



Agbar Group

Sustainability Report of the Agbar Group 2003



**Sustainability Report
of the Agbar Group
2003**



Agbar Group



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Presentation and field

Statement of the Chairman

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Vision and strategy

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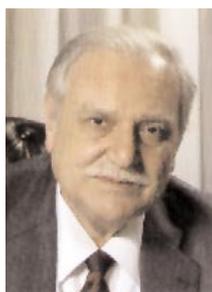
Just like in our first Report, we have followed the guide proposed by the *Global Reporting Initiative* (GRI) to inform about the impact of our activities on the environmental, social and economic areas. The GRI model has been recognised by the Global Compact as a suitable tool to express the fulfilment of the principles included in this Compact by the organisations that, like ours, have joined it.

The publication of the second *Sustainability Report of the Agbar Group* confirms our desire of maintaining the communicative transparency with all our stakeholders.

The basis for establishing this long-term commitment and covering a broad spectrum, lies in the conviction that our activity could not be fully valued without the participation of and communication with these stakeholders. The contribution of many people is needed to work on co-responsibility, a term which, in our opinion, summarises one of the main challenges of the future: sustainable development will only be possible if all the actors involved commit themselves to it and assume their part of responsibility.

During the last year, we have reflected on some of the concepts advanced in the previous Report, particularly on those referring to the dialogue with the organisations which have a legitimate interest in the development of our activities. The main stakeholders specifically defined by the Group are the following: the shareholders, the public administrations, the customers and the public in general, the suppliers and the employees.

To this respect, I would like to stress the creation of the Sustainable Development



Committee of the Agbar Group which promotes, among other projects, those specific to the following three groups: customers and public in general, employees and suppliers. This Committee is reflecting on how to establish a more fruitful dialogue for everyone, which must result in the improvement of already existing initiatives and/or the implementation of new projects.

As for the environmental and social indicators described in this document, it is worth mentioning that those relating to our activity in the field of waste are not included, because it came to an end last year.

Concerning the incorporation of the economic indicators, I think, that together with the financial data drawn from the Annual Report 2003, they offer an accurate general view of our Group in this field.

In general, worth noting is the broader information contained in this document: besides our activities in Spain, we present data relating to our international presence.

This Report specifically includes data about Chile, Cuba, Colombia and Mexico relating to the Water business unit. In the case of Inspection and Certification, the information given relates to Argentina, the United States and Portugal. Finally, our activities in Chile are included in the Construction sector.

We continue to improve quality and reliability, aware that, aiming at advancing towards sustainability, our improvement goal must be constant.

I am pleased to recommend the reading of the above-mentioned Annual Record of Sociedad General de Aguas de Barcelona, S.A. and of the Annual Report of the Agbar Foundation, corresponding to the year 2003. These documents will give you information related to financial, research, and social investment issues, thus completing and interacting with the information included in this Report.

The Sustainable Development Committee of the Agbar Group and its team of collaborators in each business unit have worked with conviction in the elaboration of this Report. Obviously, without this collaboration, the project would not have succeeded. So, to all these people, thank you very much.

Ricardo Fornesa

Sustainable Development Committee (SDC) of the Agbar Group

Chairman FERNANDO PORTA
Corporate Manager of Innovation,
Environment and Institutional Relations

Secretary ANNA BOLAÑOS
Corporate Department for Innovation,
Environment and Institutional Relations

SDC members EULALIA PARÉS
Corporate Department of Economy and
Finances

FRANCISCO GAFFORIO
Corporate Department of Human Resources

JOAN MONCADA
Manager of Shared Services Development

LLEONARD CARCOLÉ
Development Manager (Water business unit)

LEANDRE AMARGÓS
Customers and Marketing Department (Water
business unit)

TERESA RUIPÉREZ
Assistance Department (Health business unit)

EDUARD FERNÁNDEZ
Manager of Technique, Operations and
Innovation (Inspection and Certification
business unit)

LLUÍS TORRENTÓ
Service of Quality, Prevention and Environment
(Construction and Installations business unit)

JORDI MOLINA
Manager of the Agbar Foundation

The Agbar Group is based on citizen services, particularly in the area of water and wastewater, health, and inspection and certification.

The social responsibility of the Agbar Group is specifically linked to health protection and the safety of the people. The quality of the service and the environmental protection are two key values for our organisation.

Thus, the environmental commitment, the search for maximum quality standards, the technological advance and the will of service constitute the Group's decisions in the progress towards sustainable development.

Vision

To be the leading group devoted to public services, with strong ties to the community.

Mission

To operate in the fields of complete water cycle, communication networks, health, inspection and certification, and construction and installations, having as a reference

environmental protection and the quality of life of the people.

Values

- Commitment to the environment and its proactive protection.
- Search for maximum quality standards in our products and services.
- Technological advance.
- Diversity and sustained development of the society.
- Promotion of dialogue and participation regarding the society and the environment.
- Respect of democracy, laws, freedom and public health.

With the approval of the *Corporate Code of Ethics and Conduct of the Agbar Group Employees* and the *Corporate Environmental Code* in 2002, we have attached value to and started the dissemination of the priorities and behaviour models which are of the utmost importance in our organisation.

The existence of some outstanding advances in this respect must be recognised. It is necessary to guarantee broader dissemination, understanding and use of both codes as a reference, and we are on the right track.

Main stakeholders and their influences

Economic	Environmental	Social
Shareholders	Administrations	Customers and public in general
Administrations	Customers and public in general	Employees
Suppliers	Suppliers	Shareholders
Employees		

The main stakeholders defined by the Group are the following: shareholders, public administrations, customers and public in general, suppliers and employees.

Relationship with stakeholders *

Shareholders: the conduct is ruled by the general principle of transparency. There is updated information on the Group's web page, with a specific site devoted to investor relation.

Public administrations: the conduct of the organisation and its employees in this field must be exemplary, respectful and correct, without exceeding the standards of prudence and the customs of the place.

Customers and public in general: excellence in rendering the service, customer service and orientation, and quality commitment rule the relations of the Group with its customers.

Suppliers: the relations with suppliers must be ruled by the principles of integrity and honesty, and their election will be based on the principles of merit and capacity, according to the relation between the quality and the product or the service and its cost.

Employees: their social and professional development is considered a substantial element for corporate success and for the future of the organisation. Training plans and the protection of their health and safety constitute a constant goal of the organisation.

In 2003, with the creation of the Sustainable Development Committee of the Agbar Group, specific projects were started for three of these groups: customers and public in general, employees and suppliers. These are the first reflections to carry out a more fruitful dialogue for everyone, and must result in the improvement of already existing initiatives or the implementation of new projects. The goal for 2004 is the existence of at least one specific initiative for each of these stakeholders.

* You will find further information in this respect in the *Corporate Code of Ethics and Conduct of the Agbar Group Employees*.





Profile

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The Agbar Group is formed by more than 160 companies, and develops its activities rendering service to the citizens, in the areas of Water, Health, Inspection and Certification, Construction and Installations, and other activities included in the field of Businesses in progress.

Business units of the Agbar Group included in the Report
Water
Health
Inspection and Certification
Construction and Installations

The Water business unit is made up of a group of companies belonging to the Agbar Group, dedicated to complete water cycle management. That means catchment, transport, treatment and distribution of drinking water, and also collection, treatment, reuse and final return to the natural environment of wastewater with the minimum environmental impact.

The process from the natural state of water to the complex social use that we make of it is very long. For more than a century, Agbar has been assuring correct water management from the start of this process, by combining deep environmental respect with water supplied in optimum conditions for society's daily use. Finally by returning water to nature in the best conditions, we end the cycle to then start it again.

Thanks to efficient management, based on permanent research, we are able to offer our customers a commitment of service based on quality assurance and environmental respect, while always using the latest technologies.

The experience of our parent company, Aigües de Barcelona, with more than 130 years of history, furnishes the necessary reliability to guarantee the continuity of our services and the responsibility towards the communities we are committed to.

This business unit is present in several countries around the world, offering a unique, close, quick and efficient service to more than 35 million people.



Presence in Spain

Recognised as one of the world leaders of the sector, the Water business unit of the Agbar Group is the first private operator of urban water management in Spain. It is present in absolutely all autonomous communities of Spain and serves more than 15 million inhabitants in about 900 cities and villages, ranging from 1,000 to 3 million inhabitants.



International presence

The implantation of the Agbar Group in the world demonstrates its large capacity to adapt to different social and technical realities.

More than 20 million people in Chile, Brazil, Colombia, Cuba, Uruguay, Morocco, Mexico and Argentina are already enjoying global service from one of the groups most committed to the collectivity and assuring the correct management of natural resources and environmental protection.

Beyond mere management, the Water unit promotes education and awareness for responsible water use, thus contributing to a future society more friendly to its environment.



Relevant data (Spain)

Supply		Wastewater (sewer system + wastewater treat.)	
Total number of municipalities served	868	Total number of municipalities served in sewer system	294
Total population served (inh.)	11,818,670	Total population served in sewer system (inh.)	5,618,993
Total population served in peak season (inh.)	17,453,852	Length of sewer system (km)	16,300
Total number of customers	5,198,197	Total number of municipalities served in wastewater treatment	452
Input to system (hm ³ /year)	1,225	Number of wastewater treatment plants in operation	516
Number of drinking water treatment plants in operation	193	Pollution load equivalent (inh.)	4,942,439
Total treatment capacity (hm ³ /day)	5.18	Total wastewater treatment capacity (hm ³ /day)	4.42
Total length of distribution system (km)	50,400		

Relevant data (international)

Supply		Wastewater (sewer system + wastewater treat.)	
Total number of municipalities served	137	Total number of municipalities served in sewer system	131
Total population served (inh.)	23,740,509	Total population served in sewer system (inh.)	19,362,551
Total population served in peak season (inh.)	24,642,744	Length of sewer system (km)	30,100
Total number of customers	6,592,794	Total number of municipalities served in wastewater treatment	132
Input to system (hm ³ /year)	3,398	Number of wastewater treatment plants in operation	43
Number of drinking water treatment plants in operation	33	Pollution load equivalent (inh.)	6,590,357
Total treatment capacity (hm ³ /day)	9.17	Total wastewater treatment capacity (hm ³ /day)	1.58
Total length of distribution system (km)	48,600		

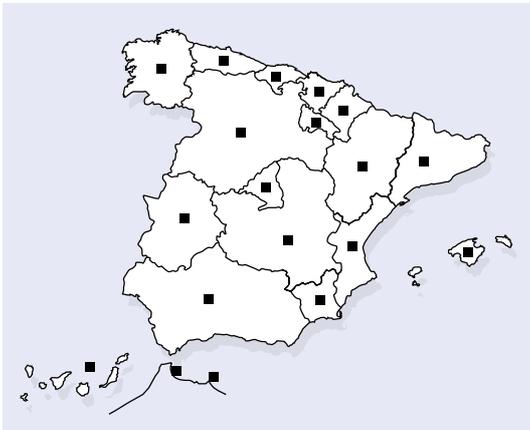
Just in ten years, Adeslas has become the first health insurance company in Spain. This challenge has been possible thanks to its insured's confidence, to whom it not only offers access to the most advanced medicine but also excellent service.

Moreover, Adeslas has important values, such as its shareholders—Agbar and Médéric—its capacity to invest, its quality of service, its close cooperation with the administration in emblematic projects as Hospital de La Ribera, and as many more challenges fulfilled, which have allowed it to get a privileged position to face new challenges in the new European single market.

Relevant data

Insured	2,055,944
Medical staff and practitioners	35,000
Own clinics	7
Own polyclinics	25
Concerted hospitals and clinics	300
Points of Service open to the public	214

Presence in Spain



Applus+ is a global certification company of the Agbar Group. It was born from the Agbar Automotive group, constituted in 1996 as a result of the Agbar Group diversification in the vehicle periodical inspection business. This company has evolved from the automotive industry, without straying from certification, to other sectors as a certification body.

Applus+, the absolute leader in Spain and throughout the world in vehicle certification, is outstandingly present on the international level. Its head office is in Barcelona and has subsidiaries in Chicago and Nanjing to conduct business in America and Asia, supporting a whole international network: Argentina, Brazil, Chile, China, Costa Rica, Ecuador, France, Germany, Italy, Japan, Korea, Luxembourg, Mexico, Portugal, Spain, Taiwan and the United States.

Our objective is to be the worldwide certification reference and, with this aim in view, we have a constant commitment to innovation and technology, highly strict quality standards, a fully committed human team, and also transparency and objectivity in all our actions.

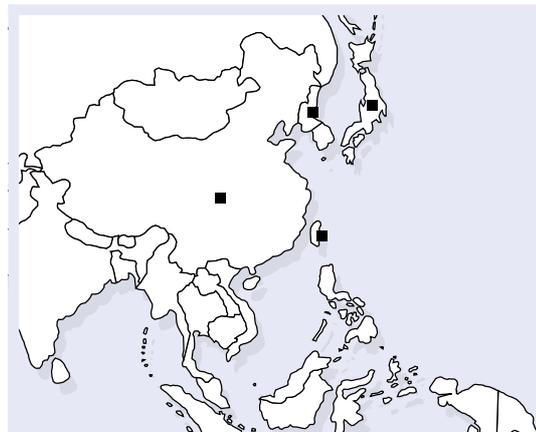
Relevant data	
Number of innovation, engineering and development centres	5
Number of business lines	21
Number of employees	3,274
Number of sectors where we are present	> 25



Presence in Spain



International presence



Construction

Acsa Agbar Construcción, S.A. is the Agbar Group's society which both globally manages projects and works, and renders services and contracts related to the construction industry.

By offering added value to its customers (both public bodies and private institutions) based on experience and management capacity, it furnishes technical knowledge and solutions to projects of civil-engineering works, environment and building. It also applies new financing formulas in the areas of concessions and residential construction, while maintaining the assurance of efficiency, quality, safety and environmental friendliness.

Relevant data

Awards in 2003 by type of work, in thousands of euros:

Supply and sewerage	66,190
Building	94,448
Contracts and services	39,862
Residential communities, roads and green areas	23,675
Miscellaneous	3,290
Mechanical equipment	1,510
Awards total	228,975



Presence in Spain



International presence



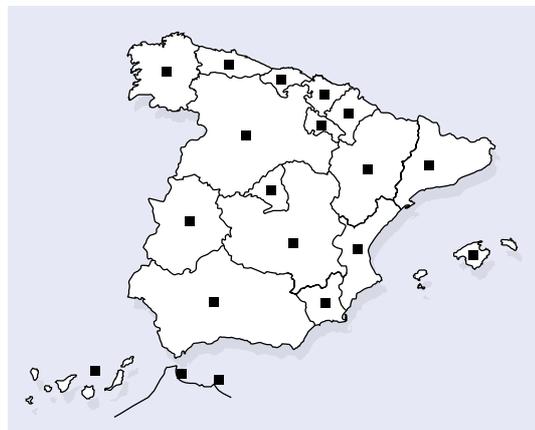
Installations

The integration of the Emte Group in Agbar has led to the creation of a common platform for the development of business lines related to systems engineering and maintenance, consolidating the position of the Agbar Group among the first five Spanish groups in this field and opening new expectations in the areas of large electrical and railway infrastructures, public infrastructures, and also in the tourist and industrial sectors.

