.), which is mainly accessible to the technical personnel and departments of the organisation. This resource will bring companies closer to their suppliers, making them more visible and popularising their products.

> Technical presentations with the suppliers in the area, to explain technical innovations and, if applicable, to make suggestions about new products or services, as well as examining their level of applicability.

> Meetings with suppliers who have experienced the highest number of incidents (for example, late deliveries, quality problems or equipment referencing errors, etc.) in order to work with them to resolve any issues and, in particular, to endeavour to reduce future incidents.

Agbar's management of suppliers

> La Laguna (Canary Islands) uses the Almagest - AS400 application to record its purchases, including information on all articles purchased for carrying out the company's business activities. In 2010, in La Laguna, 85.83% of equipment purchases (exclusive of water and electrical energy) were recorded in Almagest, with the volume of purchases under this heading amounting to €1.3 million.

> In 2010, Aguas Andinas (Chile) set up an initiative whereby a Notary Public is present when bids are opened for tenders in which a bidder is involved who is associated with 5% of the total number of public bids. The information and statements are delivered unequivocally to suppliers, to ensure all the bids are comparable.

04.6.1.2 E-PROCUREO PROCUREMENT SYSTEM

e-Procureo is a procurement management tool developed by Agbar for companies working in the water and environmental sectors that standardises the purchasing processes and authorisations, ensuring traceability when purchasing goods and services, and also supplying essential information for negotiating more effectively with suppliers.

In line with the commitment made, in 2010, 93% of Agbar companies have installed e-Procureo.

During this period, the priority has been to equip e-Procureo with additional functions, such as facilitating the delegation of authorisations, improving the search function for the maintenance of users, adding filters by company and type, reporting of undelivered mail in PDF format, improvements to approval flows, etc.

In 2010, the volume of purchases facilitated through "e-Procureo" reached €158 million.

04.6.2

PROMOTING TRANSPARENCY (COMMITMENT S2)

Since direct access was made available in 2009 to Agbar's main webpage for companies interested in becoming suppliers, the company has been able to standardise the information received from suppliers and optimise its operations.

Therefore, before starting the corresponding negotiation process, checks are performed to make sure that the supplier's information in the "Agbar Suppliers Register" is up to date, in compliance with Spanish Law 31/2007 on Procedures for Contracts in the Water, Energy, Transportation and Postal Services Sectors. The rules set out in this law require a negotiated procedure with its own classification system, as well as determining rules relating to principles of non-discrimination, mutual recognition, proportionality, equal treatment and transparency.

The area managed centrally by the Procurement Department has expanded, and 85% of suppliers managed are registered in Agbar's Register of Suppliers, representing 75% of the volume invoiced by suppliers.

Bristol Water uses an Achilles database (Utilities Vendor Data Base, UVDB) to register its suppliers, thereby complying with Article 30 of the Utilities[G] Directive. This supplier database is used by over 30 utility companies and by 35 of their partners. It includes standardised and verified aspects that simplify the management process and make it easy to monitor their suppliers' quality and environmental systems, as they are included on a list published by the regulator in the United Kingdom, the Drinking Water Inspectorate (DWI), called the *DWI Regulation 31 list*.

85% of suppliers managed by Agbar's procurement departments are listed on the Register of Suppliers, meaning they represent 75% of the volume invoiced by suppliers

04.6.3

ENCOURAGING SUSTAINABILITY AMONG SUPPLIERS (COMMITMENT S3)

Agbar is committed to a procurement policy that guarantees its suppliers respect sustainable development values and global ethical principles such as respect for basic human rights, fair and respectful treatment of members of staff and minimising their impact on the environment.

56% of the purchasing agreements managed by the procurement division of Agbar include corporate responsibility clauses (Ethical Code, Global Company, etc.), representing 74% of the volume invoiced to suppliers. Compared to 2009, steps were taken in 2010 to include this clause in the contracts that were signed the previous year.

In addition, the volume invoiced by suppliers with an independently verified quality system rose in 2010 to 82%, one percent higher than the figure for the previous year, and invoicing by suppliers with an environmental system certification was 55%, also one percent higher than in 2009.

Agbar suppliers with a corporate responsibility clause (Ethical Code, Global Compact, etc.) in their contracts represent 74% of the volume invoiced

Scoring the Corporate Responsibility of suppliers

In 2010, Agbar worked jointly with the Achilles supplier on an assessment model called *Scoring*. Its aim was to assess the RePro suppliers in terms of corporate responsibility, in order to rank suppliers depending on their CR management policies, and convert it into a criterion the company could use to differentiate suppliers when bidding or when awarding contracts. 17% of all Agbar registered suppliers have so far been assessed.

The aim is to integrate CR in the purchasing processes throughout the supply chain, and to manage purchases in a sustainable fashion, and also to implement policies, procedures and social and environmental standards to ensure compliance.

This methodology quantifies the relative position of suppliers in relation to sustainability and integrates this data into the procurement processes. The result achieved will provide added value to the company, as knowledge of the areas it needs to improve will help it optimise the targeting of its CR efforts.

Agbar is working jointly with Achilles on a voluntary supplier auditing model, called *Audit*. It offers an improved standard of supplier management than the current registration process, as it validates the supplier's key information in terms of its facilities and also reviews the supplier's documentation and interviews key staff (*Verify-Audit*) in the following areas:

> Technical resources
> Quality
> Environment
> Occupational risk prevention (ORP)
> Human Resources (HR)
> CSR: checking of CSR *Scoring*

According to the information provided by the supplier in the registration questionnaire, the audit will check its policies and procedures. The results are published and are available to the other registered suppliers.

Auditing is a key element of the risk management process which guarantees that suppliers meet the expectations and standards, and allow the participating companies to carry out additional checks on the supplier information in the questionnaire.

Another of the benefits derived from the *Audit* is the development of industry standards for the audited suppliers, encouraging suppliers to register and offering support for improvement, as well as determining the supplier's ability to fulfil the standards.

These audits result in an ongoing and systematic assessment of the suppliers' products, services or processes, and are recognised as representing best practices in terms of organisational improvement.

In 2010, the suppliers were classified into groups of critical/strategic categories of the sector.

Agbar is collaborating on a voluntary auditing model for suppliers called Audit

The company is also working with Achilles on a global supplier-management project, the purpose of which is to standardise the supplier data resulting from the different geographical areas covered by the management of utilities[G], UVDB, Repro, Sellibca, Supply line, APUG and Connexio, which will result in the global management of suppliers and provide access to new suppliers, therefore increasing the value of the network. Approximately 20,000 suppliers and about 250 participating companies took part in the scheme.

In 2010, actions were taken to start transferring and migrating all the Achilles Registration Systems to a new technological platform, in order to support a global database.

04.6.3.1 RESPONSIBLE CONSUMPTION

Reduce, recycle and reuse are the basic practices for responsible consumption. Efficiency in energy consumption and the use of recyclable products and material also help protect the environment. In this respect, the management of the Agbar Tower, the company's main headquarters, is a good example of these practices:

WASTE	2009		2010	
	VOLUME (KG)	%	VOLUME (KG)	%
Empty toner cartridges	1,717	1.7	1,203	1.0
Fuel oil and diesel	0	0.0	196	0.2
Plastic containers	2,250	2.2	1,985	1.6
Wood packaging	0	0.0	100	0.1
Packaging containing leftover hazardous substances or are contaminated by such substances	0	0.0	74	0.1
Magnetic media	91	0.1	0	0.0
Mercury button batteries	4	0.0	1	0.0
Stick batteries	100	0.1	89	0.1
Paper and cardboard	49,966	49.7	46,222	37.3
Confidential paper to be destroyed	340	0.3	900	0.7
Glass	2,205	2.2	1,610	1.3
Biodegradable kitchen waste	14,778	14.7	22,631	18.3
Fluorescent tubes	243	0.2	286	0.2
Batteries and accumulators	89	0.1	0	0.0
Electrical and electronic equipment	4,493	4.5	4,613	3.7
Leftover wood	3,890	3.9	1,193	1.0
Wooden pallets	35	0.1	0	0.0
Plastic	375	0.4	0	0.0
Metals	1,010	1.0	1,370	1.1
Mixed recyclable waste	820	0.8	760	0.6
Mixed municipal waste	17,726	17.6	40,498	32.7
Bulk waste	350	0.4	50	0.0
TOTAL (kg)	**100,482**	**100**	**123,781**	**100**

RECYCLING

As previously mentioned, Agbar is committed to recycling as a way of reducing its environmental impact.

In fact, in 2010, the use of recycled paper among Agbar companies increased: it was 72% in the case of Aigües de Barcelona and 52% as an average over the other companies.

Some of the recycling initiatives of Agbar companies are described below:

> ***Aigües de Barcelona:***
The company has joined Xarxa de Compra Reciclat, a meeting place for people offering and supplying recycled products, recyclable and/or biodegradable, to create a platform to connect and stimulate the market for such products. Agbar is also encouraging its suppliers to use products from the catalogue of this network. During the course of 2010, an initiative was launched to use recycled toner, which now accounts for some 5% of total consumption. This initiative is expected to gain ground over the coming years.

> ***Emasagra (Granada):***
The company sent a letter to its suppliers outlining its Environmental Quality and Management Policy. The letter required suppliers to commit to managing any waste generated by their business activities in a correct manner. This action involved 100% of the approved suppliers listed in Gesdocal.

Likewise, subcontracts for work involving fibre cement should include a copy of the RERA register (required for companies working with asbestos) and each year actions taken to remove this type of waste must be reported.

The NGO it works with, *Madre Coraje*, removes conventional batteries, electrical and electronic devices, expired medicines, used furniture, printer toner and ink-jet inks. This NGO, which is mainly concerned with Peruvian development issues, is considered to be of public interest and it fulfils all the principles of transparency and good practices of the Fundación Lealtad. The NGO is authorised to act as a Hazardous Waste Manager by the Environment Department of the Andalusian Council, and it also contributes to the environment, and performs social actions; the company's relationship with the NGO has resulted in cost savings in this area.

> ***Aguas de Valladolid:***
The company has agreed contracts for the selective collection of all paper, cardboard and metals with Biotran, Europac Recicla, etc.

> ***Aquagest Levante (Orihuela area):***
The company has set up a waste management plan for all work, scheduled or unscheduled. This has resulted in the management of 4,917 tonnes of waste in the area.

