

NON-FINANCIAL INFORMATION STATEMENT (EINF)
SUSTAINABILITY REPORT
2019 OF CANAL DE ISABEL II, S.A

Our mission

We take care of our community
by managing everybody's water
transparently, efficiently and sustainably.

Document prepared for the Board of Directors, in compliance with **Law 11/2018** of 28 December amending the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, **in relation to non-financial information and diversity**, which forms part of the **consolidated management report** for the fiscal year from 1 January to 31 December 2019.



Our commitments

1

To be a benchmark public company and to be the driving force behind the Autonomous Community of Madrid.

2

To work towards managing the integrated water cycle in Madrid.

3

To lead the way in the challenges facing the sector and the advances in legislation.

4

To maintain, innovate and plan our infrastructures and services, adapting to the future needs of society.

5

To minimise the environmental impact of all our processes, favouring the circular economy, the efficient use of resources and energy, and pushing towards renewable generation.

6

To increase the satisfaction of our customers and users, ensuring a level of excellence in the quantity, quality and continuity of the service (C3).

7

To ensure affordable, progressive and socially responsible rates, encouraging savings in consumption, and guaranteeing access to an essential good for all.

8

To strengthen the digital transformation for a more “hands-on” management.

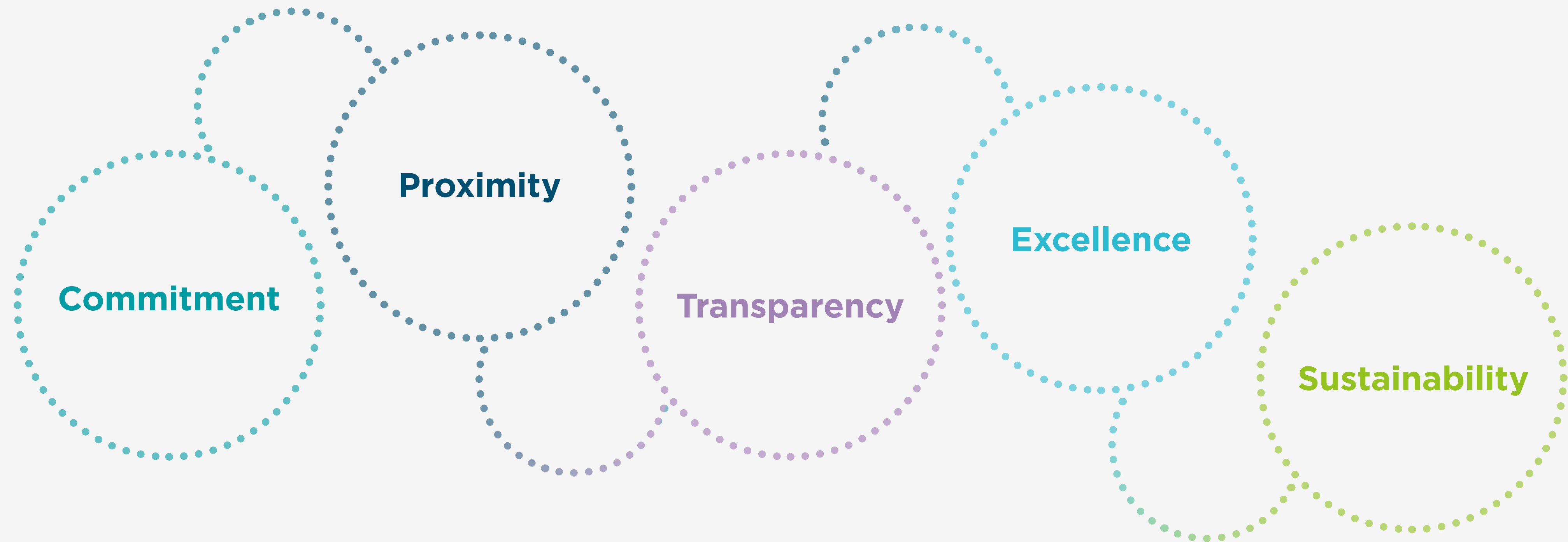
9

To practise rigorous and transparent financial management, ensuring the appropriate economic balance, financial autonomy and sustainability of the company.

10

To support our professionals by attracting, retaining and encouraging talent.

Our values



Canal de Isabel II in 2019

3
January

2018 ended with the **lowest consumption of drinking water in 20 years** in the Autonomous Community of Madrid. In 2018 the people of Madrid consumed 479.9 hm³ of water, almost 5 % less than in all of 2017.

19
January

Some **thirty delegations** visited Canal de Isabel II in 2018 in order to get to know its water cycle management. In addition to receiving visits from a dozen Spanish institutions, Canal de Isabel II welcomed **24 foreign delegations**.

22
January

The Autonomous Community of Madrid **reduced water invoices for the widow pensions** The reduction was 50 % of the fixed fee for incomes below 14,000 euros per year.

26
January

In 2018 Canal de Isabel II beat its **historic generation of electricity record**. The company's Strategic Plan 2018-2030 has set an objective of reaching a production equal to **100 % of its electricity consumption**.

18
February

Canal de Isabel II develops a pioneering system to study **new sustainable draining techniques**. The public company is building a new **experimental plant** in order to test new materials for roofs and paving in Meco.

18
February

In 2018 Canal de Isabel II was the company that best implemented mentoring that year. The Mentoring Network in Spain recognised it as such. Our Director of Resources, Pablo Galán, collected in the Auditorium of the Camilo José Cela University, the recognition to the **“Best Mentoring Practice in Spanish Organisations in 2018”**.