Thanks to advanced technology and a highly specialised human team, the companies of the sector offer overall and efficient solutions in the fields of systems engineering, urban services automation and control, installation and operation of stations and continuous monitoring integrated networks, territory management through remote detection systems, mechanical equipment, installation and maintenance of electrical networks and also consultancy and technical assistance services in the fields of engineering and hydraulic, health and environmental management, among others.



Presence in Spain



Relevant data

Business units	5
Staff	1,800





About the Report

The present Report shows the environmental, social and economic actions of the Group during the year 2003, and represents the continuity of the commitment undertaken by the Agbar Group by presenting its first *Sustainability Report* in 2002.

The elaboration of the Report followed the model of reference used in 2002: the *Sustainability Reporting Guidelines* of the Global Reporting Initiative (GRI).

Scope of the Report

The scope of the Report has substantially changed compared to the one presented in 2002. Besides extending the coverage to a part of the Group companies in the international field, there have also been variations on the national scale over the previous year.

Worth noting is that this variability of the perimeter of the business units makes it quite difficult to compare the data of the different years. The large number of contracts managed by the Water business unit and their variability, the big expansion of the Inspection and Certification business, the diversity in the number of works managed by Construction, etc., mean a modification in the values of aggregate indexes which may lead to an interannual comparison not very representative.

Likewise, since the activity of Waste (present in the 2002 Report) in the Agbar Group came to an end during the year 2003, its participation in the Group's global actions is

only shown in specific cases, which are expressly indicated.

With the aim of increasing the transparency in presenting the data and facilitating their understanding by the readers, when considered to be necessary, the peculiarities of the data have been remarked.

In this respect, the indicators have been identified throughout the document, when considered to be relevant, as medium (M), estimated (E), NA (not applicable) or N/A (not available).

Companies from the following countries have contributed to the indicators (except for those expressly indicated):

Water	Spain, Chile, Colombia, Cuba and Mexico
Health	Spain
Inspection and Certification	Spain, Argentina, the United States and Portugal
Construction	Spain and Chile
Installations	Spain

Due to the difficult task of compiling international information, the Group has considered the possibility of including it gradually in the Report, assuming the aim of progressively increasing the coverage every year.

Economic performance

- The scope of the economic data furnished is related to the companies which form the financial consolidated group of the Agbar Group.
- The data furnished include the proportional part of the activity of Waste till September 30, 2003.

Social performance

- The data relating to the staff include the proportional part of the staff of the Waste activity till June 2003. Likewise, unlike the rest of indicators of this section, they include the staff corresponding to the company's activities internationally.

Environmental performance

- When carrying out the aggregation of the data presented in this Report, some mistaken data have been detected among those reported in 2002, which have been duly rectified.



For any further explanation or information relating to this Report:

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Edited by the

Corporate Department for Innovation,
Environment and Institutional Relations of the
Agbar Group

The Sustainability Report of the Agbar Group 2003 comprises data from the following companies:

Water	A.M. ALICANTE, E.M. ADAMSA AGUAS ANDINAS AGUAS DE ARAGÓN AGUAS DE ARONA AGUAS DE CARTAGENA AGUAS DE CERVERA AGUAS DE CIEZA AGUAS DE SALTILLO AGUAS DE VALLADOLID AGUAS DEL ARCO MEDITERRÁNEO, E.M. AGUAS DEL OESTE DE LA HABANA AGUASVIRA AIGÜES DE BARCELONA AIGÜES DE CULLERA AIGÜES DE L'HORTA AIGÜES D'OSONA AIGÜES I SANEJAMENT D'ELX AIGÜES ST.PERE DE RIBES ANAIGUA ANSA AQUAGEST AQUAGEST LEVANTE AQUAGEST SUR ASTOSAM ASTURAGUA CANARAGUA CLABSA DEPURADORES D'OSONA E.M. AGUAS DE LORCA E.M. JUMILLA E.M. PALAMÓS EMARASA EMATSA EMUASA HIDRA POZOS DEL TEIDE SEARSA SIMMAR SOREA TEIDAGUA
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Health	<p>ADESLAS</p> <ul style="list-style-type: none"> – ASEGURADORA – RED HOSPITALES
Inspection and Certification	<p>APPLUS+ ITEUVE</p> <p>APPLUS+ TECHNOLOGIES</p> <p>APPLUS+ CTC</p> <p>APPLUS+ IDIADA</p>
Construction and Installations	
Construction	<p>ACSA AGBAR CONSTRUCCIÓN</p> <p>ACSA ANDINA</p>
Engineering	<p>AQUATEC</p> <p>AQUAPLAN</p> <p>ADASA SISTEMAS</p>
Maintenance	<p>AGBAR MANTENIMIENTO, S.A.</p>

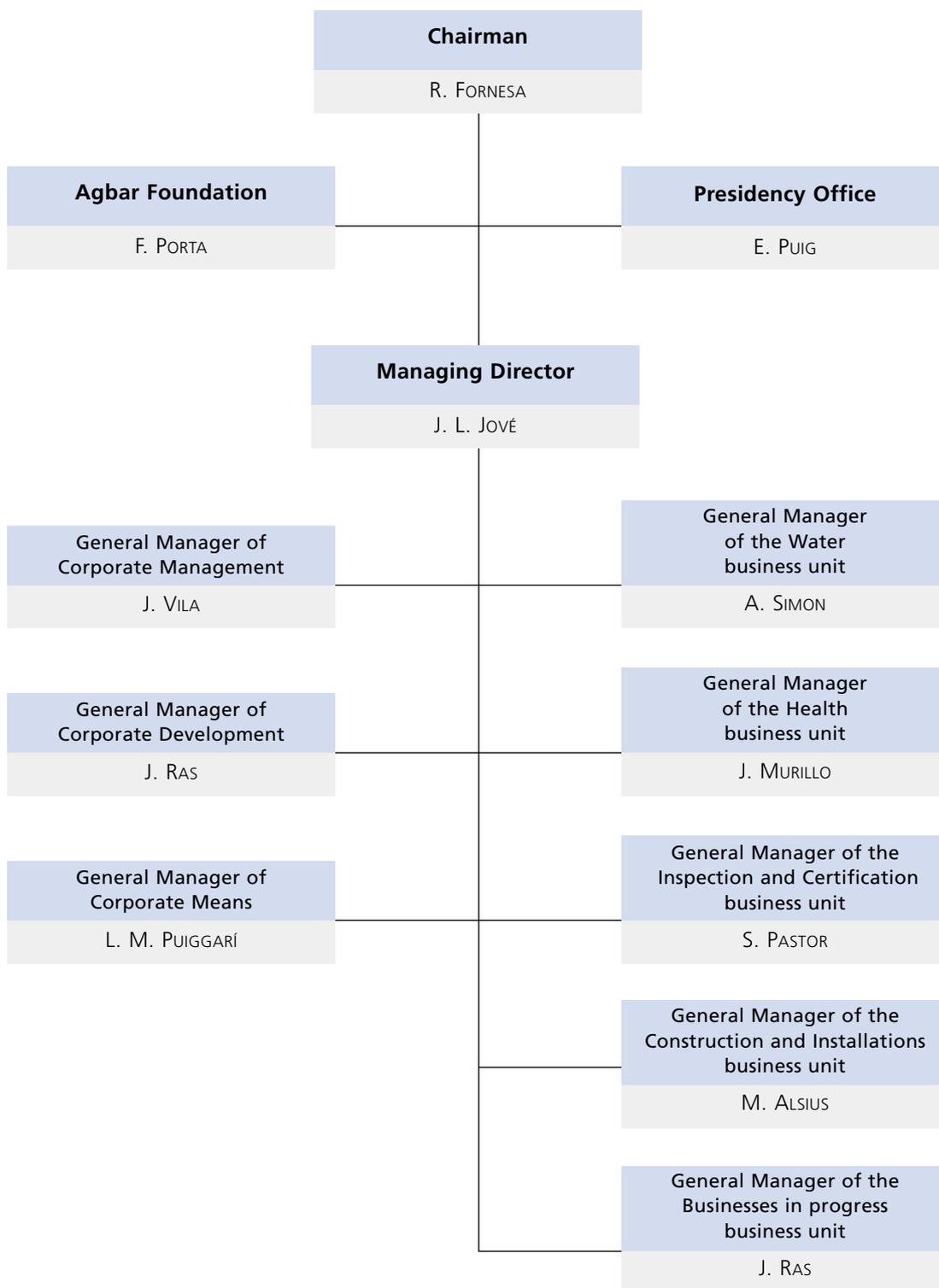




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G O V E R N A N C E S T R U C T U R E *



* At December 31, 2003

Shareholder structure

At December 31, 2003, the company shareholders with a shareholding equal to or higher than 10% of their subscribed capital are the following:

HISUSA, Holding de Infraestructuras y Servicios Urbanos, S.A. (Subsidiary company Cantome XXI, S.L.U. - Suez Group and Caixa Holding, S.A.U.)	47.10%
Endesa Diversificación, S.A. (a subsidiary of Empresa Nacional de Electricidad, S.A.)	11.64%
Suez Environnement (direct shareholding)	1.45%

Board of Directors

Chairman

Mr Ricardo Fornesa Ribó*

Vice-chairmen

Mr Gérard Mestrallet
Mr Jorge Mercader Miró*
Mr Rafael Miranda Robredo

Members

Mr Philippe Brongniart
Mr Enrique Corominas Vila
Mr Jean-Louis Chaussade
Mr Feliciano Fuster Jaume
Mr Bernard Guirkingner
Mr José Luis Jové Vintró*
Mr Miguel Noguer Planas
Mr Jacques Pétry*
Mr Manuel Raventós Negra
Mr Juan Rosell Lastortras*
Mr Juan Antonio Samaranch Torelló

Secretary

Mr Alejandro García-Bragado Dalmau

Assistant Secretary

Mr José Antonio Félez Gutiérrez

Staff representatives invited to the Board

Mr Francisco Vilella Rufach
Mr Jorge Requena Ferrando

* Members of the Executive Commission

Management Committee

Executive Chairman

Mr Ricardo Fornesa Ribó

Managing Director

Mr José Luis Jové Vintró

General Manager of Corporate Management and Secretary General

Mr José Vila Bassas

General Manager of Corporate Development

Mr Juan Ras Sirera

General Manager of Corporate Means

Mr Luis M. Puiggarí Lalanza

Appointments and Remunerations Commission

Chairman

Mr Juan Antonio Samaranch Torelló

Members

Mr Jorge Mercader Miró
Mr Philippe Brongniart

Audit and Control Commission

Chairman

Mr Enrique Corominas Vila

Members

Mr Jacques Pétry
Mr Juan Rosell Lastortras

Corporate Code of Ethics and Conduct of the Agbar Group Employees

1. Preamble

"The values sustaining the Agbar Group must serve as a guide to direct its employees' conduct all the time".

2. Respect for fundamental rights

"The Agbar Group will develop its activities with respect for fundamental rights and human dignity".

- Commitment with training:
"The work within the Agbar Group will be the basis of personal and social development".
- Safety and health at work:
"The Agbar Group and its employees have as a constant objective and concern safety and health at work".
- Equal opportunities and nondiscrimination: *"Equal opportunities and nondiscrimination are the guiding principles of the activity within the Agbar Group".*
- Prevention of harassment or intimidation:
"Out of consideration for the dignity of everyone, the Agbar Group and its employees will maintain an attitude of prevention of harassment and intimidation".
- Commitment with the environment:
"The Agbar Group and its employees will act as promoters of the respect for the environment".

3. Commitment of loyalty with the organisation

"The conduct within the Agbar Group is based on good faith".

- Commitment of confidentiality:
"The protection of confidential information is the maximum exponent of respect for the organisation of which employees form part".
- Conflict of interests: *"Those situations in which personal interests may come into conflict with those of the Agbar Group must be avoided".*
- Noncompetition:
"As long as the employment link exists, other services competing with the activity of the Agbar Group must not be provided".
- Protection of personal data:
"Being in the van of technology obliges to be aware of the risks of an inadequate use of tools of that nature".

4. Use of company assets

"It is the obligation of employees to take care and make an adequate use of company assets".

5. Relationship of the employees with the outside

"Each employee is a representative of the interests and image of the Agbar Group".

- Commitment with safety and public health: *"The raison d'être of the Agbar Group is the supply of products and services of the best quality and safety".*
 - Guarantee in the safety of products and services.
 - Commitment of information.
- Relationship with customers: *"The excellence in the provision of the service, the attention and dedication to the customer, and the commitment with quality will govern the Agbar Group's relationships with its customers".*
- Relationship with suppliers: *"The relationships with suppliers will be governed by the principles of integrity and honesty".*
- Relationship with shareholders: *"The relationship with shareholders will be governed by the general principle of transparency".*
- Relationship with public administrations: *"The conduct of the Agbar Group and its employees with public administrations will be exemplary, respectful and correct, without exceeding the standards of prudence and the customs of the place".*
- Gifts and compensations: *"Outside social customs and usages no gifts or compensations can be offered nor received within the framework of a commercial or administrative relationship".*

- Relationship with competitors: *"The relationships of the Agbar Group with competing companies will fulfil strictly the rules of competition".*
- Relationship among employees: *"The relationships among Agbar Group employees will be based on the team spirit and collaboration".*

6. Internationalization of the business

"The Agbar Group considers a fundamental value the international extension of its activities".

- International culture as a value of the Group: *"The Agbar Group is and will increasingly be an organisation of a multinational nature".*
- Diversity: *"The respect for diversity is one of the fundamental values of our organisation".*
- Compliance with the regulations in force in each country: *"The Agbar Group and its employees will comply with the laws and regulations applicable in them".*

Corporate Environmental Code

Compliance with the environmental legislation

The policy and commitment of the Agbar Group is to comply better with the regulations and other rules on respect for the environment.

The Agbar Group has the commitment to use and treat hazardous or polluting wastes and/or materials that may be part of some of its activities, in an adequate and friendly way to the environment.

Likewise, the Agbar Group has the commitment to adopt the necessary measures to avoid any risk of environmental pollution or minimize its effects in case any contingency takes place, according to the provisions of the international regulations and the regulations applicable in each country.

Technological innovation

The Agbar Group promotes the use of performance technologies and methods friendly to the environment in all its business lines and anywhere where business is developed, and favours the development of its activities under the approach of ecological efficiency*.

Group companies encourage research, development and innovation in the environmental area, through conventions with universities, administrations and other institutions of interest to this end.