> ***Ematsa (Tarragona):***
Ematsa has sent its own Good Environment Practices document to 69% of its suppliers. It has started implementing a scheme to return products to suppliers for recycling such as, for instance, the BOD[G] and COD[G] kits used at Ematsa's WWTPs[G].

> ***Aigues d'Elx (Elche):***
The company sends a quarterly internal email about paper consumption to make all staff think about the good practices they can apply to reduce the use of paper. This email outlines concrete objectives for reducing paper consumption. The objective for this year is to reduce paper consumption by 20% and a series of actions were outlined to help staff attain the reduction target. Equally, all the information is published on the Intranet of Aigües d'Elx.

> ***Aguas de Alicante:***
The company has rolled out the use of recycled paper (61%) at all its offices. It is also implementing a scheme to use recycled printer ink and toner cartridges. Along the same lines, the use of scanners is favoured over paper copies, and computer applications (ARDOC) are being developed to manage this information.

Furthermore, it has launched an initiative to recycle old mobile phones, in collaboration with the Spanish Red Cross and the Fundación Entreculturas. The two main objectives of this initiative are: the income generated by recycling mobile phones will be used for humanitarian, social and educational projects for the poorest communities and countries; moreover, collecting the old mobile phones and encouraging their reuse and recycling helps conserve the environment.

IMPROVING THE SUSTAINABILITY OF FLEETS OF VEHICLES

In order to improve the management of its fleet of vehicles, Agbar has introduced a computer application (GDF) to obtain an overall view of the fleet, which should help optimise its management.

The group is also continuing to replace its cars with vehicles that have more efficient engines and are therefore less polluting. In fact, the replacement of the fleet in 2010 has resulted in a 17% drop in CO_2 emissions. The viability of adopting hybrid and electrical engines with a view to including such cars in the future fleet is currently being examined.

Agbar's fleet-replacement policy has resulted in a 17% drop in CO_2 emissions

05

AGBAR AND INNOVATION

Agbar promotes corporate culture based on innovation and knowledge management, turning it into a driving force for the company. Agbar also believes that R&D and innovation are key elements for strengthening its business position, supporting its compliance with new regulatory frameworks and helping it develop new business lines in the complete water cycle and environmental sectors. This need is further strengthened by its commitment to offer better services to all citizens and to ensure the highest possible quality of its activities.

The main objectives of R&D and innovation at Agbar are:

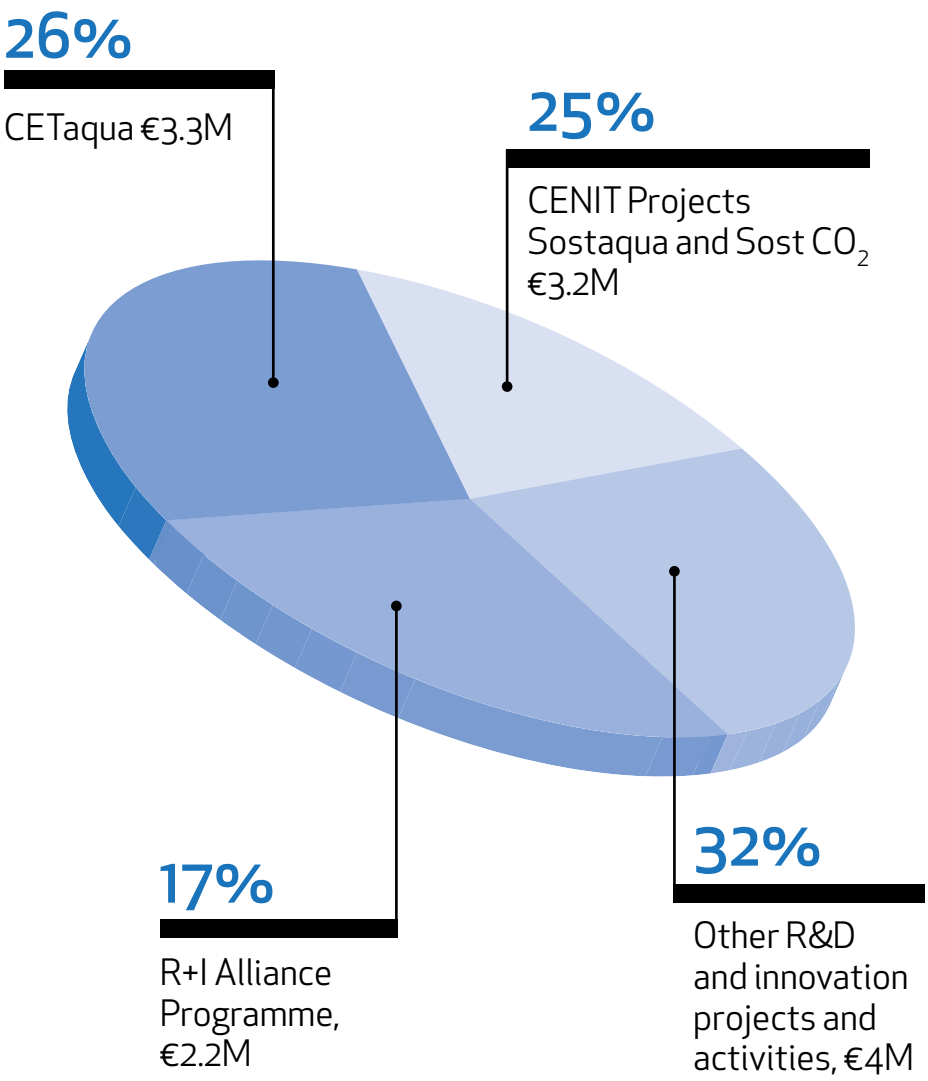
> To create specialised knowledge in the area of known and new technologies
> To propose different service offers to access new markets
> To promote technical and technological exchanges between experts and the group's companies
> To attract and retain talent
> To demonstrate corporate responsibility.

Agbar's R&D and innovation projects are mainly focused on three main areas:

> CETaqua (Water Technology Centre) projects
> Projects with the R+i Alliance Programme
> Corporate programmes

In 2010, Agbar spent €12.7 million on R&D and innovation, an expenditure resulting in access to over 160 R&D and innovation projects valued at €20.1 million. This year, 140 people within the organisation were involved in the R&D and innovation sector.

In 2010, Agbar spent €12.7 million on innovation in the water and innovation sector



Agbar received the most awards at the 2010 Project Innovation Awards

Agbar received four awards at the 2010 Project Innovation Awards from the International Water Association (IWA), making it the most successful company at the event.

The winning project in the applied research category was Cryocore, a system for determining odour concentrations (further information in the "Odour Management" section in the "Care of the Environment" chapter), and, in the design section, Cowama, a system providing real-time prediction of the quality of bathing waters (further information in the "Sustainable Management of Rainwater" section in the "Care of the Environment" chapter) won an award.

In the planning category, the Micro Metering District Area Enabler project, a cost-effective and reliable system using butterfly valve actuators[G] received the top award, and Ice Pigging, a new pipe cleaning system, received an honorary award (further information in the "Efficient management of the distribution network" section in the "Care of the Environment" chapter).

Agbar won four awards from the International Water Association (IWA)

05.1

AQUA DEVELOPMENT NETWORK

The R&D projects developed by Agbar produce tangible results, such as equipment or simulation models, and intangible results, such as a procedure or protocol, or also supply knowledge for future developments.

The results are used industrially by Agbar's technology companies dedicated to seeking solutions for customers. The industrialised products or services are transferred to the market by expanding the commercial offer.

To further develop this process on a strategic level, Agbar has created the Aqua Development Network (ADN). ADN is a network formed by the Personal Development, Knowledge Management, R&D and Innovation departments, allowing them to work together to create, capture, package and market their know-how and convert it into new products and services.

ADN's main objectives are:

> To create value based on the knowledge generated at Agbar
> To develop competitive R&D projects
> To speed up the transfer of innovation
> To identify new development areas
> To take advantage of the synergies between R&D and innovation, Knowledge Management and Personal Development.

ADN's remit is to act as a springboard for Agbar, endeavouring to increase business by managing knowledge and innovation.

The Aqua Development Network (ADN) was created to be the driving force behind the creation of new products and services, integrating people and knowledge, with an emphasis on innovation

"Agbar launches approximately 10 innovative products and services each year, and this is having a positive impact on the company's organic growth, improving profits and placing innovative solutions on the market. In addition, the creation and consolidation of Agbar's technological companies means it is now easier to develop and market the results of the innovation"

Fernando Rayón,
R&D&I Director
at Agbar

05.2

CETAQUA, TECHNOLOGY CENTRE OF EXCELLENCE IN THE COMPLETE WATER CYCLE

The Water Technology Centre, CETaqua, is an organisation that integrates, manages and conducts research projects with the aim of proposing innovative solutions to companies and businesses working in the complete water cycle.

CETaqua was created in 2007 as a private not-for-profit foundation by Agbar, the University of Catalonia *[Universitat Politècnica de Catalunya (UPC)]* and the Spanish National Research Council (CSIC).

CETaqua targets its research in four areas of business and knowledge:

> Water and city
> Water and agriculture
> Water and industry
> Water and the environment

CETaqua prioritises certain lines of research within these areas, namely:

> Alternative resources
> Impact of global change
> Efficient infrastructure management
> Environment and health
> Water and energy
> Managing water demand

LINE OF RESEARCH	SUBJECT
Alternative resources	Desalination of seawater and brackish water. Reuse of regenerated water and rainwater. Recovery of degraded bodies of water. Aquifer recharging.
Impact of global change	Comprehensive management of water resources. Management of crisis situations (flood control). Predicting the impact of change. Measures for adapting infrastructure to global change. Carbon footprint[G].
Efficient infrastructure management	Infrastructure control and management. Urban distribution, sewer system and drainage networks. Integration and optimisation of control systems.
Environment and health	Technologies and processes for improving the quality of drinking water. Recycling wastewater and sludge[G]. Monitoring water quality controls. Environmental risk: odour and waste management.
Water and energy	Energy efficiency in the complete water cycle. Energy from recycling waste. Hydrogen economy. Reuse of biogas.
Managing water demand	Monitoring of demand. Repercussion on actual costs and new tariff systems. Public participation. Virtual water[G].

En 2010, CETaqua had an overall budget of €7.4 million and 67 active projects. In order to carry out these projects, CETaqua seeks financing at different levels (international, European and state).