19
February

Canal de Isabel II launches a pioneering professional training project in the water sector. This year **fifty students** began their **Dual Vocational Training in management of water, networks, treatment stations**.

26
February

Canal de Isabel II participated in the Innovative Solutions for Water Management Trade Fair (**SIGA**) 2019. Canal's exhibition space was given to its **Strategic Plan 2018-2030**, which underlines its leadership in the integrated water cycle.

27
February

The Autonomous Community of Madrid has increased by **45 %** the Canal de Isabel II budget intended for **research, development and innovation (R&D+I)**, up to 5.5 million euros. Canal's Strategic Plan 2018-2030 will allocate up to 2 % of its 2022 budget for innovation.

18
March

Canal de Isabel II and its Foundation celebrate **World Water Day** with urban art and a discussion forum in which migration and the challenges of **guaranteeing water supply to the entire population** are addressed. The UN established this day in 1992, and this year's slogan was 'Leaving no one behind'.

22
March

Canal de Isabel II celebrates **World Water Day** in the first edition of the “Voces del Agua” (Voices of Water) meeting held on the 22th at Fundación Canal. In line with the theme proposed by the UN for the celebration, the slogan of the event is *“Water for all. Leaving no one behind”*.

25
March

Canal de Isabel II launches the **“De Madrid y del grifo”** (From Madrid and from the tap) competition for the design of its own glass bottle to encourage the use of tap water and to highlight its excellent quality.

26
March

Canal de Isabel II shares its experience and challenges in water management at the **35th AEAS Congress**. The Spanish Association for Water Supply and Waste Water Treatment is holding their two-yearly congress in **Valencia**.

16
May

Fundación Canal presented to the press today the exhibition **Matisse as Printmaker. Works from The Pierre and Tana Matisse Foundation**.

28
May

Canal de Isabel II extended its indefinite employment offer with the call of **366 new positions**. The company has already begun the processes for incorporating **400 people** indefinitely to the workforce.

Canal de Isabel II in 2019

5
June

Coinciding with the celebration of **World Environment Day**, Canal de Isabel II and Fundación Canal held the second edition of the Innovation Day, which on this occasion revolved around **artificial intelligence**: a technology that's as promising as it is unsettling.

10
June

Statement regarding the **press release** issued by **Moody's** on 7-06-19. Despite the existence of an event of default, Canal de Isabel II has not received any requests from the bondholders for early repayment of the bonds in their possession. Canal de Isabel II reiterates, once again, that **it has sufficient liquidity** to meet the early maturity of the entire bond issue, given its **financial and equity solvency**.

20
June

Canal receives the **"Quality Assessment (QA)"** international certification in recognition of the continuous improvement in the performance of internal audit standards. In the Spanish public sector, only Canal de Isabel II and the National Securities Market Commission (CNMV) have this certification. The award is granted by the Institute of Internal Auditors (IIA), which also decided to give Canal the highest possible rating.

21
June

Canal de Isabel II presents the winning bottle from the **"De Madrid y del grifo"** (From Madrid and from the tap) competition. The bottle **Claridy** is inspired by the Santa Engracia water tower.

26
June

The agency Fitch maintains its **BBB+ rating** for Canal de Isabel II with a stable outlook due to its financial solvency and assets.

24
July

Canal de Isabel II begins construction work on a **new park** on the street Calle Bravo Murillo. The future **green space** will occupy 3,745 m².

18
September

The Canal de Isabel II **fleet of electric cars** will reduce polluting emissions by 30 percent. The trips made with these 69 cars and vans will **prevent** 124 tonnes of CO₂ emissions into the atmosphere every year.

19
September

The new **Canal Educa** course, the environmental education programme with which Canal de Isabel II has been reaching schools since 1991, begins. Canal Educa reaches all educational stages and offers free activities in Spanish and English to all the region's schools.

3
October

Fundación Canal presents the **exhibition "Francesca Woodman. Ser un ángel/On being an angel"**, a show of prodigious talent from the disquieting American artist that can be visited at Fundación Canal until 5 January, and is made up of more than a hundred photographs and short films.

7
October

Canal de Isabel II has achieved the second place in the **"Challenge Interempresas contra el Hambre"** (Intercompany Challenge against Hunger) charity race, held last Sunday 6 October in the Centro de Ocio y Deportes Tercer Depósito thanks to the 926 total kilometres covered and the 9,260 euros contributed to the fight against hunger.

13
October

The **Spanish Centre of Metrology (CEM)** and the public company Canal de Isabel II have signed a collaboration agreement to **promote metrology** in the field of **water meters**, to work together and to make Canal de Isabel II's unique facilities for this activity available.

19
October

Canal de Isabel II joins the celebration of **World Breast Cancer Day** on Saturday 19 October. Our Medical Service reminds you of the importance of "getting there on time" for an early diagnosis.

3
November

Canal de Isabel II publishes its **first charter of commitments** to its customers with the aim of adapting to their needs and requirements and which extends and improves its previous letter of service. The public company assumes a total of **ten commitments** to offer solutions to user needs clearly and transparently.

5
November

Canal promotes the **circular economy and energy** efficiency in its purification facilities. The company will award two contracts regarding purification of waste water activity in the Autonomous Community of Madrid.

12
November

Canal de Isabel II participates in the **Young Water Professionals Conference**, which opened today the Fundación Canal headquarters. The IWA-YWP Conference Spain seeks to exchange experiences and knowledge among young professionals in the sector.