Commitment

The environmental management systems, environmental audits and environmental good practice implemented are tools used in the Agbar Group for the control and monitoring of a business management more friendly to the environment.

Agbar Group companies watch over the possible impact on the environment of the raw materials used and promote environmental friendliness among their suppliers.

Agbar Group employees must act as agents for the promotion of environmental friendliness and adapt their behaviour to its development.

Participation

The wish of the Agbar Group is to maintain an open dialogue with the public opinion as regards its activities and relation with the environment. In this respect, it publishes every year reports on environmental activity, as well as other documents containing environmental information.

The Agbar Group encourages environmental information, education and training among its stakeholders, collaborating with organisations—both public and private—involved in this task, in each city, community or country where it is present.

* Larger production using less resources and producing a smaller environmental impact

Global Compact

The idea of a United Nations Global Compact relating to the social responsibility of companies was launched by the UN Secretary-General, Kofi Annan. The Agbar Group has joined this initiative and, as a result, is committed to adopt, support and promulgate, in its field of influence, a group of fundamental values in the areas of human rights, labour standards and the environment. Thus companies shall act according to these principles.

Human rights

- Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- make sure that they are not complicit in human rights abuses.

Labour standards

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labour;
- the effective abolition of child labour; and
- eliminate discrimination in respect of employment and occupation.

Environment

- Businesses should support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.



“Let us choose to unite the power of markets with the authority of universal ideals. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations”.

Kofi Annan,
Secretary-General of the United Nations



The main stakeholders defined by the Agbar Group are the following: the shareholders, the public administrations, the customers and the public in general, the suppliers and the employees.

– The Agbar Group considers to be essential, in managing its activities, the identification of its **customers'** needs, with the aim of offering a maximum quality service to their expectations. In this respect, several studies have been carried out relating to the satisfaction of our customers towards the services offered by the Group.

Among several initiatives carried out to improve the services offered, worth noting is the one undertaken by the company Aigües de Barcelona.

This company created in 1998 the unit of Singular Customers, in reply to the specific needs of an important sector of its customers. This unit is charged of two large groups: Large Customers (including large consumers—more than 100 m³/day—and customers with a large number of contracts in force—more than 40 supplies—), and Sensitive Customers, which represented 10.38% of the sales in 2003.

The group of Sensitive Customers is formed by all those water consumers who develop a health activity of public interest, and who require a guarantee of permanent water supply, due to the negative consequences that a possible cut in supply might have on third parties. This group is mainly formed by hospitals, clinics, old people's homes and non-hospital centres of hemodialysis, chosen in 2000 through a selection guaranteed by the competent Administration.

According to their consumption, capacity of self-supply, possibility of reserve in a situation of lack of consumption, etc., information which was obtained from consultations to each customer, they were classified into three groups, depending on their degree of autonomy.

For those centres with a limited autonomy capacity, a system was designed in order to guarantee water availability both in case of drought restrictions and breakdowns. Aigües de Barcelona periodically adapts its distribution system, by carrying out the necessary investments of support to guarantee permanent supply.

– In relation to its **suppliers**, the Agbar Group assumes that they must be ruled by the principles of integrity and honesty, and their election will be based on the principles of merit and capacity, according to the relation between the quality and the product or the service and its cost. Establishing a dialogue with suppliers, based on mutual knowledge, is essential to allow both parties to satisfy our customers' needs.

In this respect, the Group has established concerted quality agreements with six of its suppliers for the Water business unit. Thus, it is possible to obtain mutual benefits in cost reduction, product reliability, reduction of delivery delays, environmental respect and competitiveness.

– Our organisation maintains a strong commitment of information and communication to the **employees**, a group which is essential for the Group. The main communication channels used are the

following: Intranets, communications and circulars detailing organisational changes, the monthly magazine *Infoagbar* (detailing the most important data and news occurring in the Group), and periodic meetings with a part of the employees.

The methods of consultation to the employees are mainly channelled through the workers' representatives and trade union organisations. This mechanism is also used to carry out the negotiations related to the organisation management. Likewise, periodical interviews are carried out, mainly centred on directors and middle management, which get information of their degree of commitment and motivation.

– And, finally, from a more global point of view, the Agbar Group has put its institutional web page at the disposal of its stakeholders. Besides general information, it includes sections dedicated to information and communication for and with **customers, shareholders** and **the general public**.

The goal chosen for 2004 includes three stakeholders: customers, suppliers and employees, with the aim of starting to develop specific initiatives, besides the already existing ones, of dialogue and collaboration between the organisation and each of them.







Environmental performance

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ENVIRONMENTAL INDICATORS

Water

		2002			
Raw materials	Raw materials use (list of the most important ones)	Polyelectrolytes	9,412 t	E	
		Chlorine and derivatives	2,489 t		
		Sodium bisulphite	35 t		
		Iron salts (ferric sulphate + ferric chloride)	6,427 t		
		Soda at 20% Alba	153 t		
		Alumina	1,217 t		
		Lime (oxide hydroxide)	11,407 t		
			N/A		
Energy	Direct energy use	Electrical energy	1.96 · 10 ¹⁵ J	M	
Emissions, effluents and waste	CO ₂ emissions due to electrical energy consumption		229,346 t	E	
	Amount of waste by type and destination	Sludge	TOTAL	322,772,055 kg	E
			Landfilling	128,316,879 kg	
			Agriculture	58,430,713 kg	
			Composting	113,071,490 kg	
Incineration			3,777,875 kg		
Others			19,175,098 kg		
Refuse	Landfilling	31,438 t			
	Sands	Landfilling		13,063 t	
	Greases	Recovery		4,651 t	
Significant spills (WWTP's)		Organic matter (product resulting from BOD ₅ removal)	36,278,317 kg	E	
Incidents of and fines for non-compliance with regulations associated with environ. issues		2		M	
Overall	Important environmental expenditures	Sludge treatment plant Sant Joan Despi drinking water treatment plant Aquifer replenishment Analysis of samples for spill control in the sewer system Several expenditures ISO-14001 at Vilanova i la Geltrú WWTP	€122,267 €70,945 €50,000 €12,759	M	

Own core indicators

		2002		2003	
Drinking water	Efficiency (technical performance of the distribution system)	76.3%	E	73.8% ⁽¹⁾	M
	Global analytical compliance	99.3%		99.5%	
	Compliance with bacteriological parameters	99.8%		99.3%	
	Compliance with physicochemical parameters	99.2%		99.6%	
	Aquifer replenishment (hm ³ water)	3.23		4.99	
Wastewater	OBD ₅ reduction (OBD ₅ removed / OBD ₅ received)	90.1%	E	90.5%	M
Sewer system⁽²⁾	Lamination factor [0-1]	0.66	M	0.74	M
	Delay factor (minutes)	81.18		24.19	

2003			
Polyelectrolytes		8,334 t	M
Chlorine and derivatives		7,506 t	
Sodium bisulphite		6 t	
Iron salts (ferric sulphate + ferric chloride)		4,997 t	
Soda at 20%		46 t	
Alba		6,614 t	
Alumina		27,642 t	
Lime (oxide hydroxide)		579.8 t ³	
Electrical energy		2.31 · 10 ¹⁵ J	M
		270,141 t	E
Sludge	TOTAL	502,847,772 kg	M
	Landfilling	174,411,314 kg	
	Agriculture	138,509,232 kg	
	Composting	161,381,790 kg	
	Incineration	4,344,557 kg	
	Others	24,200,879 kg	
Refuse	Landfilling	28,672 t	
Sands	Landfilling	15,545 t	
Greases	Recovery	7,295 t	
Organic matter (product resulting from BOD ₅ removal)		22,364,837 kg	E
	4		M
Recovery of groundwater resources			M
Besòs river		€7.9 million	
BIOMASTER Project in Mahón		€600,00	

Scope of the data:

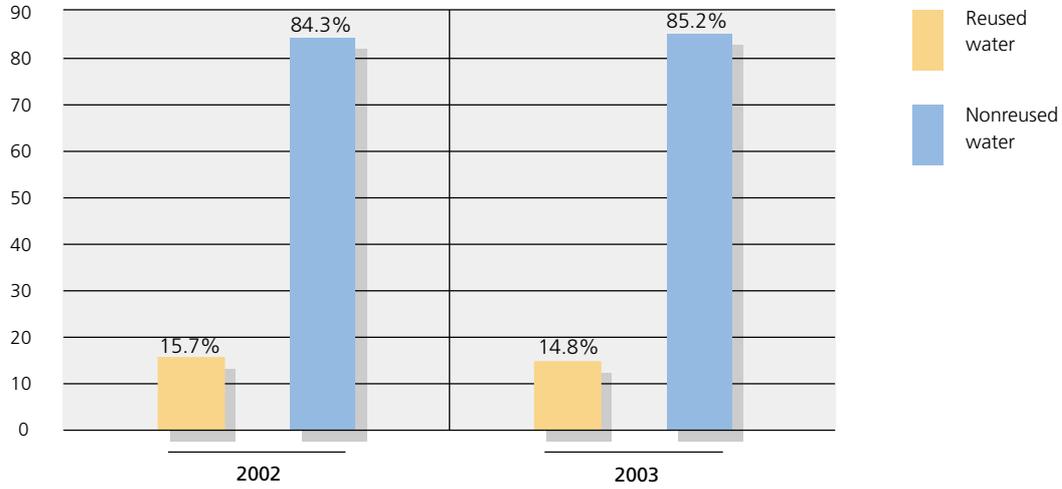
2002: Spain

2003: Spain, Chile, Colombia, Cuba and Mexico

⁽¹⁾ Without Cuba

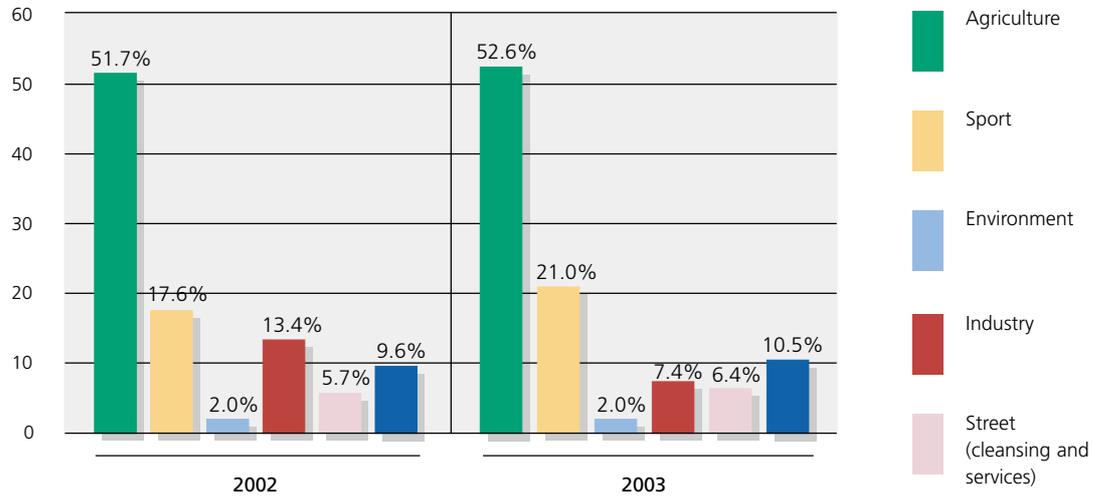
⁽²⁾ These indicators just refer to Barcelona, and were obtained thanks to the Advanced Urban Drainage Management (GADU) carried out by Clabsa

Reuse of water



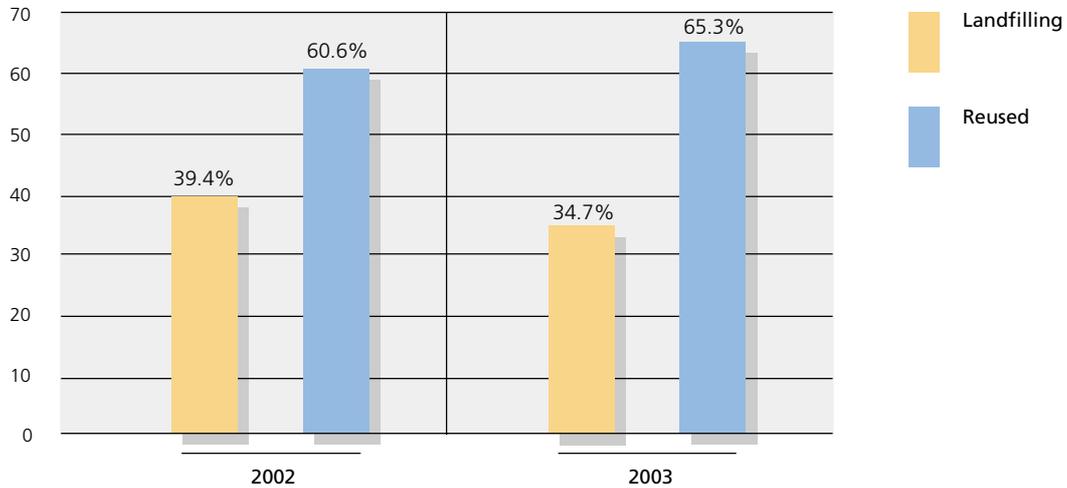
	2002		2003	
Reused water	15.7%	E	14.8%	M
Nonreused water	84.3%	E	85.2%	M

Reuse of water according to use



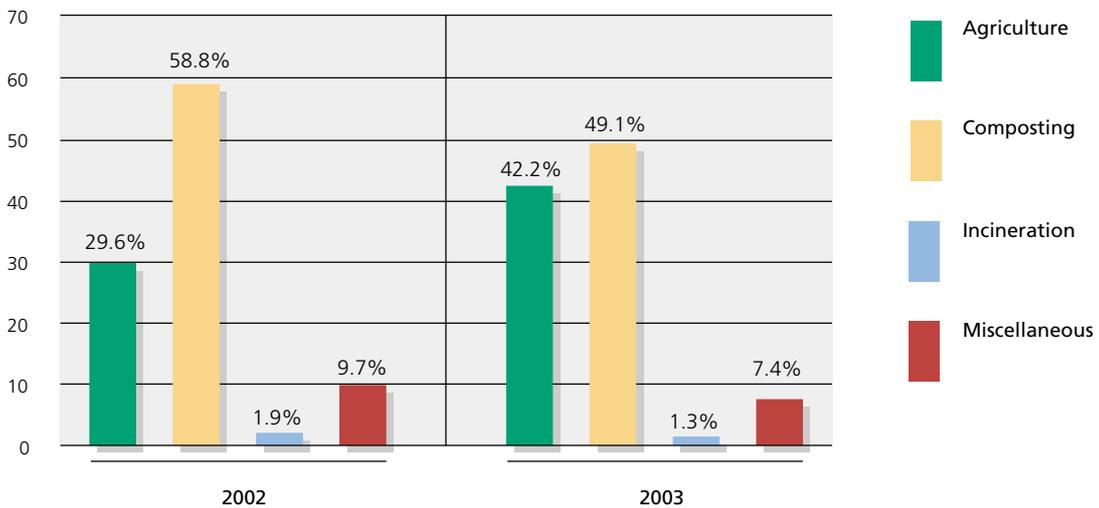
	2002		2003	
Agriculture	51.7%	E	52.6%	M
Sport	17.6%	E	21.0%	M
Environment	2.0%	E	2.0%	M
Industry	13.4%	E	7.4%	M
Street (cleansing and services)	5.7%	E	6.4%	M
Miscellaneous	9.6%	E	10.5%	M