In 2010, CETaqua moved its headquarters to Cornellà de Llobregat (Barcelona), under an agreement signed by Agbar's Executive Chairman, Angel Simón, with the local Mayor, Antonio Balmón, at Museu Agbar de les Aigües (Cornellà de Llobregat). This allows CETaqua to join in the work of the other research centres located in the city such as Innobaix (Innovation Agency of Baix Llobregat) and Citilab (new technologies laboratory to promote the information society), to continue investing in innovation and research in companies.

www.cetaqua.com

A continuación, destacamos algunos
A few of its projects are detailed below:

- ***UFTEC - Substitution of conventional treatment of raw river water by ultrafiltration membrane technology:*** CETaqua is leading the UFTEC project to evaluate ultrafiltration technology in river water.

This project is jointly financed by the European Union under the scope of the LIFE+ programme. Its main aim is to demonstrate the technical, environmental and economic viability of ultrafiltration technology as an alternative to the conventional pre-treatment of river water (coagulation-flocculation, sedimentation and sand filtration) at a drinking water treatment plant. The treatment's efficiency will be evaluated using the experimental prototypes designed during the project, using water from the Llobregat river.

www.life-uftec.eu

- ***Medium & long term strategies to manage flooding events in urban and peri-urban areas:*** The project aims to develop a methodology to evaluate the risk of flooding in urban and peri-urban areas. For this, the most appropriate available tools are defined to evaluate the risk of flooding, and a method of examining the effects of global change on the risk of flooding over the medium- and long-term established, taking into consideration the associated uncertainties, thus providing a general overview of the recommended Good Practices for adapting, mitigating and managing risks. The project is financed with funds from R+i Alliance.

- ***VIECO - Development and validation of economically optimised integrated platforms for biological and chemical vigilance:***
  CETaqua is leading the VIECO project financed by MARM (Spanish Ministry of the Environment and Rural and Marine Affairs). The initiative is based on Water Framework Directive (WFD) 2000/60/EC which has fixed 2015 as the final deadline for all bodies of water in Europe to reach a 'good ecological status'. Market studies revealed that there was no monitoring platform capable of supplying comprehensive data on water quality. As only certain substances and parameters were being analysed, the information collection was partial and no data on contaminants was available; therefore, no steps were being taken to reduce these contaminants. To remedy this oversight, the project focused on creating an on-line monitoring platform that offers both chemical and biological testing, and capable of analysing large quantities of water to obtain all the indicators required for the quality analysis.

  The main objective is to help improve water quality by developing a cost-effective and efficient monitoring platform capable of supplying environmental indicators on the ecological status of surface water.

  www.proyectovieco.com

- ***OPTIMECA – Water treatment optimisation processes using membranes and active carbon:*** Technologies used for water treatment based on membranes and activated carbon are subject to certain limitations (fouling); furthermore, the absorbent strength of granulated activated carbon (GAC) becomes increasingly limited as the surface becomes saturated with the contaminants present in the water. The OPTIMECA project is attempting to minimise these limitations by studying the mechanisms these membranes adopt to eliminate contaminants and the reasons for their stultification, to optimise the operating conditions of the membranes and extend their serviceable life as far as possible. The project's aim is therefore to establish optimal maintenance protocols allowing the membrane's cleaning ability to be restored as soon as possible, by analysing the absorption mechanisms to improve the estimations of how long it will take for the membrane to become saturated; it also aims to improve the processes involved in the regeneration of the GAC allowing it to recover its original absorption capacity.

05.3

AGBAR STRENGTHENS INTERNATIONAL ALLIANCES

Agbar, Suez Environnement, Lyonnaise des Eaux, United Water and Northumbrian Water created R+I Alliance in 2005 to select, finance and coordinate research and innovation projects in the field of water and the environment to take advantage of any synergies between the founding members.

The priority areas agreed by the partners are:

> Asset management
> Energy efficiency
> Odour control
> Management of biosolids[G]
> Rainwater management
> Emerging health risks
> Water demand management
> Water resource management
> Controlling water mineralisation for customer satisfaction

The alliance allows Agbar to take part in major strategic programmes, where strategy is shared with private operator partners with the same issues and concerns.

The projects are carried out by centres accredited by R+i Alliance:

CETaqua (Spain), CIRSEE (France), CIRAH (France), NWTC (UK), WERC (USA) and Ondeo System (France)

Each partner of the R+i Alliance contributes approximately €2.0 million to the joint programme and for planning projects. In 2010, the total budget rose to €8.7 million.

www.ri-alliance.com

The total budget of R+I Alliance rose to €8.7 million in 2010

05.4

CORPORATE R&D AND INNOVATION PROGRAMMES: CENIT PROGRAMME

Agbar supports the CENIT programme through the SOSTAQUA and SOSTCO$_2$ projects.

The CENIT Programme (National Strategic Consortium for Technical Research Programme), supported by Centre for the Development of Industrial Technology (CDTI), part of the Ministry for Innovation and Science, finances large-scale and far-ranging integrated projects of an industrial and strategic nature, in scientific and technical areas. The objective of this programme is to encourage public/private cooperation in the area of R&D for major projects that combine strategic industrial research and technical sciences. It is geared towards planning research in promising technological areas with a potential international reach.

Finally, CENIT is one of the main tools the Spanish State uses to finance major industrial research projects.

05.4.1 SOSTAQUA

In 2010, after four years of research, the Sostaqua R&D&I project entitled "Technological Developments towards a Self-sustainable Urban Water Cycle", led by Agbar under the framework of the CENIT programme, came to an end.

This initiative has produced five patents, one trademark and has set up 25 new projects, as well as 441 publications, including major technical and scientific contributions geared at improving the environment.

The project analysed the sustainability of urban water supply in four complementary fields: water, waste, energy, health and the environment

In the water sector, the aim is to achieve greater efficiency for desalination, with a firm commitment to reusing the treated wastewater and rainwater. In the waste sector, an emphasis is placed on minimising and recovering energy, and returning it safely to the environment. In the energy section, the objectives are geared toward the self-sufficiency of the wastewater treatment process and a firm commitment to renewable energies. Finally, in the area of health and the environment, the objective is focused on reviewing the processes to achieve better health and environmental protection.

The SOSTAQUA results favour corporate competitiveness, by achieving improvements in the areas of energy efficiency, reducing environmental impact and optimising the urban water cycle processes.

The SOSTAQUA consortium consists of 16 companies, six of which are SMEs with a wealth of experience in the processes associated with the complete water cycle, namely: Aigües de Barcelona (Agbar), Canaragua, Clabsa, Cementos Molins Industrial, Degrémont, Dow Chemical Ibérica, Empresa Municipal de Aguas y Saneamiento de Murcia (Emuasa), Labaqua, Sener y Solvay Ibérica, and also Auma, Cric, Enviros, Remosa, Sineria and STC.

www.sostaqua.com

SOSTAQUA has resulted in five patents, one trademark, and has set up 25 projects, as well as producing 441 publications, including major technical and scientific contributions aimed at improving the environment

The Minister for Innovation's assessment of SOSTAQUA

On 5 October 2010, the Minister for Science and Innovation, Cristina Garmendia attended the presentation of the SOSTAQUA project with Agbar Executive Chairman Angel Simón.

Ms Garmendia underlined that "never before had a public-private research consortium been generated with such powerful funding in the sphere of the urban water cycle".

In turn, Angel Simón stated that the SOSTAQUA project is an example to follow for the "effective collaboration between the authorities, the academic world and companies".

—
Cristina Garmendia, Minister for Science and Innovation, and Angel Simón, Sostaqua Presentation
—

05.4.2
SOST-CO_2

The purpose of the project: "New industrial uses for drinking water" is to tackle the complete life cycle of CO_2, from its capture at emission sources, through to transport, storage and large-scale waste recovery.

The aim is to combine CO_2 capture with the subsequent recovery of waste, seeking a sustainable alternative to replace the simple geological confinement of emissions. The ultimate goal is to place Spain in a position of excellence with regard to the sustainable use of energy sources, the reduction of CO_2 emissions and other greenhouse gases[G], as well as to develop new technologies that foster sustainable use instead of confinement and to develop new sources of sustainable energy.

A consortium of 15 companies and 28 research centres has been created to carry out the project. The overall budget of the project, led by Carburos Metálicos, was €26 million for the duration of the project.

www.cenit-sostco2.com

06

FUTURE CHALLENGES

MEDIUM-TERM CORPORATE RESPONSIBILITY PLAN, 2008-2011

HISTORY

The Medium-Term Corporate Responsibility Plan (MTCRP) is established in response to the Management's manifest desire to strengthen and include Corporate Responsibility in its business strategy.

Agbar has been developing initiatives in this area for years; however, they were not framed in a strategy with defined objectives. New requirements and expectations from stakeholders have been the external reason for preparing the Plan. There is an increasing need to obtain comparative information in keeping with the medium- and long-term plans.

The MTCRP will align and make contributions to the objectives of Agbar's Strategic Plan.

METHOD USED TO PREPARE THE MTCRP

The project was launched in September 2008, following its proposal and approval by the Sustainable Development Committee (SDC). The members of the SDC as well as other managers from the various areas of the organisation were involved in establishing the MTCRP. The Plan was coordinated by the Corporate Reputation and Responsibility Department.

STRUCTURE OF THE MTCRP

The structure of the Plan represents the various stakeholders of Agbar: customers, employees, public authorities, society (environment and local community) and suppliers; a special section on risk management has also been added.

Within each stakeholder group, the Plan has been structured according to the commitments determined. These commitments are the guidelines for Agbar's actions in the area of corporate responsibility.

Finally, for each of the commitments, the actions to carry out in the 2009-2011 period

have been determined, including quantitative objectives and indicators to measure the progress of these actions. Likewise, a management team has been appointed and a budget earmarked.

FOLLOW-UP OF THE PLAN

The progress in relation to the objectives will be monitored each year. The Corporate Responsibility Report will provide details of any progress, in order to meet the demand for transparency of our stakeholders.

Between November 2010 and March 2011, the Plan was reviewed for the second time, coordinated by the Corporate Reputation and Responsibility Department, with the participation of the representatives of the Sustainable Development Committee and managers from other areas of the organisation.

Compliance was observed in relation to all the commitments determined. However, since organisations are dynamic bodies that need to adapt to new demands and requirements that may arise internally or externally, the description, objectives, duration or budget of some actions have been modified or reassigned to new managers. In this regard, research projects deserve special mention, which by their intrinsic nature and depending on the results obtained at different development stages, may be abandoned or expanded, when appropriate.

A selection of the main actions of the MTCRP is described below, as well as the status of the goals set.