Canal de Isabel II in 2019

- 18
November

In 2019, Canal de Isabel II removes more than **22,000 tonnes of solid waste** from its treatment plants. The company has joined the campaign *“No alimentos al monstruo de las cloacas”* (“Don’t feed the sewer monster”), promoted by AEAS and backed by more than 100 companies.
- 18
November

The **telecommunications station** that **Canal de Isabel II** has in La Pedriza allowed the **Autonomous Community of Madrid Fire Brigade** to improve the coordination of the rescue of about **twenty children** who were lost last Saturday in this mountainous area. The station facilitated the voice communications between the different agents involved in the search.
- 25
November

Canal de Isabel II joins an initiative in which 129 Spanish companies participate in their commitment to the commemoration of the **“International Day for the Elimination of Violence against Women”** on 25 November.
- 27
November

Canal de Isabel II joins in **celebrating the International day of Persons with Disabilities** with an event on 3 December.
- 2
December

On the opening day of the **United Nations Climate Change Conference 2019 (COP25)**, held in Madrid between 2 and 13 December, our executive vice-president, Rafael Prieto, and the deputy director of the Canal’s Studies and Programmes Area, Fernando Arlandis, took part in the round table **“Key performance indicators for the implementation and monitoring of the Sustainable Development Goals in European water management companies”**.

Furthermore, **20,000 glass bottles**, which are recyclable and reusable, were distributed among event attendees to encourage the consumption of tap water, with the slogan **#deMadridydelGrifo** (from Madrid and from the tap) and 18 drinking water fountains were installed in the different pavilions where the summit was held.
- 6
December

Belén Benito, Canal de Isabel II Director of Operations, gives the lecture **“A future with growing water scarcity: sharing the experiences of the Autonomous Community of Madrid”** at COP 25. That same day, the coordinator of Network Innovation, Antonio Lastra, and Electricity Manager, Federico Vallés participated with their lectures **“TDUs as mitigation of climate change effects”** and **“Canal and climate change”**, respectively.
- 10
December

In relation to COP 25, Fundación Canal organises the **“Water and climate change: the experience of Madrid”** event to analyse our company’s efforts to guarantee the supply of drinking water to the entire region. The scenarios we face in the future are presented, and the measures adopted in our Strategic Plan 2018-2030 to adapt to climate change and, above all, to mitigate its effects, were reviewed.
- 11
December

The Director of Innovation and Engineering, Juan Sánchez, participates in a round table with other directors from COP 25 to discuss **“Sustainability, infrastructure and climate change”**.
- 12
December

Canal de Isabel II opens its doors to **United Nations Climate Change Conference 2019 (COP25) attendees** and to the general public to publicise, through free guided technical visits, three of its most important facilities in the management of the integrated water cycle: the El Atazar dam, the Arroyo Culebro Cuenca Media Alta Wastewater Treatment Plant (WWTP) and the Majadahonda Control Centre.
- 12
December

Canal receives the **II Madrid Subterra Award** for its work in energy efficiency innovation and resource development as a part of the circular economy.
- 17
December

The students of the second class of the two **Dual Water Vocational Training (VT)** degrees that our company launched last year learned about the interests of thirteen companies in the sector at a conference organised at the Instituto de Educación Secundaria (IES) (secondary school) de la Virgen de la Paloma (Madrid) so that, when they finish the course, they can begin their internships. This Dual Water Vocational Training is part of the Strategic Line (SL) 8 of the Canal Strategic Plan 2030.

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Message from the Chairperson of the Board of Directors

Since its creation, 170 years ago, the **public company Canal de Isabel II** has become one of the most well-recognised companies by the citizens of Madrid, and one of the most successful **models of supra-municipal services management** in Spain.

As the company in charge of the integrated water cycle, Canal's mission is to guarantee its supply and **boost the social and economic development of our Community**, thus contributing to protecting and improving the environment, the structuring of the territory, promoting the circular economy and the sustainable management of the region. And all this, from **transparency** in management, **efficiency** and **proximity** to citizens, which makes it, today, a benchmark and the company that all the residents of Madrid can be proud of.

The Government of the Autonomous Community of Madrid is going to continue betting on a water policy based on environmental, territorial cohesion and

sustainability criteria, in order to maintain and continue improving the service level and water quality for which Madrid is recognised both throughout Spain and internationally.

Clear proof of this will has been the incorporation of Canal de Isabel II to the Regional Ministry of Environment, Territorial Planning and Sustainability in 2019, a strategic decision that will allow us to advance even more towards sustainability through innovative policies.

And we will do so through an **intelligent transition to the circular economy and the decarbonization of our region** because the Canal's technical ability, and excellent professionals make it an effective tool for carrying out important environmental actions on a local, regional and global scale.

Furthermore, the Strategic Plan 2018-2030 has established a clear and ambitious roadmap that is allowing us to not only consolidate projects already started, but also to lead and promote

world-class innovative environmental policies. To tackle these challenges we have magnificent professionals, tools based on the best business practices and core values such as **excellence, rigor, transparency or commitment** to the people of Madrid, which allow us to look to the future with great responsibility, but also with security and confidence.

95 % of the ambitious objectives of our Strategic Plan set for 2019 have been met and in 2020 we will continue working to serve Madrid's citizens from continuous improvement and excellence.

We send our regards.

Paloma Martín Martín
*Chairperson of the Board of Directors
of Canal de Isabel II.
Regional Ministry of the Environment, Regional
Planning and Sustainability of the Autonomous
Community of Madrid*



Message from the Executive Vice-chairman

In 2019, a hydrologically difficult year, we have managed to meet the challenge of low rainfall and have made great progress, contributing to our future **sustainability**.

In Europe there are no cities that have as few water resources as Madrid. Unlike Paris, which has the Seine, London with the Thames or Rome with the Tiber, Madrid does not have a large river to ensure its water supply. Therefore, our “great river” for 170 years has been the Canal de Isabel II, a work of more than seventy kilometres that brings us the **excellent water** from the mountains of Madrid.