Reuse of sludge



	2002		2003	
Landfilling	39.4%	E	34.7%	E
Reused	60.6%	E	65.3%	E

Sludge destination according to use



	2002		2003	
Agriculture	29.6%	E	42.2%	E
Composting	58.8%	E	49.1%	E
Incineration	1.9%	E	1.3%	E
Miscellaneous	9.7%	E	7.4%	E

Health

		2002		
Energy	Direct energy use segmented by primary source	Electrical energy: Natural gas: Other combustibles:	80.5·10 ¹² J 405,540 m ³ 139,000 m ³	M
Water	Water use		230,941 m ³	M
Emissions, effluents and waste	CO ₂ emissions due to electrical energy consumption		9,414 t	E
	Amount of waste by type and destination	Infectious wastes: Hazardous chemical wastes (exc. genotoxic): Genotoxic wastes:	181,500 kg 23,420 kg 12,200 kg	M
	Incidents of and fines for non-compliance with regulations associated with environmental issues		0	M
Overall	Important environmental expenditures	Waste management: – Infectious: – Hazardous chemical (exc. genotoxic): – Genotoxic:	€201,700 €15,460 €11,780	M

Scope of the data:

2002: Spain

2003: Spain

2003		
Electrical energy:	75.85·10 ¹² J	M
Natural gas:	529,992 m ³	
Other combustibles:	23,899 m ³	
	229,319 m ³	M
	8,870 t	E
Infectious wastes:	188.497 kg	M
Hazardous chemical wastes (exc. genotoxic):	24,160 kg	
Genotoxic wastes:	13,789 kg	
Radioactive wastes*: *(kept at the centres till being declassified)	0 kg	
<p>This waste is considered "hazardous" according to the provisions of the Basel Convention. Authorised managers manage it outside the centre and, therefore, its final disposal is the one established by the legislation.</p>		
	0	M
Waste management:		M
– Infectious:	€261,968	
– Hazardous chemical (exc. genotoxic):	€21,145	
– Genotoxic:	€19,595	

Inspection and Certification

		2002		
Energy	Direct energy use segmented by primary source	Total:	9.39·10 ¹² J	M
Water	Water use		54,550 m ³	E
Emissions, effluents and waste	Greenhouse gas emissions (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆)	CO ₂ emissions due to electrical energy consumption:	1,098 t	E
	NO _x emissions		N/A	
	Amount of waste by type and destination	Paper: 2,000 kg Toner: 860 u Oils: 1,320 l	Recycling Reuse Recycling	E
	Incidents of and fines for non-compliance with regulations associated with environmental issues		0	M
Overall	Important environmental expenditures		N/A	

Scope of the data:

2002: Applus Iteuve (Spain)

2003: Applus Iteuve (Spain, Portugal, Argentina), Applus Technologies (USA), Applus CTC (Spain) and Applus Idiada (Spain)

2003			
Total:	95.2·10 ¹² J		E
– Electricity:	53.4·10 ¹² J		
– Gas oil:	17.5·10 ¹² J		
– Gas:	15.7·10 ¹² J		
– Propane:	3.9·10 ¹² J		
– Natural gas:	4.7·10 ¹² J		
	159,700 m ³		E
CO ₂ emissions due to electrical energy consumption:	6,245 t		E
Emissions produced by traffic of test vehicles in Applus Idiada:	2,445 t		
	700 kg		E
Paper: 12,675 kg	Recycling		E
Toner: 1,000 u	Reuse		
Construction waste: 1,250 m ³	Landfilling		
Dissolvents: 1,600 kg	Recovery		
Oils: 4,500 kg	Recycling		
N ₂ gases: 638 m ³	Recovery		
Banal: 5,000 kg	Landfilling		
Miscellaneous waters: 7.9 t	Recycling		
Metals/Glass: 850 m ³	Recycling		
Organic: 350 m ³	Composting		
Toilets: 40 l	Landfilling		
Scrap: 43,860 kg	Recycling		
Tyres: 22,580 t	Recycling		
Metallic drums: 357 u	Reuse		
	0		M
Waste management:	€22,000		M

Construction

		2002		
Raw materials	Raw materials use	Cement: 1,784 t Stainless steel: 100 t Asphalt: 33,882 t Sand: 4,077 m ³ Dissolvents: 800 l Iron: 3,570 t Concrete: 177,295 m ³ Paints: 2 t Coarse sand: 15,356 m ³		M
Energy	Direct energy use segmented by primary source	Electrical energy: 6.23·10 ¹² J Natural gas: 1,437 m ³ Other combustibles: 797 m ³		M ⁽¹⁾
Water	Water use		12,146 m ³ ⁽¹⁾	M
Emissions, effluents and waste	CO ₂ emissions due to electrical energy consumption		729 t	E
	Amount of waste by type and destination	Paper: 2,846 kg Toner: 1,007 u Cells: 6,740 kg Batteries: 1,100 kg Motor oils: 3,700 l Debris works: 32,369 kg Works vegetable waste: 79,170 kg	Recycling Recycling Recovery Recovery Recovery Landfilling Landfilling	M
	Incidents of and fines for non-compliance with regulations associated with environ. issues		1	M
Overall	Important environmental expenditures	Environmental audit: €5,100 Environmental legislation database: €3,600		E

2003		
Cement:	3,046 t	E
Stainless steel:	51 t	
Asphalt:	500,094 t	
Sand:	5,182 m ³	
Dissolvents:	850 l	
Iron:	4,300 t	
Concrete:	198,114 m ³	
Paints:	4 t	
Aggregates (graded and ungraded aggregate, coarse sand):	668,936 m ³	
Mortar:	1,348 m ³	
Cutting emulsions:	300 l	
Electrical energy:	5.79 · 10 ¹² J	M
Natural gas:	1,775 m ³	
Other combustibles:	5,870.5 m ³	
	28,247 m ³	M
	677 t	E
Paper: 8,366 kg	Recycling	M
Toner: 1,200 u	Recycling	
Cells: 2,600 kg	Recycling	
Batteries*: 700 kg	Recovery	
Motor oils*: 3,600 l	Recovery	
Debris works:		
85,349 m ³	Landfilling	
300 m ³	Reuse	
Works vegetable waste: 6,264 m ³	Composting	
Unpolluted lands and stones:		
151,000 m ³	Landfilling	
598,000 m ³	Reuse	
Wood: 617 m ³	Recovery	
Metal remains: 937 t	Recovery	
Concrete remains: 3,547 m ³	Landfilling	
Polluted metal containers*: 330 kg	Specific treatment	
Plastics and packages: 12,393 m ³	Recycling	
Organic remains: 141 m ³	Landfilling	
Polluted containers*: 260 m ³ + 200 t	Specific treatment	
Tyres: 26 t	Recovery	
Plaster: 55 m ³	Landfilling	
Bituminous mixtures: 760 m ³	Landfilling	
Building materials with asbestos*: 9 m ³ + 6 t	Landfilling	
Mixed waste: 10,791 t + 78 m ³	Landfilling	
Oils and greases*: 50 l	Specific treatment	
Dissolvents*: 50 l	Specific treatment	
Paint containers*: 30 u	Specific treatment	
	1	M ⁽²⁾
Environmental audit:	€13,000	M ⁽²⁾
Environmental legislation database:	€6,146	
Certification audits ISO 14001:	€5,292	
By waste management and others:	€970,810	

Scope of the data:

2002: Acsa works in Catalonia, fixed centres in Spain and workshop TCM-Cervelló
2003: Works and fixed centres of Acsa in Spain and Chile, and workshop TCM-Cervelló

⁽¹⁾ Only data about fixed centres

⁽²⁾ Without ACSA Andina

* Hazardous wastes

Engineering

		2002		
Energy	Direct energy use segmented by primary source	Electrical energy: Other combustibles:	3.80·10 ¹² J 117.48 m ³	M
Water	Water use		1,743 m ³	M
Emissions, effluents and waste	CO ₂ emissions due to electrical energy consumption		444 t	E
	Amount of waste by type and destination	Paper, cardboard and packages: Toner and printer cartridges: Cells and batteries: Fluorescent lights: Cables and plastics: Reagents: Others (glass + absorbents + wood):	2,070 kg 190 u 20 l 25 u 10 kg 43 kg 490 kg	M
	Incidents of and fines for non-compliance with regulations associated with environmental issues	0		M
Overall	Important environmental expenditures	Environmental audits and environmental management costs: Environmentally-friendly materials: Environmental training/awareness:	€10,930 €1,393.85 €33,857	M

Own core indicators

	2002 over 2001 ⁽¹⁾	2003 over 2002 ⁽¹⁾
Saving of energy consumption, by each automatic warning station, basic, produced	6.1%	3.2%
New incorporations of recyclable materials replacing the old ones, in each control unit produced	8.3%	4.0%
Reduction in reagent consumption in automatic analysers, resulting from optimisation of analysis frequency	8.8%	5.6%
Saving in data communication time, resulting from optimisation of communication frequency	9.1%	4.5%

⁽¹⁾ Estimated data

2003		
Electrical energy:	0.11·10 ¹² J	E
Other combustibles:	1,194 m ³	
	698 m ³	E
	12.9 t	E
Paper, cardboard and packages:	6,526 kg	M
Toner and printer cartridges:	402 u	
Cells and batteries:	14.8 l	
Fluorescent lights:	18 u	
Reagents:	166.8 kg	
Others (glass + absorbents + wood):	387.1 kg	
	0	M
Environmental audits and environmental management costs:	€4,148	M
Environmentally-friendly materials:	€4,941	

Scope of the data:

2002: Spain

2003: Spain

Maintenance

		2002		
Energy	Direct energy use segmented by primary source	Electrical energy:	0.342·10 ¹² J	M
		Other combustibles:	0.824 m ³	
Water	Water use		2,600 m ³	M
Emissions, effluents and waste	CO ₂ emissions due to electrical energy consumption		40 t	E
	Amount of waste by type and destination	Paper, cardboard and packages:	9,000 kg	M
		Toner and printer cartridges:	280 u	
Cells and batteries:		160 l		
Fluorescent lights:		550 u		
Ferric waste:		2,500 kg		
Cables and plastics:		310 kg		
Extinguisher powder:		12,500 kg		
Incidents of and fines for non-compliance with regulations associated with environmental issues		0	M	
Overall	Important environmental expenditures	Environmental audits and environmental management costs:	€26,000	M
		Environmental training/awareness:	€24,000	

Additional indicators of the Agbar Group

Activity covered by quality and/or environment certifications (% sales revenue)

	2002	2003
Water	57.9%	53.5%
Health	17.8%	20.7%
Inspection and Certification	100%	100%
Construction	77.5% ⁽¹⁾	100%
Engineering	81.1%	100%
Maintenance	82.0%	100%

⁽¹⁾ Including the activities of Waste and Construction

2003		
Electrical energy:	1.78·10 ¹² J	M
	2,600 m ³	M
	208 t	E
Paper, cardboard and packages:	8,750 kg	E
Toner and printer cartridges:	280 u	
Cells and batteries:	160 l	
Fluorescent lights:	560 u	
Ferric waste:	2,500 kg	
Cables and plastics:	320 kg	
Extinguisher powder:	12,000 kg	
Others:	12,050 kg	
	0	M
Environmental audits and environmental management costs:	€22.390	M
Environmental training/awareness:	€600	

Scope of the data:

2002: Spain

2003: Spain

Contribution to the climate change

We consider that saving in fuel and in kilometres travelled, thanks to the use of videoconferences, is an indicator that helps to measure the impact of our activity on the climate change. For the year 2003, the figure is 278,404 km (621,182 km in 2002) saved thanks to 49 videoconferences (173 in 2002).

The other indicator used to measure the contribution to the climate change is the total emissions of CO₂ due to the consumption of electric energy, which in the year 2003 amounted to 286,155 t* of CO₂ (249,185 t* of CO₂ in 2002), emitted by the companies included in the present Report.

Energy efficiency

Energy efficiency (kWh consumed / unit produced)	2002	2003
Drinking water	0.25 kwh/m ³	0.10 kwh/m ³
Wastewater	0.37 kwh/m ³	0.32 kwh/m ³
Sewer system (per m ³ of water regulated)	0.09 kwh/m ³	0.11 kwh/m ³ ⁽¹⁾
Per kg OBD removed	1.39 kwh/kg	1.12 kwh/kg
Per vehicle inspected	0.95 kwh/u ⁽²⁾	1.21 kwh/u ⁽²⁾

* To find the value of this indicator, we have used the estimation tool furnished by the Greenhouse Gas Protocol Initiative (www.ghgprotocol.org)

⁽¹⁾ Even though energy consumption of the activity of sewer management has decreased compared to 2002, due to the dry year which 2003 has been, the m³ regulated are 42% lower than 2002. This makes fixed energy consumptions affect the efficiency index more than the variable ones and, therefore, this index increases two hundredths

⁽²⁾ The interannual difference may be due to the fact that the 2002 figure was an estimation, whereas the 2003 one is a measurement

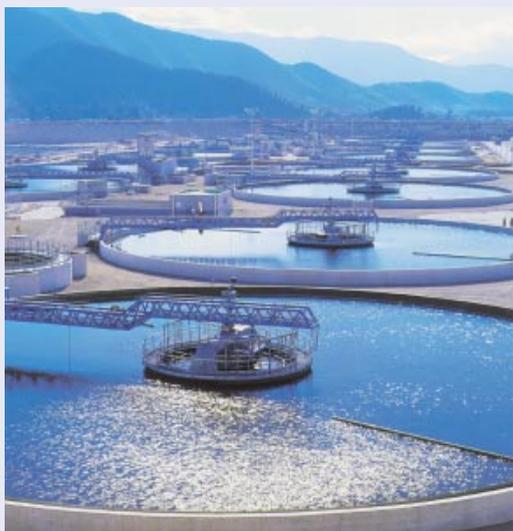
Water

WWTP of La Farfana, Santiago de Chile

The wastewater treatment plant (WWTP) of La Farfana, belonging to Aguas Andinas, represents an investment of \$315 million. It is the largest in Latin America and appears among the five largest wastewater treatment plants in the world.