CARE FOR CUSTOMER NEEDS

Commitment C1:
Improving the quality of services and products on offer and focusing on the specific needs of each segment.

	Status December 2010*	
> Extend the OCCAM sales system to all of Spain.	> OCCAM coverage of customers in Spain: 42%. Action in progress.	☺
> Implement the new commitment letters with customers throughout Spain (target 50% of domestic customers).	> Coverage of commitment letters of all customers in Spain: 71%. Action in progress.	☺
> Analyse the perception of consumers in relation to water quality (R+i Alliance Projects).	> Reporting the perception of consumers and value of tap water. State of completion in 2010 (71%). Action in progress.	☺

Commitment C2:
Innovating the offer, offering added convenience and reliability.

	Status December 2010*	
> Implement automatic meter reading solutions in Spain.	> Remote metering solutions implemented in the area of responsibility of Aigües de Barcelona. State of completion: 75% (out of the total target meters). Action in progress.	☺

Commitment C3:
Establishing effective communication, improving communication channels. Encouraging remote channels to improve availability.

	Status December 2010*	
> Increase the coverage of customers with access to interactive and remote channels: virtual office.	> 72% of customers have access to virtual offices. Action in progress.	☺
> Expand coverage of the telephone service centre (CAT) to 100%.	> Percentage of customers covered by the telephone service centre (CAT): 86%. > Percentage of customers covered by the repairs telephone service centre (CAT): 80%. Action in progress.	☺

*** Agbar evaluation according to indicators established for follow-up actions.**

HUMAN TEAM COMMITMENT

Commitment E1:
Establishing training and follow-up development plans offering possibilities of promotion and improvement, both in personal and professional spheres.

	Status December 2010*	
> Maintain the performance assessment in Spain at 22 % of the workforce.	> Action in progress.	
> Identify talent internally and include workers identified in this way in the Leader Development Programme.	> All the required workers were assessed.	
> Each year, offer a new Master's Degree in Complete Water Management, and comply with the target percentages established for female participation (30%).	> A Master's degree course was offered, and the percentage of women on the course was 29%. Action in progress.	
> Implement the Corporate University.	> Successfully completed. Action completed.	
> Define the Professional Training Plan targeted at Agbar water foremen and operators.	> A "Design, management and assessment" process was developed and implemented for all Agbar companies.	

Commitment E2:
Promoting and improving communication channels and dialogue to improve participation in achieving common goals.

	Status December 2010*	
> Develop the employee portal.	> Action in progress.	
> Implement a confidential line for employees to make enquiries confidentially.	> Action in progress.	

* Agbar evaluation according to indicators established for follow-up actions.

HUMAN TEAM COMMITMENT

Commitment E3:
Effectively including occupational health and safety in activities, promoting training and participation in this field.

	Status December 2010*
> Reduce the national accident rate to 2.5 %.	> The 2010 accident rate was 3.6. Action in progress.

Commitment E4:
Implementing measures that allow a balance to be achieved between professional and personal life, enabling responsibilities to be evenly distributed between both.

	Status December 2010*
> Implement a telecommuting programme in Barcelona.	> Action in progress.

Commitment E5:
Considering preventive measures that promote equality and diversity, avoiding discrimination on grounds of gender, race, culture, religion or any others that may exist.

	Status December 2010*
> Diagnosis, preparation of the equality plan, implementation of corrective measures and assessment.	> This plan was prepared in June 2009 and implemented at Aigües de Barcelona and Sorea. By 2011, the equality plan is expected to be rolled out in the other companies of the group. Action in progress.

* Agbar evaluation according to indicators established for follow-up actions.

PUBLIC AUTHORITIES

Commitment PA1:
Maintaining a policy of transparency in dealings, through fluid dialogue that seeks the best alternatives for the service user.

	Status December 2010*	
> Publish specific corporate responsibility reports for the most representative companies of the sector.	> Successfully completed. Aigües de Barcelona, Aguas de Alicante, Emasagra, Aquagest Andalucía, Aguas de Murcia, Aquagest Región de Murcia, Aguas de Lorca, Bristol Water, Aguas Andinas, Aguas de Cartagena and Aguas de Saltillo will publish a report in 2010.	☺
> Publish periodic information for the authorities.	> Distribute the 2009 CRR to the authorities.	☺
> Invite representatives of the public authorities to internal/ external discussion and debate workshops.	> In 2010, a session of the 'Water Forum' was organised in Galicia. The Agbar Foundation organised a day-long event for the staff of local authorities entitled "Management of Key Local Services". Action in progress.	☺

Commitment PA2:
Acting proactively with regard to the regulatory progress of each sector, anticipating future requirements, to ensure the secure and guaranteed supply of services and products.

	Status December 2010*	
> Ensure all pricing systems comply with the Framework Directive.	> 85% of customers in Spain have a pricing structure compliant with the Framework Directive. Action in progress.	☺
> Promote Agbar's participation in trade associations and key organisations on a national and international level.	> Agbar is involved in 64 trade associations, some local/territorial, and others national and international. Action in progress.	☺

Commitment PA3:
Offer an unrivalled service within the framework of sustainability.

2011 Objectives	Status December 2010*	
> The actions relating to this commitment will be the same as those included in the environmental and customers section of the MTCRP. It is understood that all actions carried out to improve customer service as well as environmental improvements imply an improvement to the quality of service supplied to the authorities.	> See the environment and customers section of the MTCRP.	☺

* Agbar evaluation according to indicators established for follow-up actions.

ENVIRONMENT

Commitment EN1: Managing water resources sustainably.

	Status December 2010*	
> Increase the reuse of regenerated water. Reuse 35% of the flows treated in Spain. Target for 2012.	> Target modified. Agbar's target will be to exceed the mean percentage for reuse in Spain. Action in progress.	
> Improvement of the technical performance of the distribution network. Target amount for 2010, 76% in Spain.	> Amount achieved: 75.2%.	
> Reduce the number of breakdowns affecting the distribution network. Target amount 1.25 by 2010.	> Target amount achieved in 2010: 1.24.	
> Develop and implement a project for improving operation on the ground.	> Action in progress.	
> Promote Agbar's participation in trade associations and key organisations on a national and international level.	> Agbar is involved in 64 trade associations, some local/territorial, and others national and international. Action in progress.	

Commitment EN2: Water quality. Anticipating health and environmental risks.

	Status December 2010*	
> Implementation of Drinking Water Safety Plans according to the ISO 22000 standard.	> In 2009, Aigües de Barcelona and EMATSA obtained ISO 22000 certification.	

Commitment EN3: Preserving biodiversity.

	Status December 2010*	
> Update the identification and evaluation of special measures at facilities located in protected areas or areas of natural interest.	> Situation updated every year. Action in progress.	

* Agbar evaluation according to indicators established for follow-up actions.

ENVIRONMENT

Commitment EN4: Managing rainwater sustainably.

	Status December 2010*	
> Reduce the number of breakdowns and incidents in the sewerage network. Target amount 1.25 by 2010.	> Target met. A new target was set at 0.5 by 2012.	☺

Commitment EN5: Promoting energy efficiency and the use of renewable energies.

	Status December 2010*	
> Promote the performance of energy audits at electromechanical facilities with high electricity consumption (WWTP, DWTP, pumps), auditing 160 facilities in 2010.	> 217 audits have been performed between 2009 and 2010. Action in progress.	☺
> Implementation of a project to identify the best biogas treatment technologies depending on its end use.	> Action in progress.	😐

Commitment EN6: Optimising sludge management.

	Status December 2010*	
> Increase the use of sludge[G] in agriculture and for energy.	> Several initiatives are underway in this area. Among others, in 2009, Aguas Andinas conducted a life-size experiment on the agricultural use of sludge, recycling 26,000 tonnes of biosolids.	☺

Commitment EN7: Environmental management.

	Status December 2010*	
> Increase certification under the ISO 14000 standard.	> The population managed for drinking water covered by ISO 14001 in Spain in 2010 was 30%. Action in progress.	☺

* Agbar evaluation according to indicators established for follow-up actions.

LOCAL COMMUNITY

Commitment LC1:
Involvement of the company in improving the quality of life of the local community where it operates, through communication and awareness actions and offering the experience the organisation possesses in each area of activity.

	Status December 2010*	
> Implement a methodology for determining contributions to the community in 30% of Agbar companies.	> In 2010, the number of companies complying with this requirement was 83. A new target of 80% was set.	☺

SUPPLIERS

Commitment S1:
Establishing relations based on the principles of integrity and honesty.

	Status December 2010*	
> Use of electronic tools to conduct the bidding processes. Target 80%.	> In 2010, 10% of bids were conducted using an electronic tool. Action in progress.	☺

Commitment S2:
Promoting transparency in relationships and maintaining objective screening criteria.

	Status December 2010*	
> Achieve registration of 100% of suppliers in the authorised system.	> In 2010, 16% was achieved. Action in progress.	😐

Commitment S3:
Encouraging sustainability practices within this group.

	Status December 2010*	
> Include corporate responsibility clauses for 100% of the procurement volume.	> In 2009, 54% was achieved. Action in progress.	☺
> Determine corporate responsibility and environmental control criteria at the facilities of 20% of suppliers.	> State of completion: 17%. Action in progress.	😐

* Agbar evaluation according to indicators established for follow-up actions.

07

APPENDICES

07.1
AUDIT LETTER

ERNST & YOUNG

INDEPENDENT REVIEW OF SOCIEDAD GENERAL DE AGUAS DE BARCELONA, S.A. AND SUBSIDIARIES' (Agbar) 2010 CORPORATE RESPONSIBILITY REPORT

Translation of a 2010 Corporate Responsibility Report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the Directors of Agbar:

Scope

We have reviewed the contents of the 2010 Corporate Responsibility Report, available at www.agbar.com (hereinafter, the Report).

The scope of our review includes, alongside the parent Sociedad General de Aguas de Barcelona, S.A., the scope defined in the About this report section of the accompanying Report (hereinafter, Agbar) regarding each of the information segments.

The 2010 Corporate Responsibility Report was prepared in accordance with the following:

- The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version 3.0 - G3).
- The principles stated in the AA1000 Assurance Standard Guide issued by AccountAbility (Institute of Social and Ethical Accountability).

The preparation of the 2010 Corporate Responsibility Report, attached as well as the information contained therein, is the responsibility of the administrative bodies and management of Agbar. They are also responsible for defining, adapting and maintaining the management systems and internal controls from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Instituto de Censores Jurados de Cuentas de España (ICJCE).
- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited level of assurance.
- Regulation AA1000 AccountAbility Assurance Standard 2008, with a moderate level of assurance.