All these years, the people of Madrid have contributed to building an effective and efficient, and internationally recognised, public management model for urban water management; a model based on **supra-municipal management** of the integrated water cycle for all the municipalities in the region.

This allows us in Madrid today to have water supply and sanitation services of the highest technical and operational standards, with **affordable and solidary rates** that are among the lowest in Spain.

Given our long service as a company, we can always boast about the achievements of the past (since the 19th century). For decades, we’ve been able to supply the people of Madrid with exceptionally high quality water. We managed to become the first autonomous community to treat 100 % of its waste water in order to improve the **quality of our rivers** and the natural environment. Furthermore, we have always had an innovative vocation that has made us introduce new information and communication technologies (ICT) in water operations management. Now, in the 21st century, new, more complex challenges mean that we must adapt and change, as does our sector in Spain and worldwide.

In 2019, the city of Madrid hosted, for the first time, a UN world climate summit (**COP 25**). From Canal, we’ve been actively involved, contributing our experience and communicating our future objectives. At the summit, we also presented something that our long history as a company allows us to calculate thanks to the fact that we have 105 years of climatic records: the contributions of rivers to our region’s reservoirs have decreased almost 20 % in the last 30 years, compared to the average value since 1913.

This encourages us to be prepared to anticipate and adapt to the consequences of climate change. The likely rise of the Earth’s **average temperature** will have significant consequences in our environment, and therefore it’s entirely possible that periods of drought and extreme weather events will become increasingly more common. All of which, undoubtably, will have direct negative effects on the population’s quality of life.

2019 was a difficult year from a hydrological perspective. The reservoirs received inputs from rivers about 40 % below average. Furthermore, water consumption increased 5 %. Therefore, and in order to increase the resource availability, in 2019 we have continued to use **alternative solutions** to our usual supply sources, apart from taking advantage of the best operation technologies. We have also continued to promote consuming regenerated water for urban and industrial uses (we produce 36 % of the national total), expanding and encouraging its use, and establishing the use of 100 % of its real capacity as a goal for 2023.



Likewise, we have automated network management, which allows us to remotely control our facilities. As a result, we're able to respond to any incident in **real time**, so that, for example, a break in the network can be quickly controlled, remotely closing the appropriate valves. At present, we are able to remotely control almost 25 % of our facilities, but we want to surpass 90 % by 2023 and reach 100 % by 2030.

On the demand side, as in previous years, in 2019 we continued making significant efforts in consumer awareness-raising activities, minimising the percentage of uncontrolled water, which is already at levels below the European average.

We also know that in the future **climate change** will force us to prepare for the effects of extreme weather events, which are unfortunately becoming more frequent. This requires well-maintained and sized sanitation infrastructure to safely dispose of as much water as possible without affecting people or their property.

Bearing in mind that almost 60 % of sewage networks in Spain are over 30 years old, and that in the Autonomous Community of Madrid our municipalities also suffer from the same

problems, we have opted for our **Sanea Plan**, which focuses on anticipating the impacts of heavy rainfall and flooding, promoting the renovation and financing of improvement works in municipal sewage networks, with an investment of more than 500 million euros until 2030. In 2019, we managed to get 10 municipalities to join the plan. Many others have shown interest, including Arganda del Rey and Valdemoro, which were severely affected by the floods in 2019. Our goal is that by 2030, 100 % of the population (the Community's 179 municipalities) will have an agreement for the management and renovation of their sewerage networks.

The environment has always been part of the Canal's DNA, and therefore promoting environmental quality and energy efficiency is one of our main strategic objectives. We work to promote the **circular economy** and sustainable development as a means of contributing climate change mitigation by producing carbon-free energy. In 2019, we have managed to self-produce over 77 % of our electricity consumption and have continued increasing our electricity production capacity, exceeding 107 MW installed. Our goal is to reach 100 % self-production in 2030. We also have the goal of having Canal's entire fleet of vehicles being

environmentally friendly in 2022. We want to continue to be involved with the progressive adaptation of the increasingly strict requirements of our wastewater treatment processes, the current **level of excellence** of which is already 96 %. Even so, our goal is to surpass 98 % by 2023.

The improvement in our purification means an increase in the sludge produced when treating waste water. In this case, our aim is to continue promoting the circular economy by **sustainably using** the resources we employ. At present, we already reuse 100 % of our suitable sludge as fertiliser in agriculture, but we want to go further, advancing thermal drying and/or composting processes. We currently treat 57 % of our sludge, and our goal is to reach 70 % of dried or recovered sludge by 2022.

Since 2015, access to water and basic sanitation has been considered a basic human right by the United Nations. From the public administrations, we have the duty to guarantee this right through affordable and solidary tariffs. In Spain, 92 % of the economically vulnerable population can benefit from the different **social tariffs** of sector operators, which represent an average savings of approximately 50 % of the water

invoice. In the case of the Autonomous Community of Madrid, 100 % of people in need have the right to benefit from social tariffs, which in our case represent a savings of almost 80 % of the water invoice. In 2019, we have ensured that more than 245,000 people are beneficiaries of our social tariffs.

On the other hand, we want our company to remain a reference in innovation, research and development in our sector, dedicating 2 % of our revenue to that end. We are committed to developing **100 innovative and achievable projects** in the 2019-2022 period. In 2019, we have already invested 0.8 % of our business turnover in innovation.

Lastly, since 2006, Canal has been committed to the United Nations Global Compact, and we are now even more committed to the **Sustainable Development Goals (SDG)**, fully integrating them into our Strategic Plan. In this report, you will see our level of commitment in this regard and our progress, which will undoubtedly improve in the years to come.