It is designed to purify the waste of a population of 3.3 million inhabitants and has a treatment capacity of 8.8 m³/s. In 2004, thanks to the joint work of this station and the El Trebal plant, it is expected to be able to purify more than 70% of the waters served in Santiago de Chile.

La Farfana is a transcendental contribution to the quality of life of people and the environment in the Santiago basin, as it involves significant benefits, such as the recovery of thousands of hectares for irrigation, clean, healthy fruit and vegetables and the reduction of cases of illnesses transmitted by contaminated waters. It also enables compliance with international regulations and the creation of new green areas that will be recovered by correcting the natural riverbeds that cross the Chilean capital.



Pioneer project for the leather industry

On its passage through the city of Lorca, the Guadalentín river was historically subject to severe environmental degradation as a result of the unpurified industrial waste it received. The contamination came basically from the leather tanning sector.

Aquagest Levante, by building and operating the Lorca wastewater treatment plant, has managed to reduce, recover and environmentally treat the waste water from the tanning industry.

As well as being significant environmental relief for the river Guadalentín and its environment, this project has supposed significant environmental improvement for the Segura river basin in general, of which it is a tributary.

This project also has a large amount of technological innovation aimed at the better use of the natural resources. In this sense we stress:

- the elimination not only of the undissolved pollutants, but also of the salts and components dissolved in the water, which allows the reuse of the purified water for industrial and agricultural uses and
- the use of drying tunnels that allow the minimisation of the volume of final waste produced.

Biomaster

To resolve the problem of the fat collected in the pre-treatment of wastewater treatment plants, in 2003 the company Sorea built a treatment plant for this kind of waste in a WWTP in Mahón (Minorca).

This fat treatment process named Biomaster, consists of a biological treatment that transforms this waste into a silt that can be assimilated in an active silt of a conventional biological reactor, which is evacuated long with the biological silts produced in this stage of treatment of the water line. The fats separated from the waste water in the pre-treatment of a purifier are considered by European legislation as dangerous, toxic waste. The Mahón Biomaster removes all the fats caused by all sewerage systems on the island of Minorca (1,500 kg fat/day) and has worked since the end of July 2003 with notable yield in fat elimination.

Recovery of underground resources

Underground waters had always been considered very pure waters, but the industrialisation of the territory, together with greater demographic pressure on the environment, has made the waters become more polluted to a varying extent, and as a result, they have had to be purified to be able to continue to be used for supply.

The new membrane filtering technologies allow not only the filtration of insoluble impurities, but also eliminate the dissolved organic compounds and considerably reduce the dissolved salts; all of this through physical means without the intervention of certain chemical products having any effect on the final quality of the water.

The application of these technologies by Aigües de Barcelona is allowing the recovery of underground waters from the Besòs river basin, which were no longer used in the eighties due to the deterioration of the quality of the waters and the lack of effective treatment.

Although a nanofiltration service was set up over a year ago with a treatment capacity of 3 hm³/year, the final aim is to recover a resource of 15 hm³/year by means of a new inverse osmosis plant, with a first phase of 4 hm³/year already being set up.

System of District Heating & Cooling for the area of the Forum 2004

The consortium formed by Aigües de Barcelona, Elyo and Axima (of the Suez-Tractebel group) have dealt with the preparation of the project, performance, financing and operation and maintenance for 25 years of a centralised hot and cold water production and supply system (District Heating & Cooling) in the area of the Forum 2004.

The system is based on the use of thermal energy (steam) from the waste revaluation plant of the Besòs and supposes the application of innovative technology that introduces criteria of efficiency and sustainability.

The system enables a reduction of the consumption of primary energy, use of scale economies, a reduction of maintenance costs and, finally, greater service reliability, quality and comfort for users, in comparison with other conventional solutions.

The final objective of the project is to satisfy the demands for hot running water, heating and cooling for the buildings of the Universal Forum of Cultures 2004 and its outlying areas.

Health

Selective waste collection

As in previous years, in a large part of hospital centres, in addition to the differentiated collection of dangerous health waste, legally regulated, no specific waste of the health activity is also segregated at origin for later use. Selective collection is currently made of cardboard (50% of hospital centres), plastics (25%), glass (25%), batteries (63%) and paper. In 2003, progress was particularly made in introducing the selective collection of paper, up and running in 88% of the Adeslas hospital centres.

Action to increase energy output

Adeslas has expanded coverage of the initiatives aimed at achieving a better use of energy, as in previous years. A new development in 2003 was an initiative for the use of solar energy for heating and the hot water for a hospital centre, by the use of solar panels converting the sun's energy into electricity.

The largest initiatives to improve energy output are those carried out in hospital centres, as they are the most consumption-intensive.

Initiative	% of hospital centres covered	
	2002	2003
Replacement of oil boilers with natural gas	25%	63%
Use of energy saving bulbs	63%	75%
Installation of sensors/cells	25%	38%
Review of the timetables of operation of the air conditioning and lighting	75%	88%
Installation of solar panels for hot water and heating	-	1 centre

Inspection and Certification

Environmental evaluation of buildings

Applus+ is participating in preparing and standardising the criteria that must allow the environmental evaluation of buildings and infrastructures and the achievement of certification to offer the company guarantees of sustainability in the purchase of a building.

This evaluation bears in mind the complete cycle of the building, from its design, construction, to the end of its useful life.

The bases of sustainable construction are:

- Using the water and the different kinds of energy from an approach that is respectful with and committed to the environment.
- Selecting the suitable resources, technologies and materials from the project phase and applying them efficiently during the work.
- Avoiding environmental impact.
- Managing the waste generated during the life cycle.
- Seeking the suitable maintenance and preservation of the construction.
- Reusing and rehabilitating wherever possible.

Sonicat

Acoustic contamination may be defined as a significant increase in the acoustic levels of the medium and is one of the important factors of deterioration in the environmental quality of a territory.

Applus+ is co-ordinating the Sonicat, financed by the Ministry of the Environment of the Autonomous Government of Catalonia, through which the acoustic maps have been drawn up of all the towns in Catalonia.

These maps break up the towns in terms of the environmental noise produced by industrial activities, rail traffic, vehicles and planes and are a very useful tool for Town Halls, as they allow them to regulate noise problems by applying the ordinances and improving the planning of the municipal area bear in mind the noise factor.

From ceramic waste to raw material

Applus+ has participated in studying the valuation and reuse of industrial ceramic waste, materials from baking processes unused in industrial centres producing bricks and tiles, etc.

The aim is to find a feasible alternative to the disposal of industrial ceramic waste, consisting of its use in all materials used in the construction of infrastructure works. The participation of Applus+ has been specified in the evaluation and certification of the quality of the material and its use in roads, so that they maintain their guarantees of quality and safety.



Reduction of VOC emission in the atmosphere

The European and Spanish authorities have developed legislation that sets the axes for pursuing the emission of chemical products in the atmosphere, the so-called volatile organic compounds (VOCs). It is possible to achieve a VOC-free effluent using a system of steam condensation, which at an extremely low temperature, enables the recovery of VOCs in liquid form.

Applus+, in collaboration with Abelló Linde, supports the idealness of this system on specific processes, helping the industry to converge with objectives of sustainability that are claimed from the administrations and from the society itself.



Construction and Installations

Construction

Noise-free Barcelona campaign

Adherence to the “Noise-free Barcelona” Programme-Commitment established between Barcelona City Hall and the Official Chamber of Contractors, which is intended to reduce the acoustic contamination caused by work undertaken in the streets.

Sensitisation campaign for the segregation of waste on sites

The campaign is based on the preparation of a poster to place on all Acsa works, which is intended to sensitise the workers to the need to segregate the waste from the point where it is generated, site in this case, so that they might be managed as suitably as possible.



Engineering

The relevant proactive actions of engineering units focus on the following lines of action:

Selective collection of waste for recycling or recovery:

Paper	60%
Batteries	75%
Fluorescent tubes	50%
Cartridges and toners	65%
Glass, absorbent materials and plastics	75%
Reagents	77%

Actions to reduce the consumption of raw materials and energy:

Paper reuse	47%
Computerisation of documents, works, projects, etc.	47%
Preparation of copies on the two sides in the printer and photocopier	47%
Use of recycled paper	62%
Put out sources of power consumption when the offices or rooms are empty	49%

O U T S T A N D I N G P R O J E C T S I N E N V I R O N M E N T A L R E S E A R C H

R&D expenditure	2002	2003
Expenditure in Research and Development with respect to the total turnover of the Group (% R&D budget)	0.33%	0.46%

The investment made in Research and Development by the Agbar Group with respect to the total turnover of the group amounted to 0.46 % in 2003. There follow some of the most significant projects developed in this area in 2003.

Monitoring and management on line of eutrophised reservoirs

The conventional water quality control stations do not enable the study of the eutrophisation of the reservoirs. Therefore, Adasa Sistemas, a company specialised in the field of quality control of river and rain waters, started the Eureka Geommer project, by developing an automatic system to pursue the quality of the waters in lakes and reservoirs.



This system is made up of an independent navigation unit that takes measurements at different depths and a data management centre that enables a diagnosis of the state of the reservoir under study.

Development of a compact meteorological station

In 1995 and 1996, Adasa Sistemas developed a meteorological station which, instead of being closed to the measurement of meteorological parameters by means of specific, predetermined sensors, was capable of using sensors of a different kind and origin. Making use of the experience of this development, the possibility was considered of



designing a meteorological station that was totally open, smaller, low-cost and with low electrical consumption that can work with batteries.

The general objectives of the project are: the obtention of a meteorological station capable of using sensors of different origins, containing all the functions of data representation, storage and outlets standardised for the use of their values in the conventional meteorological control centres. It is also intended to develop meteorological sensors for measuring the atmospheric pressure, temperature and humidity.

Integrated modelling of the hydric medium and alert system on beaches

Clabsa started this line of investigation in 1997, with the participation in a European project intended to show the technical feasibility of integrally modelling the sewer, purifying and receiving networks. In successive projects, the modelling of the sewer network was improved, and particularly the receiver medium in beach areas in Barcelona and an alert system was developed for bacteriological pollution caused by discharges in the unitary system (DSU) on the beaches.

The aims of the project were to make a model both from the quantitative and qualitative points of view of the waters poured into the receiver mediums, considering the different elements that make up the sewerage system (rain, purifying network and receiving medium), fixing minimum quality parameters and managing the alert warnings on beaches with the results achieved.

Denitrification of drinking waters

The company Aguas de Murcia has developed a process for the elimination of nitrates in underground waters in collaboration with the Ministry of Science and Technology. In a first stage, water is achieved that is suitable for human consumption and a less voluminous current, but more concentrated in nitrates than the initial water on entry. In a second stage, this second current is subject to electrolytic techniques that manage to pass the nitrates to atmospheric nitrogen, thus eliminating the water.

In this second stage, in addition to the atmospheric nitrogen, appreciable amounts of molecular hydrogen are generated, an extremely flammable product. The aim of this project is to make use of this molecular hydrogen as a raw material for a fuel cell, by means of a process that, in addition to eliminating the hydrogen, allows the generation of sufficient energy to considerably reduce the energy needs of the whole process and obtain pure water as a product, a good highly appreciated in the Mediterranean regions.





Social performance

Social indicators

66

Social proactive actions

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Labour practices

Employment

Breakdown of workforce by sector, contract, occupational category and country

Workforce by sector

	2002	2003
Water	18,376	18,308
Waste* and Construction	19,445	7,733
Inspection and Certification	2,525	3,274
Health	2,909	2,985
Others	4,807	5,181
Total	48,062	37,481

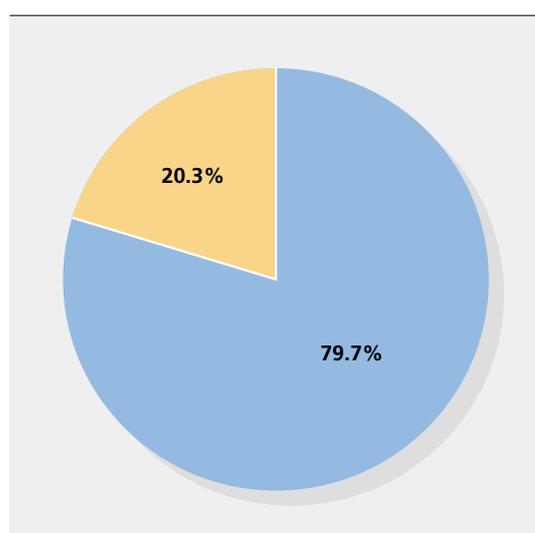
* The proportional part of the Waste sector till 06/30/03 is included.

Workforce by occupational category

	2002	2003
Graduate and managers	2,854	3,028
Technicians	2,753	3,086
Middle management	3,013	3,175
Administrative officers	5,110	4,895
Nonadministrative officers	6,260	6,786
Workers and juniors	28,072	16,512
Total	48,062	37,481