Procedures carried out

Our review consisted in requesting information from corporate managers and the various managers of business groups participating in the preparation of the 2010 Corporate Responsibility Report, and in applying processes and analytic procedures and sampling review tests as described in general terms below:

1. Interviews with the Director and personnel from Agbar's Corporate Reputation and Responsibility Department and a selection of managers and key transversal management personnel as well as personnel from the various business lines. The purpose of these was to obtain awareness of the opinion of the Corporate Responsibility objectives and policies, as well as how they are put into practice and integrated into Agbar's strategy.
2. Review of relevant information, such as minutes of the meetings dealing with Corporate Responsibility and related topics.
3. Review of the processes and systems through which Agbar establishes its commitments with stakeholders, along with the covering/establishing the key issues included in the Report, while also ensuring their integrity.
4. Analysis of the adaptation of the structure and content of the Report as indicated in G3 Sustainability Reporting Guidelines (GRI).
5. Checks on selected samples of the quantitative information included the Report, as well as their adequate compilation from data supplied by information sources. The review tests have been defined to provide assurance levels in line with indicated limits.

The scope of a review is considerably less extensive than that of a reasonable assurance report. Therefore, the degree of assurance is also less extensive. The current report in no case should be considered an audit report.

These procedures were performed on information published in the 2010 Corporate Responsibility Report with the aforementioned scope.

Independence

We have performed our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

1

ERNST & YOUNG

Conclusions

As a result of our review of the 2010 Corporate Responsibility Report, in the previously-described scope, we conclude that:

- No matter came to our attention that would indicate that the Report had not been prepared according to the Global Reporting Initiative (GRI) Sustainability Guidelines,
- nor have we detected that the remaining information and indicators included in Appendix I of the Agbar Report contains significant errors, or that the Report has not been prepared in accordance with the principles established in regulation AA1000 APS (2008) issued by AccountAbility, defined as:
  - ✓ **Inclusiveness**: The mechanisms are in place to identify interest groups, as well as to gain an awareness and understanding of their expectations, as explained in Chapter 03, "Our commitment to Corporate Responsibility," and Chapter 04, "Commitments to Stakeholders."
  - ✓ **Relevance** An analysis was carried out to choose significant aspects to include in the report, as described in in Chapter 03 "Our commitment to Corporate Responsibility," summarizing the materiality analysis.
  - ✓ **Responsiveness**: Mechanisms are in place to design, develop, evaluate, and communicate the answers to the main expectations of Stakeholders reflected Chapter 03, "Our commitment to Corporate Responsibility," as well as in the commitments defined in each of the Report's chapters.

Recommendations

We also presented Agbar management our recommendations regarding areas of improvement related to the application of regulation AA1000 APS (2008), as well as relationships with main stakeholders. The most significant recommendations are summarized below:

a) Inclusiveness:

Continue with the extensive progression of the dialogue and communication model with stakeholders in all countries in which activities are carried out.

b) Relevance:

The Corporate Reputation and Responsibility Management identifies and responds to relevant interest groups, establishing dialogue and response mechanisms for key topics through an analysis of materiality, thereby making it possible to focus the contents of the report on matters considered most relevant to the business.

The information on general material matters should be extended to include others specific to all the countries in which it is present.

c) Responsiveness:

Since 2005, Agbar has had 2006 a Medium-Term Corporate Plan (MTCRP), which is reviewed and adapted yearly according to new expectations and requirements from stakeholders.

The 2010 Corporate Responsibility Report features the achievements and advances related to the commitments defined in each of the Report's sections.

We recommend that the yearly MTCRP reviews continue, and that they be updated to include the new demands from stakeholders.

We also suggest the following for procedures related to the different stakeholders:

1) Clients:

Agbar has developed and implemented systems aimed at improving the quality of customer-related services during 2010. Our recommendation is to continue with this process, paying closer attention to communication of indicators related to complaints.

2) Employees:

It is essential that progress achieved in helping employees to participate in relevant issues continue. Our recommendation is to continue moving forward with the implementation of the Gender Equality Plans in all the countries in which the Company operates.

(3) Public bodies:

Agbar defends policies of transparency and open communication in its relationships with public bodies. Our recommendation is to strengthen these activities through the development of projects and initiatives covering the specific needs of each place where Agbar operates.

4) Environmental matters:

All relevant environmental information is covered in the report. Our recommendation involves defining a procedure for improving the scope of the information related to office waste and consumables.

5) Society:

In 2010, a number of initiatives were developed to support the community and the less fortunate groups. Our recommendation is that the Company continues improving its current commitments in all the countries where it is present.

6) Suppliers and purchases:

Agbar currently is in the process of integrating and aligning its purchasing procedures in all the relevant countries in which it does business, which will make it possible to improve their follow-up and control. Our recommendation is to continue promoting sustainability initiatives regarding suppliers and purchases.

This report has been prepared solely for the management of Agbar , in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.

AA1000
Licensed Assurance Provider

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07.2
GRI LETTER

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Agbar** has presented its report "Corporate Responsability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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

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

Amsterdam, 16 June 2011

Neimara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

The "+" has been added to this Application Level because Agbar has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 29 April 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*

07.3

GRI INDEX

2010 AGBAR SUSTAINABILITY REPORT

1 STRATEGY AND ANALYSIS

		Report sections and pages
1.1	Statement from the most senior decision-maker of the organisation on the relevance of sustainability for the organisation and its strategy.	Letter from the Chairman (pages 7-8)
1.2	Description of key impacts, risks and opportunities.	3.2. Dialogue with stakeholders, 3.2.2 Materiality Study (pages 71-72)

2 PROFILE OF THE ORGANISATION

		Report sections and pages
2.1	Name of the organisation.	01 About Us (page 10)
2.2	Primary brands, products and/or services.	1. Our activities (pages 9-12)
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures (JVs).	1. Our activities (pages 9-38)
2.4	Location of the organisation's headquarters.	Agbar Tower, Barcelona, Spain
2.5	Number of countries where the organisation operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	1. Our activities (pages 9-38)
2.6	Nature of ownership and legal form.	2010 Annual Report (page 9)
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	1. Our activities (pages 9-38)
2.8	Scale of the reporting organisation, including: > Number of employees > Net sales (for private sector organisations) or net revenues (for public sector organisations) > Total capitalisation, broken down in terms of debt and equity (private sector organisations) > Quantity of products or services provided	1.3. Key Performance Figures. (pages 39-43)
2.9	> Significant changes during the reporting period regarding size, structure or ownership of the organisation, including: > The location of the activities or changes occurring to them, opening, closing and expansion of facilities. > Changes in the structure of the share capital and other types of capital, maintaining the capital and operations modifying the capital (for private sector organisations)	1.6. Transparency vis-a-vis shareholders and investors. (pages 46-53)
2.10	Awards and distinctions received during the reporting period.	2.2 Key awards and distinctions. (pages 57-61)

3 REPORT PARAMETERS

		Report sections and pages
3.1	Reporting period (i.e. financial year, calendar year).	About this Report (pages 3-5)
3.2	Date of the most recent previous report (if any).	*2009 Corporate Responsibility Report*
3.3	Reporting cycle (annual, biennial, etc.)	The *Corporate Responsibility Report* is annual.
3.4	Contact point for questions relating to report contents.	About this Report. (pages 3-5)
3.5	Process for defining the report contents, including: > Determining materiality. > Prioritising topics included in the report. > Identifying stakeholders likely to use the report.	Determining materiality (pages 71-72) Identifying stakeholders likely to use the report (pages 67)
3.6	Boundary of the report (i.e. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	About this Report. Scope (page 4)
3.7	State any specific limitations on the scope or boundary of the report.	About this Report. Scope (page 4)
3.8	The reporting basis can include information on joint ventures, subsidiaries, leased facilities, subcontracted activities and other entitles that may significantly affect comparability between periods and/or organisations.	About this Report. Scope (page 4)
3.9	Data measurement techniques and bases of calculations, including assumptions and underlying estimations applied to the compilation of the indicators and other information in the report.	About this Report. Scope (pages 3-5)
3.10	Explanation of the effect on any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers and acquisitions, change of reporting periods, nature of business, measurement methods).	About this Report. Scope (page 4)
3.11	Significant changes compared to previous reporting periods in the scope, boundary, or measurement methods applied in the report.	About this Report. Scope (page 4)
3.12	Table identifying the location of the standard contents in the report.	GRI Table (page 293)
3.13	Policy and current practice with regard to requests for the external auditing of the report. If not included in the audit report accompanying the sustainability report, explain the scope and basis of any other existing audit. Explain the relationship between the reporting organization and the audit provider(s).	Audit letter (pages 290-292)

4 GOVERNANCE, COMMITMENTS AND STAKEHOLDER PARTICIPATION

		Report sections and pages
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or supervising the organisation.	1.4 Organisation (page 44)
4.2	Indicate whether the chairman of the highest governance body is also an executive officer (If so, indicate if their function is within the organization's management and the reasons for this arrangement).	1.4 Organisation (page 44)

4 GOVERNANCE, COMMITMENTS AND STAKEHOLDER PARTICIPATION

		Report sections and pages
4.3	For organizations that have a single management structure, state the number of members of the highest governance body that are independent and/or non-executive members.	1.4 Organisation (page 44)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	1.6 Transparency vis-à-vis shareholders and investors (pages 46-53)
4.5	Link between compensation for members of the highest governance body, senior managers, and executives (including agreements for leaving the position) and the organisation's performance (including social and environmental performance).	2010 Annual Report (page 73 Section 28A)
4.6	Processes set up for the highest governance body to ensure conflicts of interest are avoided.	Agbar Ethical Code
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Agbar Articles of Association no. 23
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	3. Our commitment to corporate responsibility (pages 62-80)
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	3.4 Good Governance (page 80)
4.10	Procedures for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	3.4 Good Governance (page 80)
4.11	Description of how the organisation has adopted a precautionary approach or principle.	3.4 Good Governance (page 80)
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	3.3.2 Global Compact's Spanish Network (pages 76-78)
4.13	Memberships in associations (such as industry associations) and/or national and international bodies that the organisation supports and where it: • Is present in the governance bodies • Participates in projects or committees • Provides substantive funding that exceeds membership obligations • Has strategic considerations.	3.3 Corporate responsibility in a network (pages 75-78); 4.3.2.1 Agbar in trade associations (pages 140-142)
4.14	List of stakeholders that the organisation has included.	3.1 Changes to the corporate responsibility at Agbar (pages 63-65)
4.15	Basis for the identification and selection of stakeholders with whom the organisation has commitments.	3.1 Changes to the corporate responsibility at Agbar (pages 63-65)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	3. Our commitment to Corporate Responsibility (pages 62-78)
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	3. Our commitment to Corporate Responsibility 3.2.4 Other dialogue initiatives (page 74)