Rafael Prieto Martín

Executive Vice-chairperson of Canal de Isabel II



1

OUR COMPANY

The company Canal de Isabel II is a public company. Its shareholders include the Autonomous Community of Madrid, through the public entity Canal de Isabel II, and one hundred and eleven municipalities of the Autonomous Community of Madrid. The company started its activities on 1 July 2012, taking over most of the competences and activities of the public entity Canal de Isabel II, created in 1851, which since 1984 has been the public company dependent on the Autonomous Community of Madrid in charge of managing the integrated water cycle.

Canal manages the integrated water cycle in virtually the entire region, i.e. of all processes oriented towards the adequate management of water resources and the conservation of the environment. These processes, which include the **collection, treatment** and monitoring of **water quality**, its **transport** and **distribution**, the **sanitation** and **purification** of wastewater and its **regeneration** for subsequent reuse, are necessary to develop and maintain the quality of life of Madrid's residents.

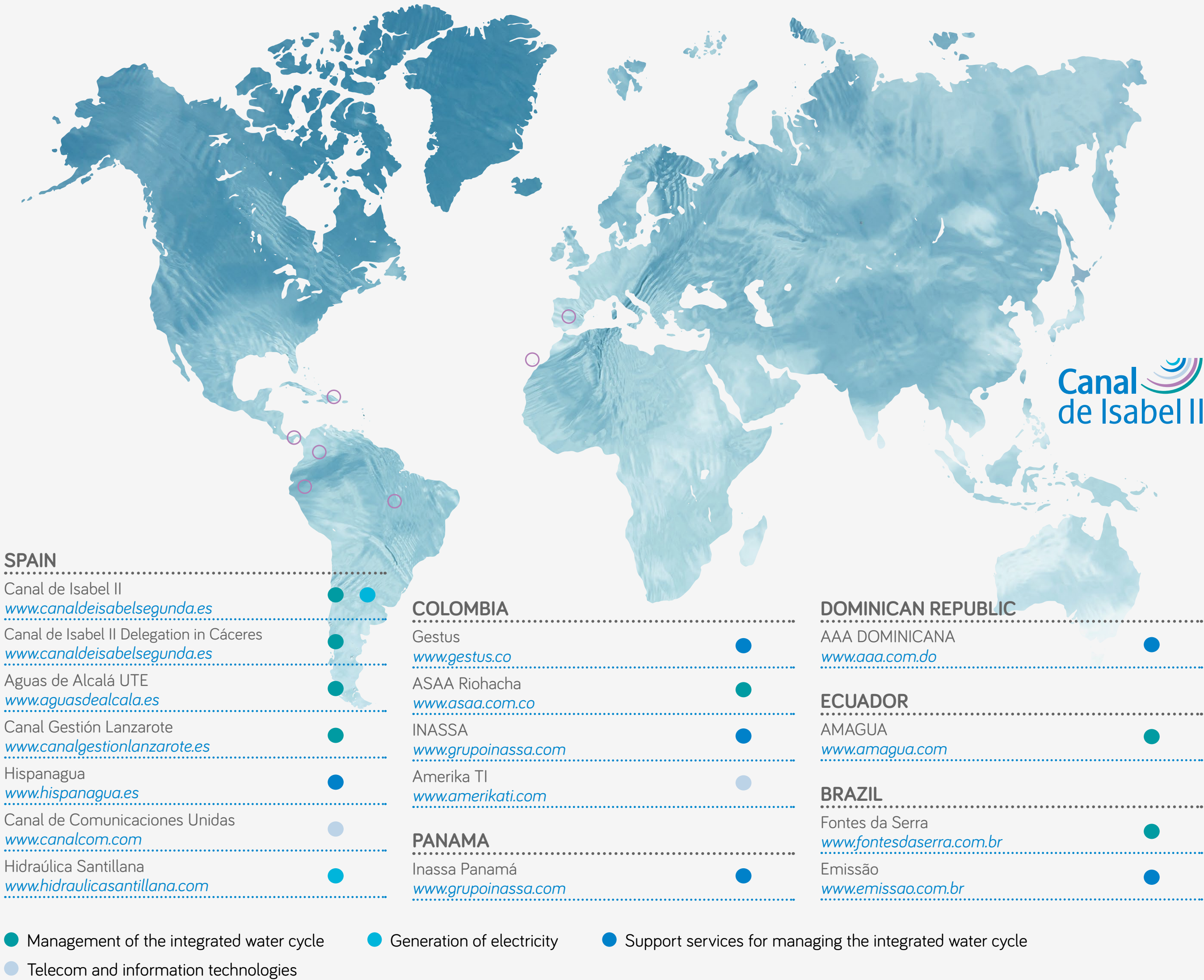
The experience accumulated by Canal de Isabel II in more than a century and a half of management allows us to contribute added value through other activities related to the water sector in geographical areas other than the Autonomous Community of Madrid. Thus, since the 1960s, Canal began to build a group of investee companies that, along with our company, constitute the modern-day **Canal de Isabel II Business Group**.



In 2019, the **Canal Group** supplied **7.46 million people** (6.96 million in Spain and 0.50 million in Latin America), employing **5,396 workers** and generating more than 4,700 indirect jobs. Furthermore, the Group’s companies managed a total of **587 million cubic metres of water** (554 in Spain and 33 in Latin America) and **39,294 kilometres** of supply, sanitation and regenerated water networks.

At the close of the fiscal year, the Canal de Isabel II Group had close to **1.76 million supply contracts** (**83 %** of which are domestic) in almost two hundred municipalities, with a supply coverage of **97 %**.