Workforce by contract

Permanent staff	29,884
Temporary staff	7,597
Total	37,481

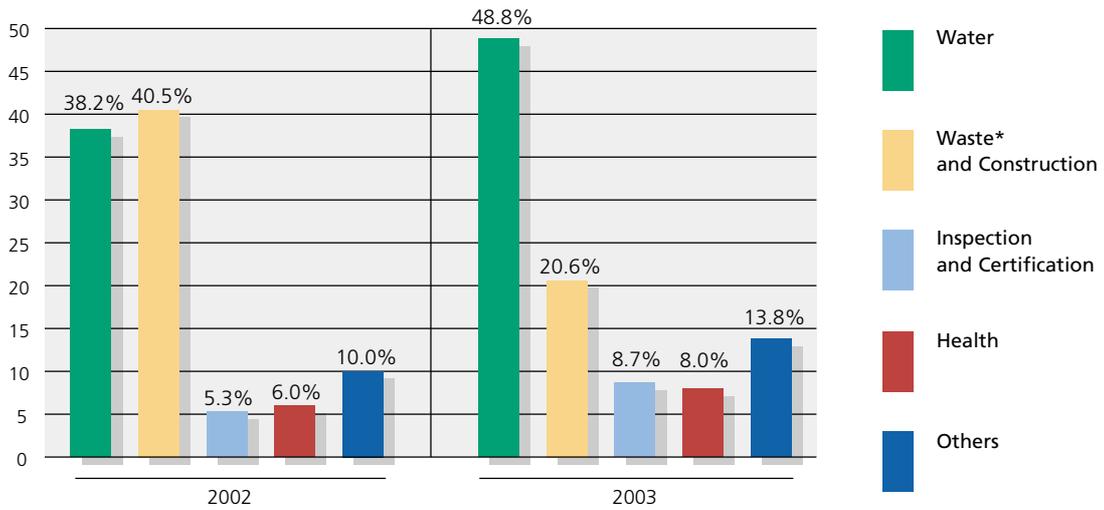


■ Permanent staff
 ■ Temporary staff

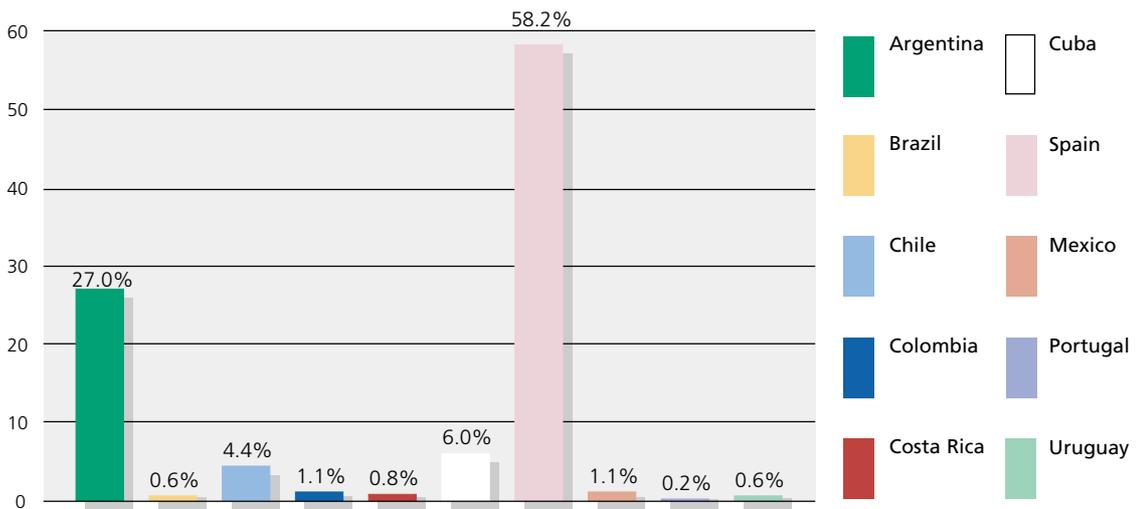
Workforce by country

	Workforce
Argentina	10,134
Brazil	244
Chile	1,655
Colombia	429
Costa Rica	312
Cuba	2,241
Spain	21,805
Mexico	393
Portugal	63
Uruguay	205
Total	37,481

Workforce by sector



Workforce by country



Net employment creation

The employment creation during the period 2002-2003 (irrespective of the sale of the Waste sector) amounted to 4%, which represents an occupational increase of about 1,200 employees.

	2002	2003
Employment creation	3%	4%
Increase in number of employees	1,500	1,200

Employee benefits

Each business unit of the Group offers its employees a series of social benefits. In the case of aid for training, for example, all the employees of the Group can benefit from it. Other benefits depend on each business unit, such as pension plans, life/accident insurance and medical insurance

Labour-management relation

Percentage of employees included in collective bargaining agreements

The Group staff attached to the collective bargaining remains constant compared to the previous year, in a 90% coverage.

Policy and procedures involving information, consultation and negotiation with employees over changes in the reporting organisation's operations

The mechanisms of information to employees include:

- statements and circulars detailing new appointments and organisational changes,
- monthly magazine InfoAgbar detailing the most important aims, data and news which happen in the Group,
- Intranets, and
- periodical meetings with employees and executives of the Group, according to their geographical area, professional category, functions, etc.

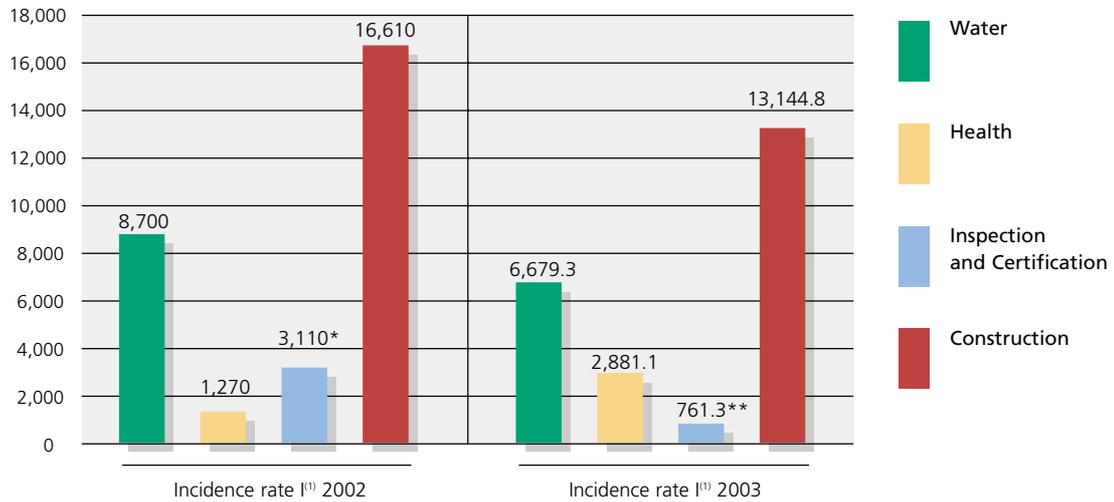
The consultations mechanisms are mainly channelled through the representatives of workers/trade union organisations. It is completed biennially with a climate interview all over the Group, which is mainly based on directors and middle management, and gets their opinion on a series of key factors of motivation and commitment. The negotiation mechanisms are mainly carried out through trade union organisations.

Health and safety

Practices on recording and notification of occupational accidents and diseases

The Group, within its policy of zero tolerance in the field of occupational accidents, has developed a computer system making it possible to monitor and control three key rates recognised by the Ministry of Labour and Social Affairs: the incidence, frequency and seriousness rates. The above-mentioned rates are monitored in the activities of Water and Construction, and are submitted each three months to the Group's Management Committee.

Standard injury, lost day and absentee rates



	Incidence rate I ⁽¹⁾ 2002	Incidence rate I ⁽¹⁾ 2003	Frequency rate 2003 ⁽²⁾	Seriousness rate 2003 ⁽³⁾
Water	8,700	6,679.3	41.8	0.9
Health	1,270	2,881.1	30.8	0.8
Inspection and Certification	3,110*	761.3**	17.1	0.3
Construction	16,610	13,144.8	66.0	1.4

⁽¹⁾ Incidence rate I: the result of dividing the number of accidents entailing time off work by the average annual workforce, multiplied by 100,000.

⁽²⁾ Frequency rate: the result of dividing the accidents entailing time off work by the total number of hours worked, multiplied by 1,000,000.

⁽³⁾ Seriousness rate: the result of dividing the total number of working days lost every year (due to a leave) by the total number of hours worked, multiplied by 1,000.

* Only includes the businesses of inspection and Idiada

** Including LGAI Technological Center, Applus Iteuve Technology, ECA- ITV and Idiada

**Description of policies or programmes
(for the workplace and beyond)
on HIV/AIDS**

These data are considered to be confidential.

Training and education

Annual training hours per employee

The Agbar Group decided to furnish as the workforce training indicator the average number of hours received by each employee during the year.

For the year 2003, it was not possible to compile the information corresponding to the entire Group. Therefore, the average was calculated from the data of the Health and Construction business units of the companies Aigües de Barcelona (Water unit), and Idiada and LGAI Technological Center (Inspection and Certification unit).

The average number of training hours per employee amounted to 22 in 2003.

Diversity and opportunity

**Description of equal opportunity policies
or programmes, as well as monitoring
systems to ensure compliance and results
of monitoring**

See the *Corporate Code of Ethics and Conduct of the Agbar Group Employees*.

**Composition of the management committees
of the Group's business units including
female/male ratio**

The percentage of women being part of the management committees is lower than 5%.



Society

Community

Awards received relevant to social, ethical, and environmental performance

During the year 2003, the Agbar Group received three recognitions as one of the best organisations to work in Spain:

- Chosen by the European Commission as one of the 25 best companies to work in Spain. The study was coordinated by the “Great Place to Work For Institute” and ESADE.
- Chosen by the journal *Actualidad Económica* as one of the 100 best companies to work in Spain.
- Chosen by the Spanish university students as one of the 50 first companies where they would like to develop their careers.



Product responsibility

Customer health and safety

Description of the policy on customer health and safety while using products and services

In the Water business unit, the responsibility of the operations of the companies of the Agbar Group in this area is carried out basically by making exhaustive analyses that certify the quality and safety of the product (drinking water) resulting from the management in the field of drinking water treatment, and through the reuse of water and sludge resulting from the wastewater treatment. The significant indicators in this sense are presented in the table of central indicators in the section on drinking water.

In the Health business unit, the Adeslas group considers that it is in the assistential areas of its hospital centres where the health and safety of customers should be guaranteed on using the installations.

Therefore, the quality objectives include certification (ISO 9001) of the assistential areas of its hospitals, giving priority to the services of greater risk either because they suppose exposure to ionising radiation or as they are essential in the patient assistance process, such as the services of nuclear medicine, radiotherapy, radio diagnosis, haemodialysis, the surgical areas and the intensive care units.

In the Inspection and Certification unit, the internal Labour Safety and Health procedures

extend to the customers in the Applus+ facilities, who are informed of the rules (by leaflets and/or signs), all according to current regulations. In the specific case of Applus+ Idiada, customers are given the document *Rules of circulation and safety on the tracks* for the use of the test tracks.

Number and type of infringements concerning customer health and safety, and the sanctions and fines applied to these infringements.

The Agbar Group has not received any sanction or fine for infringing the rules on customer safety and hygiene.

Products and services

Description of policies and systems of management/procedures, and compliance mechanisms concerning product labelling and information.

In the Water unit, a template is available for all municipal services that the Agbar Group provides water management for the preparation of the public website of the Municipal Water Service. This template defines the type of information to be included and contains a specific aside on the amount of water supplied, where it offers information on the different quality parameters of the water. There are currently websites posted of more than 50 municipalities.

In the health insurance activity of the Health business unit, there is a clear stake on giving the customer better, more transparent information on all the products offered, which can be specified in four basic areas:

- Improving all the contractual documentation the customer receives, seeking greater clarity and transparency, and making it more understandable: greater detail in the descriptions of the cover, clearer expression, elimination of abbreviations and larger type.
- Improving the training of the personnel of the commercial network in describing the covers, so that they might explain the product better to potential customers. (In 2003, 2,262 hours of training were given to the salespeople, of which 20% dealt with cover.)
- Have a 24/24 (call center) information service.
- Working in the area of marketing, communication and advertising, improving the information given in all the leaflets and graphic documents, making specific informative documents on the centres with a description of the portfolio of services and rules of internal operation, and on the web, giving the general public medical information in understandable terms (dictionary of medical terms, descriptions of common medical tests).

Systems of management concerning customer satisfaction

The Agbar Group has systems to evaluate the specific customer satisfaction for each business unit. They are mainly based on surveys designed, applied and evaluated by each business unit in terms of the service given.

In the Water business unit there are different mechanisms for knowing and evaluating customer satisfaction. They describe how to collect customer suggestions in order to satisfy their needs, doubts and the expectations they might have on our service. A follow-up is also made of the perception of service quality through nine main indicators:

Product tangible	Taste of the water Hygienic conditions of the water
Service tangible	Continuity in supply Water pressure Reliability of the reading and invoicing process Clarity of the invoice
Service intangible	Ease of contacting the company Speed in being attended Service will of the employees

In addition to this, a periodical study is made of the quality perceived by our customers, which has the main aim of knowing their satisfaction with the water supply home service. To launch this statistical study (based on telephone surveys), a random sample is used representing each area of the territory. The total number of interviews in the sector in 2003 was 3,886, with a confidence margin of 95.5%. This way to measure satisfaction gives results on the importance of each service indicator and the score, always from the customers' viewpoint. Furthermore, these results may be interpreted as external quality ratios referring to our products and services, so in an environment of continuous improvement, actions may be planned and carried out on specific indicators of the service.

The Health business unit bases the evaluation of the satisfaction of its customers on the performance of periodical surveys, such as the broken down analysis of all incidents. In 2003, evaluation surveys were carried out in all business areas, which revealed that the satisfaction of customers referring to the insurer provincial offices for public attention and their hospital centres in all cases exceeded 7 (on a scale of 1 to 10).

The Customer Attention Service (CAS) has also been enhanced dealing with all the incidents, queries, requirements and claims made by customers in a personalised, integral, agile, satisfactory manner. A detailed analysis of made of all kinds of incidents (administrative, commercial or provision of health assistance) as a tool for the continuous improvement of the service given to customers.

In the Construction activity, the results of the 2003 services reveal very high general satisfaction of the customers (over 70%), reflected in the evaluation of the performance of the work with a satisfaction of around 75% and on the relationship between the customer and the company personnel of around 90%.

Respect for the customer privacy

The companies of the Agbar Group guarantee the security of the personal details of customers and employees in application of the Organic Law 15/1999, of 13th December on the protection of personal data, and by Royal Decree 994/1999, of 11th June. For the Health unit, consideration is also given to law 41/2002 that basically regulates the autonomy of the patient and rights and obligations concerning clinical information and documentation.

The Group engineering units adopt a strict posture in this sense, as the details of the projects prepared are not revealed to third parties, except if there is express authorisation from the customer.

External communication

	2002	2003
Number of visits to the Group's external web page (visits/month)	5,821	5,943
Number of pages visited	731,184/month	738,214/month
Interactivity		
Human resources request	2,460	3,288
Shareholders/investors	52	54
Grants/studies	51	78
Total requests	3,390	3,987
Number of visitors to the installations	28,993 ⁽¹⁾	28,660 ⁽²⁾
Number of participations in congresses/conferences/seminars ⁽³⁾	43	92

Most visited pages in 2003:

Home page, human resources module, communication office module, Chat Channel, Agbar Foundation, Agbar Tower module.

⁽¹⁾ Including the data of the activities Water (Spain), Waste and Construction

⁽²⁾ Including the data of the Water business unit

⁽³⁾ This relates to the number of active participations of the Agbar Group by furnishing speakers or communications

Educational initiatives

New Aigües de Barcelona educational area

Coinciding with the start of the school year 2003-2004, Aigües de Barcelona started up an educational area in the Sant Joan Despí treatment plant, exclusively for the more than 3,500 schoolchildren visiting the facilities each year.

The objective of this space is that students should be able to learn, amongst other things, what the stages are of the urban water cycle and what a drinking water treatment plant is. By learning these concepts, it is hoped to increase their valuation of water and that they will understand the need to use it properly.

The visit begins with the explanation to the schoolchildren of the urban water cycle and its drinkability in this cycle. More information is given on the work done in the drinking water treatment plant (stages and sub stages of drinkability), the concept of drinking water and how its quality is controlled. Finally, before going around the plant, the visitors practise how to make rational use of water in a space that reproduces installations linked to the domestic consumption of water (bath, kitchen...).

The facilities, a new floor of 225 m² and two new floors of a renovated tower include new technologies and different pedagogical procedures (audio-visual, experimentation, interaction, etc.) to improve the explanation of the drinking water processes. One of the aims is to stimulate the active role of the visitor.