MANAGEMENT APPROACH (DMA'S)

MANAGEMENT APPROACH (ECONOMIC)

	Report sections and pages
Financial results.	1.3 Agbar key performance figures (pages 39-42)
Market presence.	1.2 Agbar around the globe (pages 13-38)
Indirect economic impacts.	4.5 Links with the Local Community (pages 216-246)

MANAGEMENT APPROACH (ENVIRONMENT)

	Report sections and pages
Materials	4.4 Care of the Environment (page 212)
Energy	4.4.6 Search for energy efficiency and use of energy (page 188-201)
Water	4.4 Care of the environment (pages 151-154)
Biodiversity	4.4.4 Preservation of Biodiversity (pages 168-184)
Emission, effluents and waste	4.4 Care of the environment (pages 200-203)
Products and services	NA No goods are produced for sale that are likely to be packaged
Compliance	There are no firm sanctions equivalent or higher than €100,000 (or the equivalent amount in other currencies); non-monetary sanctions implying the suspension or the removal of a right, authorisation, concession, licence, etc.; compensation for damage and injury or order to restore the altered situation.
Transport	4.4 Care of the Environment (page 160)
Overall	4.4 Care of the Environment (page 149)

MANAGEMENT APPROACH (LABOUR)

	Report sections and pages
Employment	4.2 Committed Human Team (Pages 104-105)
Labour/management relations	4.2 Committed Human Team (Pages 104-105)
Occupational health and safety	Employees undergo an annual medical examination. Equally, In some cases, an option to undergo additional tests may be offered to groups which, due to certain characteristics, is recommended (electrocardiograms, gynaecological tests, mammography, breast echography, tests for PSA/phosphate acids/CEA).
Training and education	4.2 Committed Human Team (pages 109-116)
Diversity and equal opportunity	4.2.4 Equality, Conciliation and Diversity (pages 122-125)

MANAGEMENT APPROACH (HUMAN RESOURCES)

	Report sections and pages
Investment and procurement practices	3. Our commitment to Corporate Responsibility. (page 80)
Discrimination	There is no report of any discrimination incidents or final judgments against Agbar companies in Spain. Elsewhere, and pursuant to current legislation governing this issue, as part of its remit the Department of Occupational Risk Prevention identifies and assesses psychosocial risks and adopts the most appropriate solution in each case, as it does with other risks.
Freedom of association and collective bargaining	No significant risk activities have been identified in this regard.
Child labour	No significant risk activities have been identified in this regard.
Forced and compulsory labour	No significant risk activities have been identified in this regard.
Security practices	In terms of security companies in Spain, which Agbar has contracted to guard its facilities, these companies are legally regulated and employ staff who have received sufficient training to perform their duties.
Indigenous rights	No significant risk activities have been identified in this regard.

MANAGEMENT APPROACH (SOCIAL)

	Report sections and pages
Community	1.2 Agbar around the Globe (page 13)
Corruption	The ethical code is given to all employees joining the company.
Public policy	4.3. Cooperation with the Public Authorities (pages 126-144)
Anti-competitive behaviour	No substantial sanctions have been recorded. 2010 Annual Report: Section 02 (page 54)
Compliance	No substantial firm sanctions have been received. 2009 Annual Report: Section 02 (page 54)

MANAGEMENT APPROACH (PRODUCT RESPONSIBILITY)

	Report sections and pages
Customer health and safety	4.1 Care for Customer Needs (pages 82-85)
Presentation of product and service	4.1 Care for Customer Needs , 4.1.3 Advances in Communications (page 96)
Marketing communications	4.1 Attention to customer needs.
Customer privacy	Agbar ensures the security of the personal data of both its customers and its employees, in strict compliance with the provisions set forth in Organic Law 15/1999 of 13 December governing personal data protection and Royal Decree 994/1999 of 11 June approving the Regulation of security measures for automated files containing personal data.
Compliance	No substantial firm sanctions have been received. 2009 Annual Report: Section 02 (page 54).

2010 AGBAR SUSTAINABILITY REPORT

GRI INDICATORS (G3)

ENVIRONMENTAL PERFORMANCE INDICATORS		Type	Report sections and pages
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	C	1.3 Agbar key performance figures (pages 39-43)
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	C	4.4 Care of the Environment (page 145)
EC3	Coverage of the organisation's obligations due to fringe benefit programmes.	C	2010 Annual Report (page 79-83)
EC4	Significant financial assistance received from governments.	C	The recognition on the 2010 Income Statement is €0.8 million in capital subsidies and €1.5 million in operating subsidies.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations where operations are carried out.	A	Spain (15,215.70 compared to 8,866.20 €/year) United Kingdom (15,352 compared to 11,718 GBP/year) Chile (240,083 compared to 172,000 CLP/month)
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations where operations are carried out.	C	4.6 Relationship with suppliers (page 247)
EC7	Procedures for local procurement and proportion of senior executives from the local community in places where significant operations are carried out.	C	It is Agbar's policy to always hire local employees whenever possible. Total local managers, Chile: 40 Total local managers, UK: 2
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono commitments.	C	4.5 Links with the Local Community (pages 216-218)
EC9	Understanding and describing significant indirect economic impacts, including the scope of impacts.	A	4.5 Links with the Local Community (pages 216-218)

ENVIRONMENTAL PERFORMANCE INDICATORS		Type	Report sections and pages
EN1	Materials used, by weight or volume.	C	4.4 Care of the environment. Consumption of main reagents at the DWTP and Desalination Plants (t) (page 212) Consumption at the main Reagents at the WWTP (t) (page 214)
EN2	Percentage of materials used which are recovered waste materials.	C	No relevant consumption of materials that are recycled materials.
EN3	Direct energy consumption by primary energy source.	C	4.4 Care of the environment. (page 201) energy produced (GJ), energy consumed (kWh). The information is reported in GJ.

ENVIRONMENTAL PERFORMANCE INDICATORS		Type	Report sections and pages
EN4	Indirect energy consumption by primary source.	C	4.4 Care of the environment. (page 201) energy produced (GJ), energy consumed (kWh). Information expanded to include data from Spain and Chile relating to total renewable and non-renewable energy: Renewable Spain: 1,394,397.36 GJ Non-renewable Spain: 3,332,926.76 GJ Renewable United Kingdom and Chile: 328,540.42 GJ Non-renewable United Kingdom and Chile: 1,011,339.10 GJ
EN5	Energy saved due to conservation and efficiency improvements.	A	4.4 Care of the environment. (page 201)
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	A	4.4.6 Search for energy efficiency and use of energy (page 188)
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	A	4.4.6 Search for energy efficiency and use of energy (pages 188-201)
EN8	Total water catchment by source.	C	4.4 Care of the environment. (pages 152-154)
EN9	Water sources significantly affected by water catchment.	A	4.4 Care of the environment. (pages 152-154)
EN10	Percentage and total volume of water recycled and reused	A	Water is not directly reused in the processes, but the data is supplied on the percentage of treated water reused and its uses (page 215)
EN11	Description of adjacent lands or lands located within natural protected areas or non-protected areas with a high biodiversity value. Specify the location and size of lands either owned, leased or managed and which have a high biodiversity value in areas outside of protected areas.	C	4.4 Care of the environment, 4.4.4 Conservation of Biodiversity (pages 168-184)
EN12	Description of the most significant impacts of activities, products and services on biodiversity in protected natural areas or in unprotected areas with a high biodiversity value, and in areas with a high value biodiversity outside the protected areas.	C	4.4 Care of the environment, 4.4.4 Conservation of Biodiversity (pages 168-184)
EN13	Protected or restored habitats.	A	4.4 Care of the environment, 4.4.4 Conservation of Biodiversity (pages 168-184)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	A	4.4 Care of the environment, 4.4.4 Conservation of Biodiversity (pages 168-184)
EN16	Total direct and indirect greenhouse gas emissions by weight.	C	4.4 Care of the environment (pages 200-201)
EN17	Other indirect emissions of greenhouse gases, by weight.	C	4.4 Care of the environment (pages 200-201)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	A	4.4 Care of the environment (pages 198-199)
EN19	Emissions of ozone-depleting substances by weight.	C	No substances that significantly destroy the ozone layer are emitted.

ENVIRONMENTAL PERFORMANCE INDICATORS		Type	Report sections and pages
EN20	NOx, SOx, and other significant air emissions by type and weight.	C	4.4 Care of the environment (pages 201)
EN21	Total water discharge by quality and destination.	C	This data includes discharge figures for wastewater that has already been treated, on leaving the wastewater treatment plants (page 214)
EN22	Total weight of managed waste, by type and treatment method.	C	4.4 Care of the Environment, Generation of Waste at DWTP (t) (page 212) Generation of waste in WWTP (t) (page 214)
EN23	Total number and volume of most significant accidental spills.	C	There have been no significant spills.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	C	4.4 Care of the environment (pages 151)
EN27	Percentage of products sold and their packaging materials, that are reclaimed at the end of their serviceable life by category of products.	C	NA No goods intended for sale and likely to be packaged are produced.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental regulations.	C	There are no firm sanctions equivalent or higher than €100,000 (or the equivalent amount in other currencies); non-monetary sanctions implying the suspension or the removal of a right authorisation, concession, licence, etc.; or any compensation for damage and injury or order to restore the altered situation.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	A	4.4 Care of the environment (page 160)
EN30	Breakdown by type of the total environmental expenses and investments.	A	4.4 Care of the environment (page 149)

SOCIAL PERFORMANCE INDICATORS		Type	Report sections and pages
	LABOUR PRACTICES		
LA1	Breakdown of workforce by employment type, employment, contract, and region.	C	4.2 Committed human team (pages 104-105).
LA2	Total number of employees and average employee turnover, broken down by age, gender and region.	C	4.2 Committed Human Team (pages 104-105) Turnover by gender (percentage): Women 4.4% (Spain) 4.5% (United Kingdom) 1.9% (Chile) Men 13.1% (Spain) 5.3% (UK) 10% (Chile) Turnover by age (percentage): Under the age of 35: 6.5% (Spain) 5.3% (UK) 5.8% (Chile). Between the ages of 35 and 50: 5.1%,(Spain) 2% (UK) 4.4% (Chile). Over the age of 50: 5.9% (Spain) 2.4% (UK) 1.5% (Chile).
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by main operations.	A	4.2 Committed Human Team (page 121).