The main figures of the Canal Group at the end of the 2019 fiscal year are detailed in the section “The Canal Group” of this report.



1.1. Main figures in the Autonomous Community of Madrid 2019



*Includes the Canal Delegation in Cáceres.

Technical information at the close of 2019

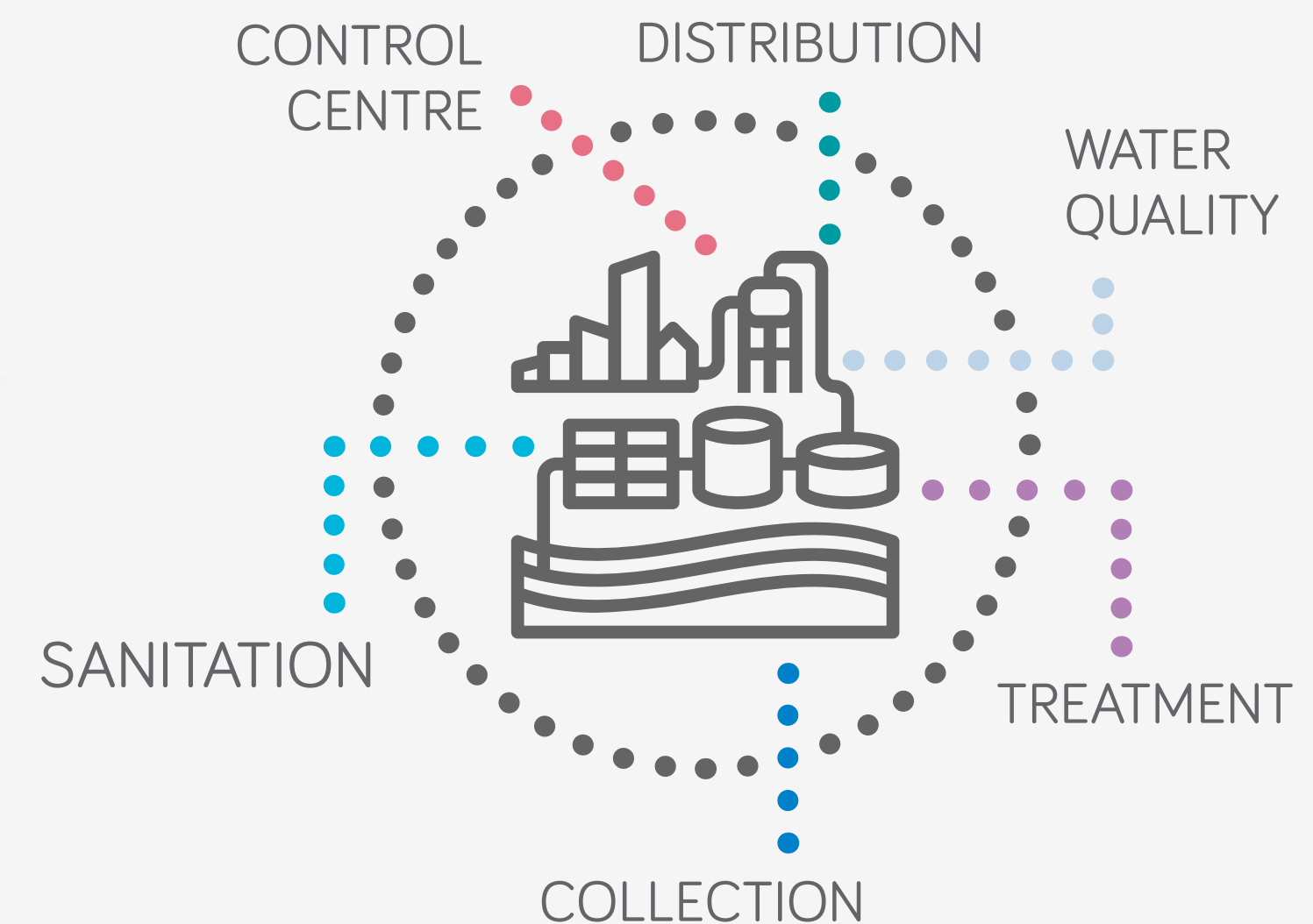
SUPPLY	SANITATION	REUSE	CUSTOMERS AND POPULATION SERVED IN THE AUTONOMOUS COMMUNITY OF MADRID
Number of reservoirs owned by Canal13	Kilometres of managed municipal sewerage networks14,441	Number of existing reuse plants31	Number of contracts (millions)1.50
Capacity of the Canal reservoirs (hm³)943.51	Kilometres of large collector and outfall networks876	Kilometres of regenerated water network651	Population supplied (millions of inhabitants)6.44
Water diverted for consumption in reservoirs and wells (hm³)501.08	Number of buffering basins and storm tanks managed65	Regenerated water deposits in service64	Supply coverage (% inhabitants)96.67 %
Number of catchment wells in operation78	Capacity of storm tanks managed (hm³)1.48	Volume of regenerated water produced for reuse (hm³ per year)15.88	Municipalities supplied by Canal de Isabel II174
Kilometres of network (adduction + distribution)17,651	Number of wastewater pumping stations managed133	Municipalities with reuse services with Canal24	Population served in sewerage management (millions of inhabitants)5.68
Number of drinking water treatment plants14	Number of Wastewater Treatment Plants managed157	Golf courses with reuse agreements or contracts with Canal11	Sewerage management coverage (% inhabitants)85.24
Treatment capacity (hm³ /day)4.55	Nominal treatment capacity (millions of equivalent inhabitants)17.14	Companies and organizations with reuse services11	Municipalities managed in sewerage135
Number of major regulating reservoirs34	Water treated in WWTPs in 2018 (hm³)444.25	Volume of regenerated water discharged (hm³ per year)105.77	Population served in wastewater treatment (millions of inhabitants)6.65
Storage capacity of major deposits (hm³)3.3			Coverage in wastewater purification (% inhabitants)99.87
Number of small deposits294			Municipalities managed in wastewater treatment179
Number of major lifting stations22			

1.2. Our business: *the integrated water cycle*

Canal de Isabel II is responsible for the management of the **integrated water cycle** within the Autonomous Community of Madrid.