Other educational initiatives

– *Water Room of the Valladolid Science Museum*

The Water Room, financed by the company Aguas de Valladolid, has been designed to encourage the participation of the youngest, and to try to bring the general public closer to the world of water. The room has two groups of modules, the first refers to the Unitary water cycle in nature, and explains subjects such as the dynamic use of rivers, the Archimedes screw, the locks on a canal and underground waters. The second group of modules refers to the complete water cycle in the town centre: after capture, a filtering purification process is simulated, the most common consumptions in a house are analysed, and the conduction of drinking water in supply networks and black waters in sewer networks. The Room is completed with two experiments, the communicating vessels and the Descartes Devil.

– *The programme "From the tap"*

The company Sorea is in schools in Salou and Vila-Seca promoting the programme "From the tap", which combines class work and didactic visits that are intended to inform students of the whole of the water cycle in a pleasant, practical way.

The visits include the drinking capture and pumping facilities and the WWTP of Vila-Seca and Salou, which, in addition to wastewater treatment, enables students to see how part of this water is used to

water gardens (Universal Port Aventura) and the use of residual silt as compost for agriculture.

– *Education campaign in primary schools.*

The company Astosam is carrying out an educational campaign in Torremolinos to promote the rational use of water with the participation of 800 primary students.

– *Programme "Granada, towards a new culture"*

The company Emasagra developed pedagogical material for this programme that includes a new concept of water management within the criteria of sustainable development.

Its objective is to train youngsters in a consumption model that conserves, values and reuses the products and services, and makes them love their historical heritage linked to water.

– *Publication of the leaflet "Washing without harming the environment"*

Emuasa published the new leaflet with the motto "Washing without harming the environment", a fold-out leaflet intended to inform the end consumers on the negative effects of detergents on the environment, and also gives some recommendations and advice to reduce water consumption and energy in each wash.

– *Interactive exhibition "Long Live Water"*

In Mexico, on 12th March Aguas de Saltillo inaugurated the interactive exhibition "Long Live Water", which stayed open for six months in the

El Chapulín Museum of Science and Technology in Saltillo. In addition to explaining how necessary water is for the survival of all animal and vegetable species, “Long Live Water” had interactive displays, a laboratory, workshops and activities for those attending to experience different situations related to the lack or scarcity of water and take part in creative solutions.

– *“Water is life” project*

On the celebration of the International Year of Freshwater, the company Aguas de la Habana developed the project “Water is life” in a school of special learning, so that schoolchildren might see the importance of water and the need to preserve and save it.



– *Water Cycle Educational Manual*

Con the aim of explaining the complete water cycle to students in the metropolitan area of Santiago de Chile and to sensitise them on the important role of Aguas Andinas in this cycle, the company presented this *Water Cycle Educational Manual*. This material on multimedia CD is the first initiative in Chile and was sponsored by the Ministry of Education in Chile.

Agenda 21 in Aigües de Barcelona

The company Aigües de Barcelona is collaborating with Barcelona City Hall in the Agenda 21 of the city by providing a plan of action that includes 10 actions and directly involves 90 employees.

Each of the actions corresponds to one or more lines of action of the Citizen’s Commitment to Sustainability, which the company signed in 2002.

The plan contemplates actions aimed at a number of audiences that combine information, training and divulgation, and

projects to improve the quality of the drinking water and the reduction of the environmental impact of installations and processes.

Museu de les Aigües

The Museu de les Aigües is an action of social responsibility of the Agbar Group that is carried out through its Foundation. In 2003 the museum advanced in the construction of new spaces and in defining the contents.

One of the most relevant aspects was the enhancement of environmental matters. Although technology, science, history, anthropology and art are areas the Museu de

les Aigües will cover with its displays and activities, the environment and sustainability have become fundamental axes of pedagogy.

Gardens designed to transmit awareness of the medium and the surroundings, an architectural project that will give new didactic spaces and, above all, creative rigorous contents will make the Museu de les Aigües a true centre for the divulgation of the culture of water and the environment.

Recreational springs

The company Aguas Andinas, in collaboration with various municipalities in Chile, established a programme of installation of recreational springs, with the aim of giving children and youngsters with fewer resources an alternative to palliate the high summer temperatures, thus avoiding the opening of the fire hydrants.



World Water Day

To commemorate the World Water Day (22nd March), the Autonomous Government of Catalonia, Aigües de Barcelona and the Agbar Foundation organised the fifth edition of the Water Festival: a leisure-educational meeting with the objective of nurturing the good use of water among the population. Under the motto *Each drop counts*, and within the framework of the International Year of Freshwater, the youngest members of the household learnt to look after water by taking part in workshops of painting, make-up, bookmarks, finger puppets and masks. The day was backed with musical performances, puppets and parades.

In this edition, Aigües de Barcelona was present with the *Space for commitment*, a workshop where the children attending could formalise the commitment to take care of water by placing their signatures on a 25 metre canvas prepared for the occasion.

Attendance at the fifth Water Festival was 27,000 people.

Asociación Colaboración y Esfuerzo (ACOES Catalunya)

ACOES Catalunya was constituted in order to carry out projects of humanitarian aid for infancy and the general population in countries of the Third World, and particularly Honduras.

ACOES is currently projecting the construction, equipping and provision of the teaching staff of the Santa Clara de Asís school in Honduras, a project in which the Agbar Foundation has promised, by an agreement signed in August 2003, to provide teachers in the years 2003-2004.

Adeslas promotes the health of customers

The Adeslas group considers that part of the commitment it has with its customers and with society in general is to watch over their health.

Therefore, in its web for all citizens, it gives proven information on healthy habits that facilitate the choice of a healthy lifestyle:

- Articles of general interest on subjects of education for health.
- Contents specially designed for children.
- Gives access to a web designed specifically for adolescents, developed in conjunction with the Agbar Foundation: *Clikasalud*.

It also offers an *On-line medical guidance* service so that its Health Assistance beneficiaries might deal with general problems of their health, without thereby intending to replace the doctor's visit. By email a medical teams replies within 48 hours to a request for

information on preventive matters, doubts concerning whether or not to take medicine, on the preparation and interpretation of diagnosis tests, and other subjects of health education.

Adeslas collaborates in the Confident project

Participation in the Confident project, financed by the European Commission and with the participation of various foundations and companies committed to social well-being.

The main aim of the project is to develop a scenario of information that gives support to people with severe disabilities (PSDs), helping them in their daily lives and optimising the work of the assistants and organisations that give social services.



<http://www.clikasalud.com/>





Economic performance

Economic indicators

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Environmental information

89

ECONOMIC INDICATORS

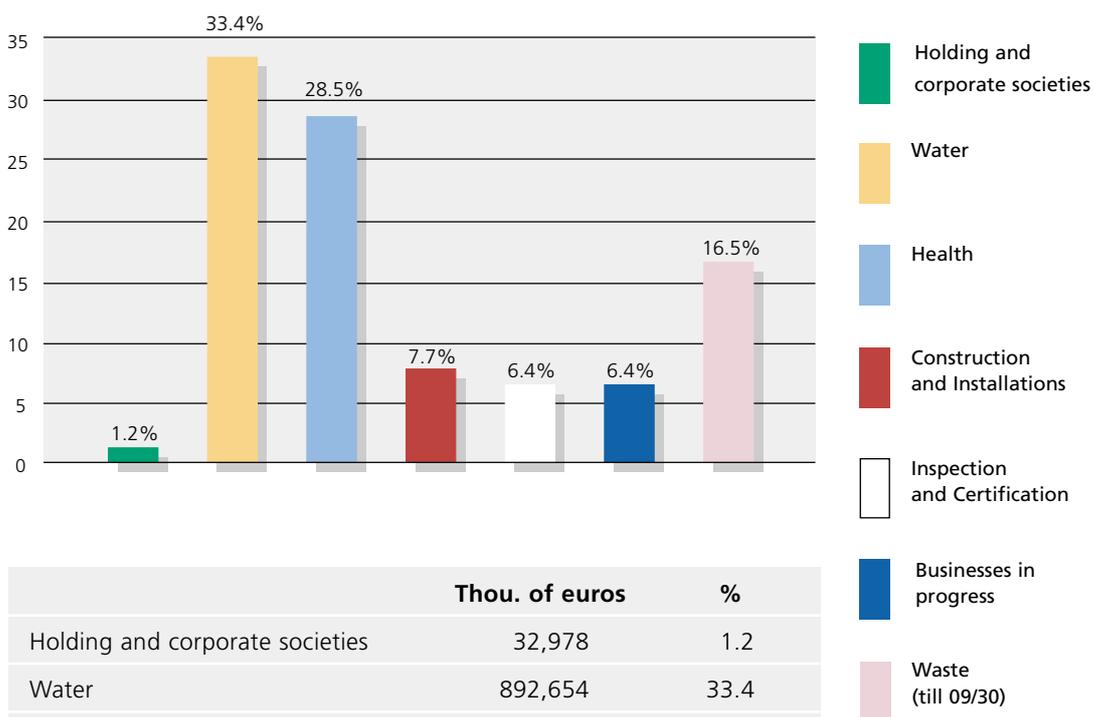
For the Agbar Group, the economic impact of its activities is not only the profitability it represents for its shareholders, but also the effect of the Group's activities on all its stakeholders as a whole. Under this perspective, besides the traditional financial

indicators (directly drawn from the Annual Report 2003 of Sociedad General de Aguas de Barcelona, S.A.), other indicators have been included which indicate the monetary flow between the Group and the above-mentioned stakeholders.

Customers

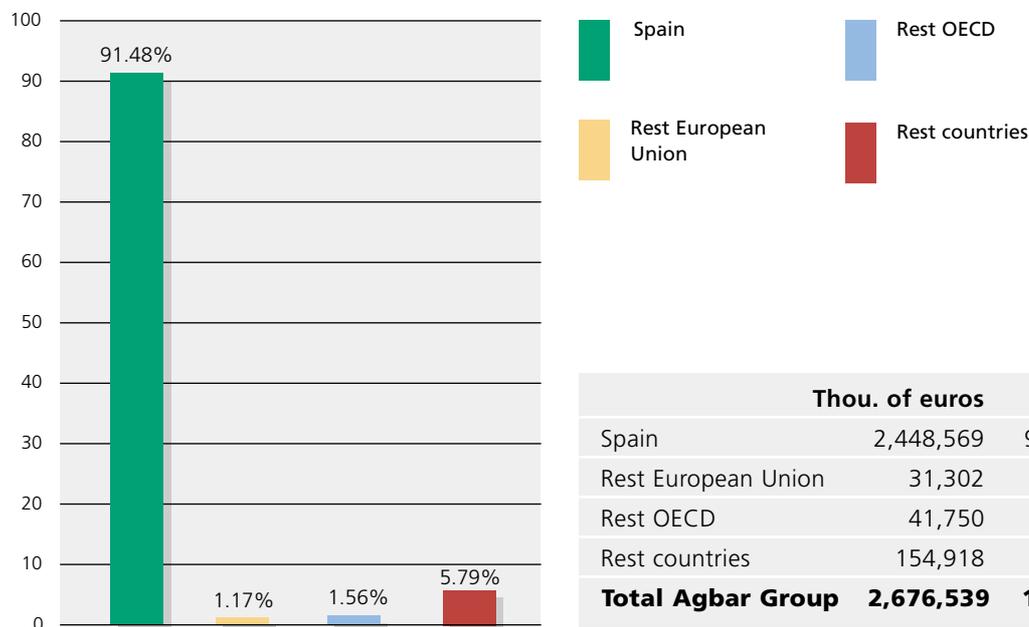
Net sales

By business unit



	Thou. of euros	%
Holding and corporate societies	32,978	1.2
Water	892,654	33.4
Health	762,508	28.5
Construction and Installations	205,697	7.7
Inspection and Certification	170,420	6.4
Businesses in progress	171,360	6.4
Waste (till 09/30)	440,922	16.5
Total Agbar Group	2,676,539	100%

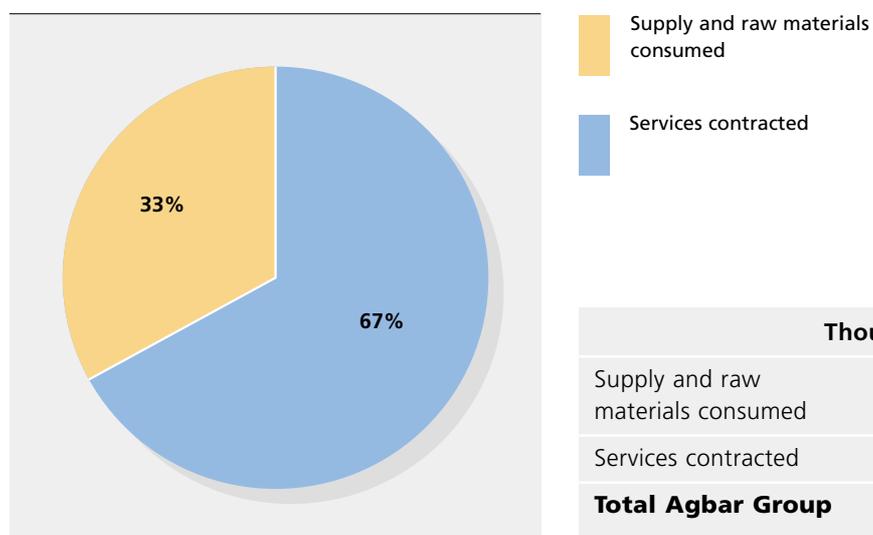
By geographic market (Thousands of euros)



	Thou. of euros	%
Spain	2,448,569	91.48
Rest European Union	31,302	1.17
Rest OECD	41,750	1.56
Rest countries	154,918	5.79
Total Agbar Group	2,676,539	100

Suppliers

Costs of supply and services contracted



	Thou. of euros	%
Supply and raw materials consumed	381,402	33
Services contracted	764,403	67
Total Agbar Group	1,145,805	100