ENVIRONMENTAL PERFORMANCE INDICATORS		Type	Report sections and pages
	LABOUR PRACTICES		
LA4	Percentage of employees covered by collective bargaining agreements.	C	100% of non-executive workers.
LA5	Minimum notice period(s) regarding significant operational changes, including whether such notice is specified in collective agreements.	C	Notifications of organisational changes are given according to current regulations, as specified in the Workers' Statue (Royal Legislative Degree 1/1995).
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	A	100%
LA7	Rates of absenteeism, occupational diseases, lost days, and number of work-related fatalities by region.	C	4.2 Committed Human Team (page 121).
LA8	Education, training, counselling, prevention, and risk-control programmes set up to assist workers, their families, or community members regarding serious diseases.	C	Employees are subject to an annual medical Also, in some cases, the possibility of specific additional analyses is offered to groups which, because of their characteristics, may benefit from these analyses (electrocardiograms, gynaecology examination, mammography and breast ecography, PSA/phosphate acids/CEA detection analysis).
LA9	Health and safety issues covered in formal agreements with trades unions.	A	Dialogue in relation to health and safety issues is not carried out directly with unions but rather with the Health and Safety Committees, which control, monitor and coordinate Health and Safety issues between the company and workers.
LA10	Average hours of training per year per employee, by employee category.	C	4.2 Committed Human Team (page 113).
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing the end of their professional careers.	A	4.2 Committed human team (Page 109). 4.2.1.2 Promoting training (page 109).
LA12	Percentage of employees receiving regular performance and career development reviews.	A	4.2 Committed Human Team (page 109).
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other diversity indicators.	C	1.4 Organisation (page 44).
LA14	Ratio between basic salary for men compared to women, broken down into employee category.	C	The Agbar agreements state that financial compensation is established according to professional and performance levels, regardless of the person's gender.

HUMAN RIGHTS		Type	Report sections and pages
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	C	3. Our commitment to Corporate Responsibility. (page 80).
HR2	Percentage of main distributors and contractors that have undergone screening on human rights and actions taken as a result.	C	4.6 Relationship with suppliers (page 255).
HR3	Total hours of employee training on policies and procedures relating to aspects of human rights that are relevant to operations, including the percentage of employees trained.	A	The ethical code is given to all Agbar employees joining the company. 3. Our Commitment to Corporate Responsibility (page 80).
HR4	Total number of incidents of discrimination and measures adopted.	C	There is no report of any discrimination incidents or final judgments against Agbar companies in Spain. Furthermore, and as provided for by the current laws governing this issue, as part of its remit the Department of Occupational Risk Prevention identifies and assesses psychosocial risks and adopts the most appropriate solution in each case, in common with its actions in relation to other risks.
HR5	Company activities in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	C	No significant risk activities have been identified in this regard.
HR6	Activities identified as posing a significant risk for incidents of child labour, and measures taken to help eliminate child labour.	C	No significant risk activities have been identified in this regard.
HR7	Operations identified as posing a significant risk for incidents of forced or compulsory labour, and measures taken to help eliminate forced or compulsory labour.	C	No significant risk activities have been identified in this regard.
HR8	Percentage of security personnel who have received training in the organisation's policies or procedures concerning aspects of human rights relevant to operations.	A	With regard to the security companies in Spain that Agbar has hired to guard its facilities, they are all legally regulated and their staff has received sufficient training to perform the activities.
HR9	Total number of incidents of violations of the rights of indigenous people and measures adopted.	A	No significant risk activities have been identified in this regard.

SOCIETY		Type	Report sections and pages
S01	Nature, scope, and effectiveness of any programmes and practices for assessing and managing the impacts of operations on communities, including the company's arrival, operation and departure.	C	1.2 Agbar around the Globe (page 13).
S02	Percentage and total number of business units analysed for risks related to corruption.	C	3. Our commitment to Corporate Responsibility. (page 80).
S03	Percentage of employees trained on the organisation's anti-corruption policies and procedures.	C	The ethical code is given to all employees joining the company.
S04	Measures taken in response to corruption incidents.	C	The code of ethics explains the company's position with respect to corruption, but no implementation policy has been established in this regard, and individual action is taken in each case.
S05	Public policy positions and participation in public policy development and lobbying.	C	4.3 Cooperation with the Public Authorities (page 126).
S06	Total value of financial contributions and in-kind contributions to political parties or related institutions, by country.	A	The code of ethics states that "it is the policy of the Agbar Group to neither offer nor receive gifts or compensation for the purpose of persuading or rewarding (...) public authorities, which may have a direct influence on the development of the business or administrative relationship with such persons or entities".
S07	Total number of actions taken in relation to anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	A	No substantial sanctions have been recorded. 2010 Annual Report: 02 (page 54).
S08	Monetary value of substantial fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	C	No substantial firm sanctions have been received. 2010 Annual Report: 02 (page 54).

PRODUCT RESPONSIBILITY		Type	Report sections and pages
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and in terms of the health and safety of customers, and percentage of significant categories of products and services subject to such evaluation procedures.	C	4.1 Care for Customer Needs (pages 82-83). Agbar ensures the security of personal data of both its customers and its employees, in strict application of the provisions set forth in Organic Law 15/1999 of 13 December governing personal data protection and Royal Decree 994/1999 of 11 June approving the Regulation of Security Measures for automated files that contain personal data.
PR2	Total number of incidents stemming from non-compliance in relation to a legal regulation or voluntary codes concerning the impact of products and services on health and safety during their life cycle, distributed in accordance with the type of result of these incidents.	A	No substantial firm sanctions have been received. 2010 Annual Report (page 54).
PR3	Type of product and service information required by the procedures and laws in force, and percentage of products and services subject to such information requirements.	C	4.1 Attention to customer needs, 4.1.3 Communication advances (pages 96-99).
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome of such incidents.	A	No substantial firm sanctions have been received. 2010 Annual Report (page 54).
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	A	4.1 Attention to customer needs, 4.1.3.3 Monitoring customer satisfaction and knowledge (page 100).
PR6	Programmes for compliance with the laws or affiliation to voluntary standards and codes mentioned in marketing communications, including advertising, other promotional activities and sponsorship.	C	Aigües de Barcelona offers the possibility of joining the Robinson Code, a voluntary code of good practices through which the customer can stop receiving corporate commercial information (leaflets, brochures, etc.).
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions, and sponsorship by type of outcome from such incidents.	A	No substantial sanctions have been recorded. 2010 Annual Report (page 54).
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	A	No substantial sanctions have been recorded. 2010 Annual Report (page 54). Agbar ensures the security of personal data of both its customers and its employees, in strict application of the provisions set forth in Organic Law 15/1999 of 13 December governing personal data protection and Royal Decree 994/1999 of 11 June approving the Regulation of security measures for automated files that contain personal data.
PR9	Monetary value of substantial fines for non-compliance with laws and regulations concerning the provision and use of the company's products and services.	C	No substantial sanctions have been recorded. 2010 Annual Report (page 54).

UNITED NATIONS GLOBAL COMPACT, GRI INDICATORS AND MILLENNIUM GOALS

Principles	GRI Indicators	Millennium Development Goals
HUMAN RIGHTS		
PRINCIPLE 1. Businesses should support and respect the protection of internationally proclaimed human rights, within their sphere of influence.	EC5, LA4, LA6-9; LA13-14, HR1-9, SO5, PR1-2, PR8	**GOAL 1.** Eradicate extreme poverty and hunger. **GOAL 2.** Achieve universal primary education. **GOAL 3.** Promote gender equality and empower women.
PRINCIPLE 2. Businesses should make sure they are not complicit in human rights abuses.	HR1-9, SO5	**GOAL 4.** Reduce child mortality rates. **GOAL 5.** Improve maternal health. **GOAL 6.** Combat HIV/AIDS, malaria and other diseases. **GOAL 7.** Ensure environmental sustainability. **GOAL 8.** Develop a global partnership for development.
EMPLOYMENT		
PRINCIPLE 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4-5, HR1-3, HR5, SO5	**GOAL 2.** Achieve universal primary education. **GOAL 3.** Promote gender equality and empower women.
PRINCIPLE 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR1-3, HR7, SO5	
PRINCIPLE 5. Businesses should support the eradication of child labour.	HR1-3, HR6, SO5	
PRINCIPLE 6. Businesses should support the abolition of discrimination in respect of employment and occupation.	EC7, LA2, LA13-14, HR1-4, SO5	
ENVIRONMENT		
PRINCIPLE 7. Business will maintain a focus on prevention to protect the environment.	EC2, EN18, EN26, EN30, SO5	**GOAL 7.** Ensure environmental sustainability.
PRINCIPLE 8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN1-30, SO5, PR3-4	
PRINCIPLE 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5-7, EN10, EN18, EN26-27, EN30, SO5	
ANTI-CORRUPTION		
PRINCIPLE 10. Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-6	

* Sources of the correspondences between the principles of the Global Compact and the GRI Indicators: Draft of the report Making the Connection from the GRI and Global Compact (www.globalreporting.com).

07.4 GLOSSARY

AMPLIFIER PROBES

Metal probe used to mechanically amplify the sound produced by water passing through the pipes, meaning abnormal noises indicating possible leaks can be detected near the location in question.

BACTERIAL BED TECHNOLOGY

Natural systems used to treat wastewater in which oxidation occurs by the air and wastewater passing through a porous medium. The organic matter and contaminants in the water are broken down by a biological filter composed of microorganisms, which develop around the elements composing the porous medium.

BIOFILTER

Device that eliminates pollutants - which cause unpleasant odours - dissolved in a liquid using a biological process.

BIOLOGICAL TREATMENT

Water treatment process involving the intervention of microorganisms that mainly act on the organic matter present in water.

BIOSOLID

Organic matter produced following the treatment of wastewater that can be used for beneficial purposes (agricultural, etc.).

BUTTERFLY VALVES

Device use to isolate or regulate the water flowing through a pipe by increasing or reducing the flows in a given section using a "butterfly" valve that rotates around an axis. By limiting the area of passage, the loss of local load on the valve increases, thereby reducing the flow.

CARBON FOOTPRINT

Total amount of greenhouse gases emitted directly or indirectly into the atmosphere. Its calculation allows the implementation of strategies to reduce emissions.