The cycle consists of two main phases: **supply** and **sanitation**, which correspond to the actions necessary to bring drinking water to consumers, and the collection and treatment of wastewater. A third phase can be added to this cycle, namely the **reuse** of the

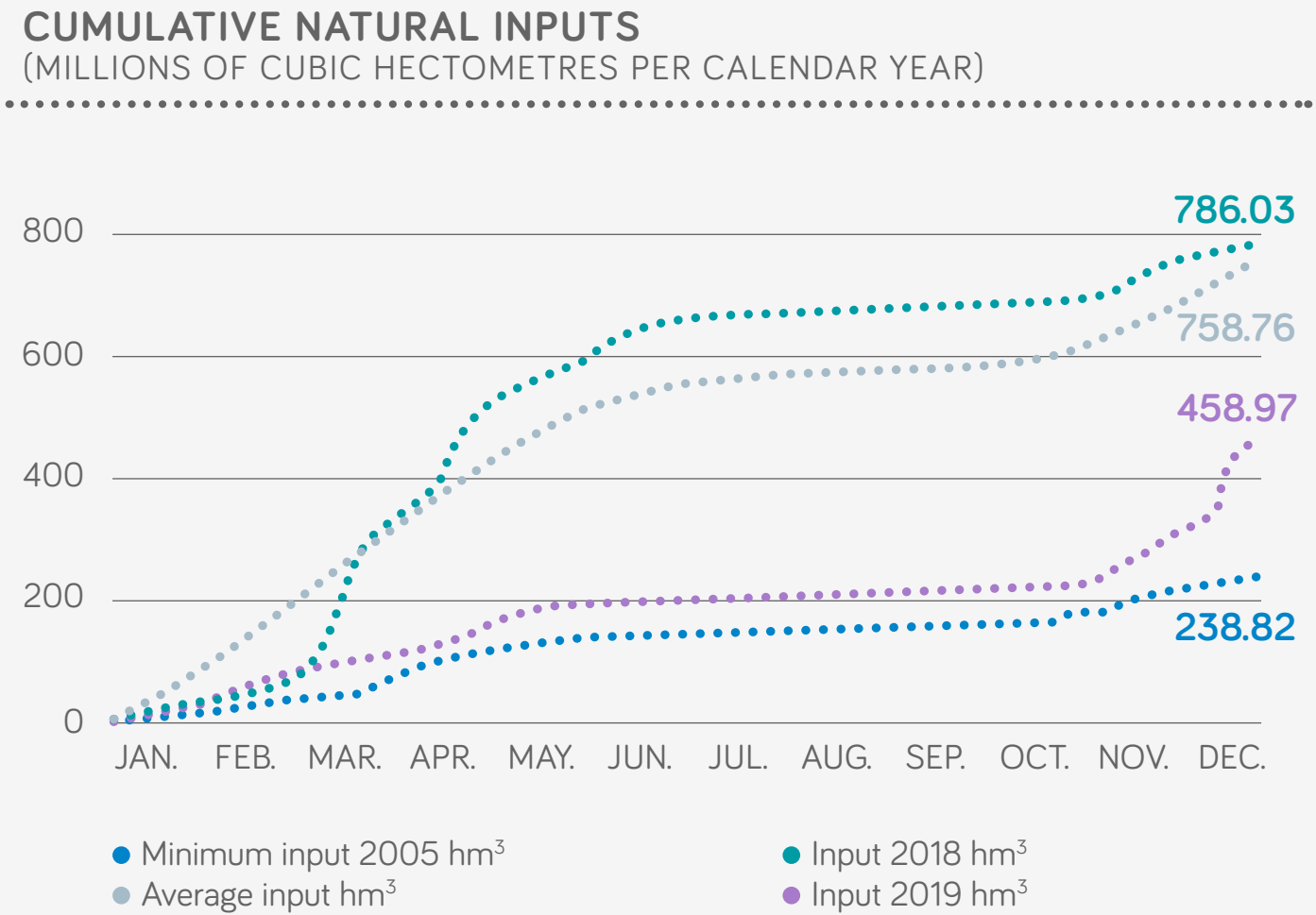
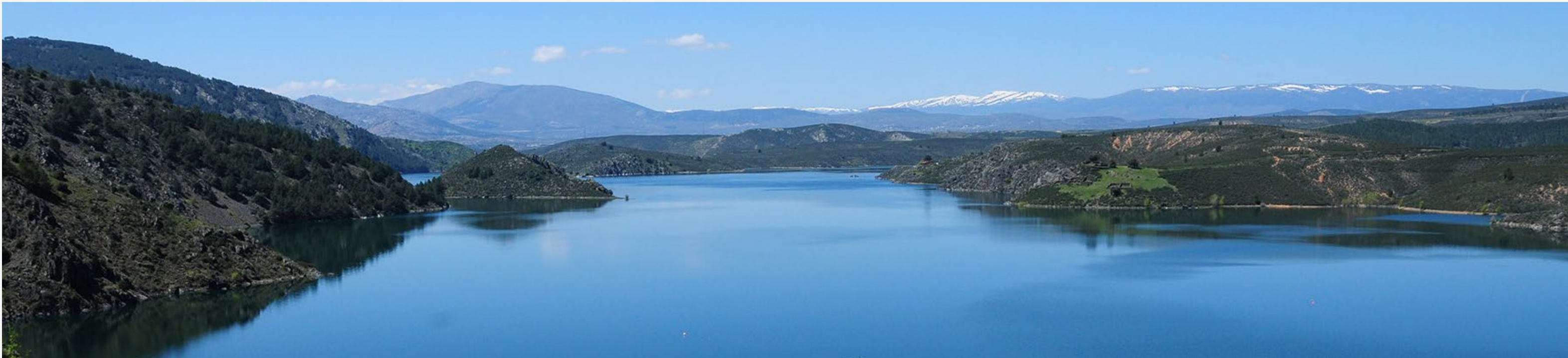
wastewater after adequate treatment to guarantee its sanitary characteristics, enabling its use for garden irrigation, street cleaning, watering sports areas and even for industrial use. Canal de Isabel II currently manages all the phases and stages mentioned above.