List of the 25 main suppliers of the Agbar Group

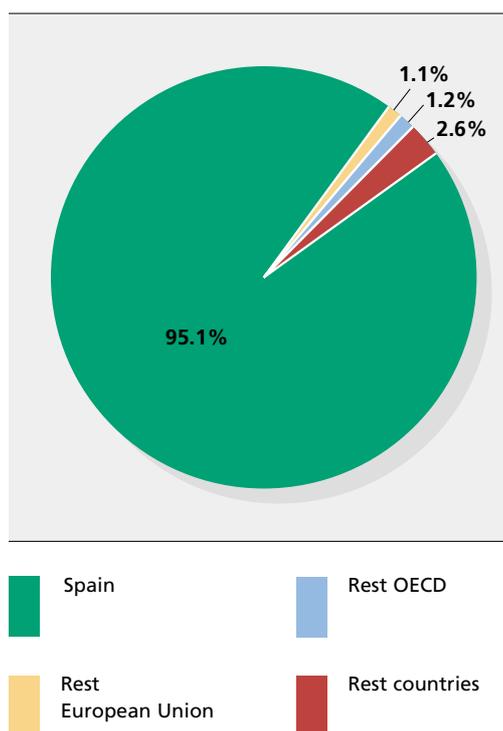
ABB Medición
 AVK
 Carlson Wagonlit Viajes
 Cemegasa
 Confederación Hidrográfica del Guadalquivir
 Consorci Aigües de Tarragona
 Consorci Ter Llobregat
 Construcciones Metálicas, Industriales y Civiles
 Diners
 Endesa
 Gas Natural
 Grupo Hospitalario Quirón
 Hidrocantábrico
 Hospital 9 de Octubre
 Hospital Madrid Montepíncipe
 Iberdrola
 IBM Global Services España
 Mancomunidad de los Canales de Taibilla
 Promagua
 Saint Gobain
 Sanatorio Quirúrgico Modelo
 Solred
 Telefónica
 Unión Fenosa
 Zenith Media

Commercial creditors by business unit of the Agbar Group at 12/31/03

	Thou. of euros	%
Holding and corporate societies	36,375	5.8
Water	216,782	34.8
Health	223,016	35.8
Construction and Installations	109,489	17.6
Inspection and Certification	25,892	4.2
Businesses in progress	9,375	1.5
Waste	2,230	0.4
Total Agbar Group	623.159	100

Employees

Breakdown of wage expenses



	Thou. of euros	%
Spain	752,626	95.1
Rest European Union	8,416	1.1
Rest OECD	9,390	1.2
Rest countries	20,667	2.6
Total Agbar Group	791,099	100

Capital suppliers

Interests on debts and loans

	Thou. of euros
Bonds interests	32,240
Bank debt interest	38,653
Total	70,893

Dividends paid in the year 2003

The dividends paid in the year 2003 correspond to the distribution of the net income of the year 2002, according to the following details:

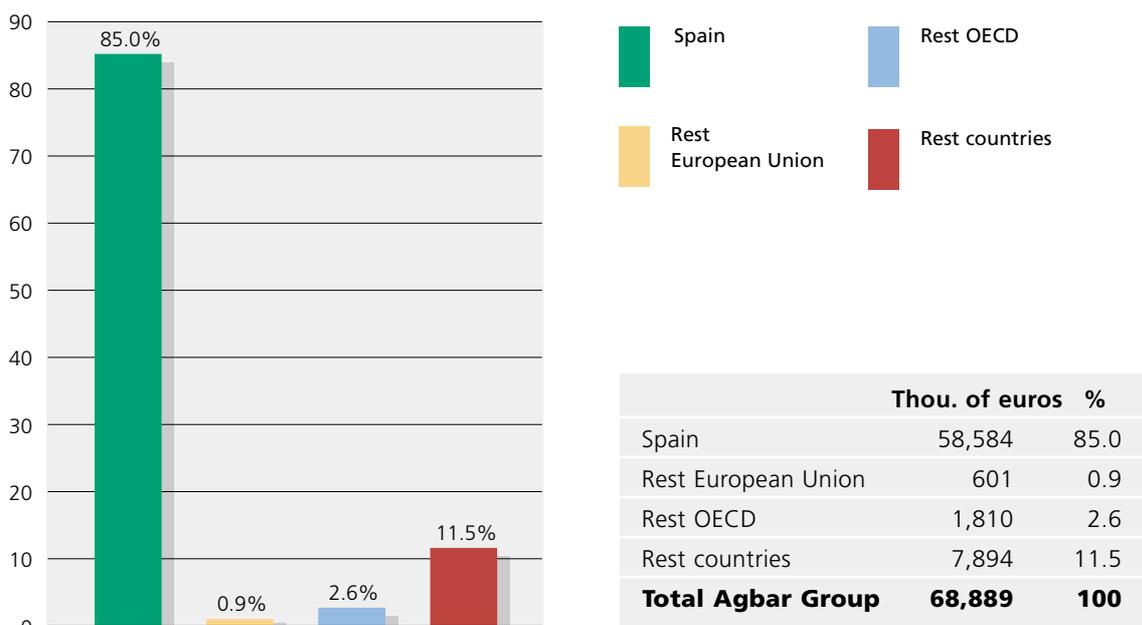
	Euros
2002 interim dividend	20,635,557
2002 supplementary dividend	22,694,822
Total dividends paid in 2003	43,330,379

Evolution of share value



Public administration

Corporate tax due by the Agbar Group



Society

Amount of the social actions carried out by the Agbar Group and the Agbar Foundation

Amount social actions (millions of euros)	2002	2003
Agbar Foundation	1.9*	2.9*
Agbar Group	1.6	0.9
Total	3.5	3.8

* Including the important contributions to Museu de les Aigües

Financial information

This section includes the financial information concerning the Agbar Group which is considered to be the most interesting for the public in general. We recommend reading

the Annual Report 2003 of Sociedad General de Aguas de Barcelona, S.A. for further information of the economic vector.

Relevant data at December 31, 2003

CONSOLIDATED OPERATING REVENUE		(Thou. of euros)	
Holding and corporate societies	80,783	2.9%	
Water	918,930	32.8%	
Health	776,010	27.7%	
Construction and Installations	212,764	7.6%	
Inspection and Certification	181,935	6.5%	
Businesses in progress	179,382	6.4%	
Waste	450,003	16.1%	
TOTAL	2,799,807	100.0%	
CONSOLIDATED BALANCE SHEET			
Assets			
UNCALLED CAPITAL STOCK	4,480		
FIXED AND OTHER NONCURRENT ASSETS	2,439,874		
GOODWILL	318,449		
DEFERRED CHARGES	31,521		
CURRENT ASSETS	1,269,632		
TOTAL ASSETS	4,063,956		
Shareholders' equity and liabilities			
SHAREHOLDERS' EQUITY	1,119,534		
MINORITY INTERESTS	248,175		
DEFERRED INCOME	35,489		
PROVISIONS FOR CONTINGENCIES AND EXPENSES	332,540		
LONG-TERM DEBT	1,194,463		
SHORT-TERM DEBT	1,133,755		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,063,956		

Consolidated statement of income

OPERATING REVENUE	2,799,807
Operating expenses	-2,558,499
OPERATING INCOME	241,308
Financial losses	-51,384
Losses of companies accounted for by the equity method	16,322
Amortisation of goodwill	-23,210
ORDINARY INCOME	183,036
Extraordinary income	128,822
INCOME BEFORE TAXES	311,858
Corporate income tax	-68,889
NET INCOME	242,969
Result attributed to minority interests	-48,694
Consolidated net income attributed to parent company	194,275

EBITDA**(Thou. of euros)**

WATER	231,454
HEALTH	72,479
CONSTRUCTION AND INSTALLATIONS	6,693
INSPECTION AND CERTIFICATION	48,347
BUSINESSES IN PROGRESS	17,118
WASTE	73,515
HOLDING AND CORPORATE SOCIETIES	(19,344)
TOTAL AGBAR GROUP	430,262

E N V I R O N M E N T A L I N F O R M A T I O N (*)

At December 31, 2003, the parent company and some companies of the Agbar Group have elements in their fixed assets aiming to

minimise the environmental impact and improvement. These elements are detailed as follows:

	Thousands of euros
Cogeneration of tannery sludge	8,690
Sludge treatment plant at the St. Joan Despí drinking water treatment plant	5,431
Plan for the improved performance of Agbar system	4,976
Biological treatment and nanofiltration of tannery sludge	4,234
Tannery sludge drying	2,168
Physicochemical treatment of tannery sludge	1,923
Installation of an electric line of tanning processes	1,500
Desalination plant Alfaz Pi	1,316
Desalination plant in Benitachell (2ª)	1,199
Desalination plant Benitachell (1st)	1,120
Evaporation of tannery sludge	999
Others	983
Total	34,539

Likewise, in 2003 the parent company incurred various expenses with the aim of protecting and improving the environment. Expenses relating to recurrent maintenance and other expenses totalled €1,437 thousand. In addition, in 2003 the parent company made contributions to the Agbar Foundation in the total amount of €5,761 thousand. This Foundation commits a considerable portion of its annual budget to projects associated with environmental protection and improvement.

At December 31, 2003, the Agbar Group companies have not recorded any provision in respect of potential environmental risks since they consider that there are no material contingencies associated with potential lawsuits, indemnities or other items. The Group companies have also taken out insurance policies and have safety plans which reasonably ensure that any potential contingency that may derive from their environment-related activities is covered.

(*) Source: Annual Report 2003 of Sociedad General de Aguas de Barcelona, S.A.





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Activated sludge

Biological process of water treatment based on cultures of specific types of microorganisms, in a flocculated way, in the body of water, so they are able to remove the carbonaceous and/or nitrogenous organic matter of water.

Biological treatment

Biological treatment of water which is carried out through the intervention of microorganisms which mainly act on the organic matter present in water.

BOD₅

Biochemical oxygen demand in five days; it is the standard test in order to assess the oxygen consumption biologically of the organic matter contained in a wastewater sample at 20 °C in the darkness and during five days.

Composting

Controlled biological process for the transformation and reuse of organic compounds of by-products and wastes into an organic stabilized and hygienized product similar to top soil and rich in humic substances: the compost.

CSO (Combined Sewer Overflow)

Discharge of wastewaters and storm waters from the sewer system to receiving bodies of water. This mainly takes place in rainy periods when interceptors or the wastewater treatment plant are not able to assume the entire volume of water they receive.

Delay factor

Parameter measuring the time between stormwater inlet and stormwater outlet in reservoirs. The annual indicator is calculated as the average of the delay factors occurred in each rain episode of the year for each reservoir, weighted by the volume of water regulated. Values close to 0 indicate that the water has not been kept in the reservoir, which is adequate for rain episodes of low intensity, in which the capacity of the sewer system is enough. High values indicate a prolonged retention of water in the reservoir, which is usual for intense rain episodes, which make it possible to reduce polluting rainwater discharges into rivers and the sea, and the overflowing of the sewer system.

Denitrification

Treatment employed to remove water nitrates, transforming them into gaseous nitrogen, which goes to the atmosphere.

Drinking water treatment plant

Installation where water is treated to make it potable, i.e. suitable for human consumption.

Eutrophication

Process of accumulation of nutrient mineral salts in fresh or saline waters which causes a massive growth of organisms, mainly algae, and a decrease in the concentration of oxygen.

Genotoxic waste

Special kind of chemical and hazardous waste which is considered differently from the rest because of its chemical pollution has carcinogenic, mutagenic and teratogenic properties.

Greenhouse-effect gas

Those gaseous constituents of the atmosphere that cause the greenhouse effect. Worth highlighting among the most important ones are CO₂ (carbon dioxide), CO (carbon monoxide), CH₄ (methane) and chlorofluorocarbons (CFCs).

Hazardous chemical waste

Those waste that, owing to its chemical composition, are classified as hazardous according to particular regulations or specific legislation on toxic and hazardous waste.

Infectious waste

Type of waste characteristic of the health activity and/or related research which, owing to its features of biological pollution, represent, according to the legislation, a risk of infection, both within and outside the health centre. It requires special prevention measures in being handled, collected, stored, transported treated and removed.

Lamination factor

Parameter measuring the reduction of the maximum outlet flow over the maximum inlet flow in reservoirs because of the rain. The annual indicator is calculated as the average of the lamination factors occurred in each rain episode of the year for each reservoir, weighted by the volume of water regulated. Values close to 0 indicate that the reservoir has softened the magnitude of the rain episode. Values close to 1 indicate that the rain episode was not intense enough to require an intense regulation with the reservoir.

Photovoltaic, module

A device which, through a photovoltaic effect, transforms a luminous radiation into electric current.

Physicochemical process

Water treatment process combining physical methods with the addition of chemical products, with the aim of reducing the pollution load present in water.

Reuse

Waste generation minimisation process consisting of recovering products used that otherwise would become waste products (for example the wastewater reuse once purified).

Reverse osmosis

A physicochemical treatment process of waters consisting in applying pressure which is higher than the osmotic one on a concentrated solution, so the dissolvent goes through a semipermeable membrane towards a less concentrated solution, and is thus separated from the pollutants.

Sludge

Waste of doughy consistency, more or less polluted of water, coming from the treatment of used waters, of decomposition, in situ, of vegetation or an industrial treatment.

Volatile organic compound (VOC)

An organic compound which is easily evaporated. The most important sources of these atmospheric compounds are oil and gas natural industries, automobiles, dissolvents, etc.

WWTP

Wastewater treatment plant. Installation intended for the reduction of the pollution load present in wastewaters, before being discharged into a receiving body of water. The reduction is more or less important, depending on the treatment applied.

QUESTIONNAIRE

**Q U E S T I O N N A I R E O N T H E
S U S T A I N A B I L I T Y R E P O R T
O F T H E A G B A R G R O U P 2 0 0 3**

In the Agbar Group our hope is to improve the preparation of our Sustainability Report and make it as interesting as possible for all of the groups for which it is intended. We are therefore interested in knowing your opinion.

We thank you in advance for all the suggestions and/or comments you might make and assure you that they will be borne in mind in drawing up the *Sustainability Report 2004*.

When you have completed it, send us the questionnaire by post, fax or email to:

Grupo Agbar
Dirección Corporativa de Innovación, Medio Ambiente y Relaciones Institucionales
Passeig de Sant Joan, 39
08009 Barcelona
Fax: 93 342 27 06
e-mail: sostenibilidad@agbar.es

If you prefer, this questionnaire is also available on the web site of the Agbar Group: www.agbar.es

1. To what interest group or stakeholder of the Agbar Group do you belong?

- Shareholders
- Customers
- Employees
- Suppliers and subcontractors
- Public administration
- General public

2. What did you think of the *Sustainability Report 2003*?

2.1. In general terms:

- The information is given in an understandable manner and following an organised structure.
- The information is given in an understandable manner, but disorganised.
- The information is given properly structured, but is not easy to understand.
- The information is not understandable and is disorganised.

2.2. Concerning the content:

- I found all the information I need.
- I generally found the information I need, although certain details are missing.
- Most of the data provided are not of interest to me, although I did find some that are necessary.
- A large part of the data of interest to me were not given in the Report.

3. Do you think there have been improvements in the *Sustainability Report of the Agbar Group 2003* with respect to 2002?

- I have not read the *Sustainability Report 2002*.
- Yes, it has improved.
- I have detected no significant changes.

4. If you consider that some data of interest to you was not provided, indicate what it is and the reason for your interest. You may also include some additional comment or suggestion.

If you are completing the questionnaire for a company or collective and wish to do so, you may provide your personal details:

Name

Company/collective represented

Approximate no. of people you represent

Position in the company/collective

Thank you for your collaboration