COD

Chemical oxygen demand. The amount of oxygen (measured in mg/l) consumed during the oxidation of organic and non-organic oxidisable materials, under test conditions. It is used to measure the total amount of organic contaminants present in wastewater. Unlike BOD, with COD virtually all compounds are oxidised.

COGENERATION

The combined production of electricity and calorific energy from a source of primary energy, such as natural gas, diesel oil or fuel oil. In the case of wastewater treatment plants, biogas generated in the anaerobic sludge digestion process is used as fuel for cogeneration.

COLLECTOR SEWER

Large pipes that form part of the sewer system and which collect the rainwater and wastewater and transport them to the wastewater treatment plant.

COMPOSTING

Controlled biological process used to transform and recover organic by-products and waste, converting them into a stabilised organic product fairly similar to topsoil and rich in humic substances: compost.

CONCENTRATOR

Mechanism that is part of the remote meter reading system. Its main function is to transform information into IP batches and establish a two-way communication between the meter and the control centre.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Term derived from the information industry to describe the methodologies, software and, in general, Internet capabilities that are used to manage a company's relationship with its customers efficiently and profitably.

DBO5

Biological oxygen demand at five days. This is the standard test for evaluating the biological oxygen demand of organic matter contained in a wastewater sample at 20°C in the dark for five days.

DEODORISERS

Equipment used to neutralise potentially unpleasant odours, which may be a nuisance. Initially, the flows of the substance to be treated and the treatment flow come into contact. As the process moves forward, the treatment flow progressively absorbs the odour. Any type of odour can be eliminated in this way.

DESALTING

Process used to transform brackish water into fresh water. In principle, transforming brackish water into fresh water costs less than desalination.

DWTP

Drinking water treatment plant. Facility where water is treated to make it drinkable and therefore fit for human consumption.

EARLY LEAK DETECTORS

Electronic equipment capable of recording the sound of water passing through the pipes. The information collected is analysed by technicians using a computer programme, which allows any leaks to be detected as early as possible.

FIBRE CEMENT

Material used in construction, composed of a mixture of cement and fibres.

FINANCIAL INVESTMENTS

Assets purchased by a company that are not directly used in the production process. The aim is to maintain control over subsidiaries or a stable stake in other companies through holding shares, debentures, credits, bonds, etc.

FLOW REDUCERS

Equipment placed on taps, replacing traditional filters. This device helps reduce water consumption by limiting the jet of water.

FREQUENCY VARIATOR

Device that controls the rotating speed of a motor. Its main advantages are decreasing electricity consumption and extending the serviceable life of machinery.

GLOBAL PACKET RADIO SYSTEM (GPRS)

Mobile communications system that provides cellular networks with a high-speed connection and allows browsing via WAP (Wireless Application Protocol) pages. This system is equivalent to ADSL.

GLOBAL REPORTING INITIATIVE (GRI)

International network of experts belonging to different stakeholders that publishes the most popular guide for the compilation of sustainability reports in the world.

GRAVITY SEWER SYSTEM

System traditionally used for the drainage of wastewater. Its installation requires the existence of a positive slope in order to ensure the flow is propelled by gravity.

GREENHOUSE GAS

Gas which, when emitted into the atmosphere, causes a greenhouse effect. The major greenhouse gases include: CO_2 (carbon dioxide), CO (carbon monoxide), CH_4 (methane) and chlorofluorocarbons (CFC).

GSM

System for regulating pressure via mobile telephony.

INFORMATION AND COMMUNICATION TECHNOLOGIES (TIC)

Technologies used for the acquisition, production, storage, processing, registration and presentation of information in a voice, picture or data format via acoustic, optical or electromagnetic signals.

INVESTMENTS IN INTANGIBLE ASSETS

Investments not materialised in physical assets and which are likely to produce an effect over future financial years.

LBG (LONDON BENCHMARKING GROUP) METHODOLOGY

Measurement used to evaluate a company's contribution to the community. It includes three types of initiatives: specific contributions, social investments and initiatives aligned to the business.

LPG (LIQUEFIED PETROLEUM GAS)

LPG is a mixture of condensable gases, normally butane and propane. At present, it is mainly used as car fuel. It is also used as household fuel and as refinery fuel.

MICRO-SECTORS

A new method of dividing certain sections of the network into smaller sectors in order to reduce the volume of non-revenue water.

NOx

Each one of the gases resulting from the oxidation of atmospheric nitrogen when combustion occurs under the effect of temperature and pressure.

OFF-PEAK HOURS

Times of day when consumption or usage rates are lower.

OPTICAL ADJUSTMENT PROBE

Device used to measure several elements (oxygen, in this case) in a certain area.

PAX

Coagulant used for water treatment. It may consist of several components depending on the characteristics of the water (pH level, pollution, etc.).

PDA

A hand-held computer that performs many of the functions of a desktop computer (creating documents, Internet surfing, producing audio or video files, among others).

PHREATIC WATER

Water accumulated in the subsoil, originating from filtered surface water, which also feeds wells and springs.

RECARBONATION PROCESS

Process by which carbon dioxide is added to the treated water to reduce pH levels. The basic aim of this process is to control pH levels to prevent the formation of sediment in the pipes and in the granular filtering mechanisms.

REED BED TECHNOLOGIES

Natural wastewater treatment systems that do not require any human involvement. Reed beds are impermeable areas containing specific aquatic plants that purify the water.

RETAIL WATER

Water that comes from a tank and is transported to households.

REVERSE OSMOSIS

Process consisting of applying pressure that is higher than the osmotic pressure on a concentrated solution, meaning the dissolvent passes through a semi-permeable membrane, which results in a less concentrated solution on the other side of the membrane as the contaminants have been separated out. Used in water treatment.

RWPS

Rainwater pumping station. Infrastructure that collects the city's rainwater and pumps it to the treatment plant.

SCARIFICATION

Operation consisting of breaking the surface of the soil to encourage aeration and water penetration.

SLUDGE

Waste with a moist and sticky consistency, more or less loaded with water, resulting from the treatment of wastewater, from the decomposition of vegetation or from an industrial treatment.

SOx

The gases produced from the oxidation of sulphur and sulfhydric acid following the combustion of organic matter, fossil fuels, and gases from ocean and volcano aerosols.

STAKEHOLDERS

Parties that affect or can be affected by a company's activities.

STREAM GAUGE

A device used to measure the height of the water level.

SULFHYDRIC ACID (H_2S)

A non-organic, inflammable and colourless gas. The main cause of unpleasant odours. Commonly known as sewer gas.

SWDP

Seawater desalination plant: infrastructure used for the treatment of seawater to transform it into water fit for human consumption, and for domestic and industrial use.

TANGIBLE INVESTMENTS

Tangible assets acquired that are expected to be used for more than one financial year for the purpose of producing or supplying goods and services, for leasing to third parties or for administrative purposes.

TRIHALOMETHANES (THM)

These are volatile compounds generated during the drinking water treatment process. THMs are produced from a reaction between the untreated organic matter and the chlorine used for disinfection.

UTILITIES

Companies involved in the provision of public services such as energy, water, gas, sewerage, among others.

VACUUM SEWER SYSTEM

System used to collect wastewater from various discharge points and transport it to a central collection point using suction in a network of sealed pipes.

VIRTUAL WATER

Quantity of water required to manufacture any article or product, whether agricultural or industrial.

WATER FOOTPRINT

Indicator that measures the total volume of water used to produce the goods and services consumed by an individual or community.

WEATHER RADAR

Type of radar used in meteorology to locate rainfall, calculate its trajectory and evaluate its nature (rain, snow, hail, etc.).

WHOLESALE WATER

Water supplied by a third party or which comes from the drinking water treatment plants or wells and is transported to a tank.

WWPS

Wastewater pumping station. Wastewater pumping station: infrastructure that collects the city's wastewater and pumps it to the treatment plant.

WWTP

Wastewater treatment plant: facility used for reducing the contaminant load in the wastewater before it is discharged into a collector. The extent of the reduction depends on the treatment applied.

07.5

QUESTIONNAIRE ON THE 2010 AGBAR CORPORATE RESPONSIBILITY REPORT

At Agbar, we want to improve the preparation of our Corporate Responsibility Report and make it as interesting as possible for all our stakeholders. For this reason, we are extremely interested in hearing your opinion.

We thank you in advance for all suggestions and/or remarks provided, and we can assure you that they will be taken into consideration for the next report.

Once it has been filled in, you may send this questionnaire by post, fax or email to:

Institutional Relations and Corporate Reputation Department, Agbar.
Torre Agbar, Avda. Diagonal 211, Barcelona

Fax:
93 342 26 71

Email:
responsabilitatcorporativa@agbar.es

If you prefer, this questionnaire is also available on the Agbar website:
www.agbar.es

Questionnaire on the Agbar *2010 Corporate Responsibility Report*

1. To which Agbar stakeholder group do you belong?

☐ Shareholders and investors	☐ Local community
☐ Customers	☐ Suppliers
☐ Employees	☐ Trade associations
☐ Public Authorities	☐ Others: .....

2. What did you think about the *2010 CORPORATE RESPONSIBILITY REPORT*?

2.1. In general terms:

☐ The information is provided in a comprehensible manner and follows an orderly structure.
☐ The information is provided in a comprehensible but a disorganised manner.
☐ The information provided is properly structured but is not easy to understand.
☐ The information cannot be understood and is presented in a disorganised manner.

2.2. With regard to the content:

☐ I found all the information I require.
☐ In general, I found the information I require, although some items of interest were missing.
☐ Most of the information provided was of no interest to me, although I did find some items I needed.
☐ Most of the information that was of interest to me was not provided in the report.

3. Do you think there have been improvements in the *2010 CORPORATE RESPONSIBILITY REPORT* compared to the 2009 report?

☐ I have not read the 2009 report.
☐ Yes, it has improved.
☐ I have not noticed any significant changes.

4. If you believe that data of interest to you have not been provided, please indicate which data and why it is of interest. You may include any other additional comment or suggestions.

_____
_____
_____
_____
_____

If you are answering the survey on behalf of a company or group please provide the following information:

Name:
Company/group you represent:
Approximate number of people you represent:
Position within the company/group:

Thank you for your cooperation.

Av. Diagonal, 211 / 08018 Barcelona / Tel. 93 342 26 21 / Fax 93 342 26 71 /
responsabilitatcorporativa@agbar.es / www.agbar.es

Agbar