ALL THE INFORMATION ABOUT THE INTEGRAL WATER CYCLE IS AVAILABLE ON [OUR WEBSITE](#)

1.2.1. Supply: adduction (collection and treatment)

The supply system for the Autonomous Community of Madrid managed by Canal de Isabel II is mainly based on surface water catchment, using the **13 reservoirs** managed by Canal to take advantage of inputs from the Lozoya, Jarama-Sorbe, Guadalix, Manzanares, Guadarrama-Aulencia and Cofio rivers, from where 90 % of the water supplied to the network comes.



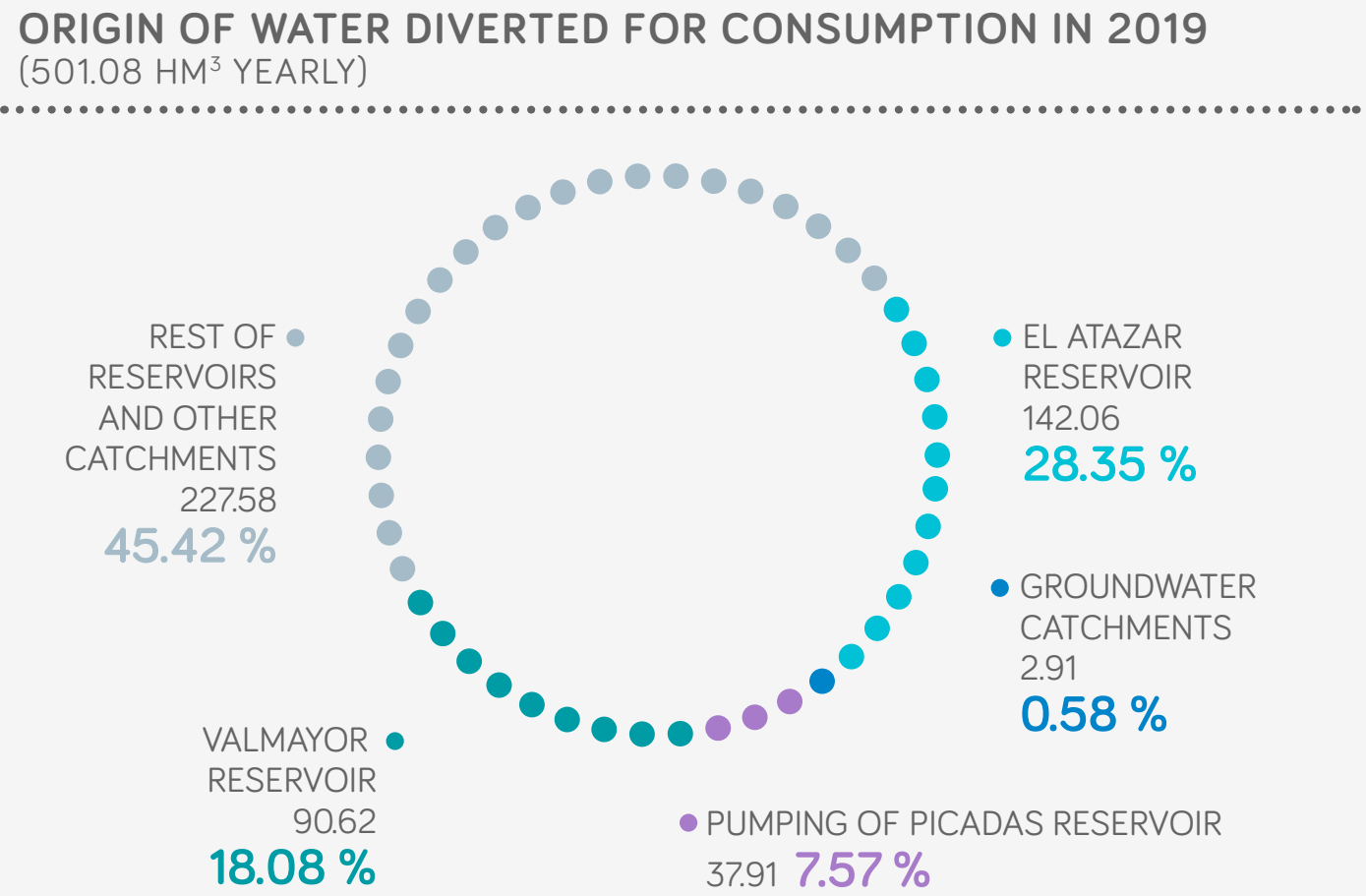
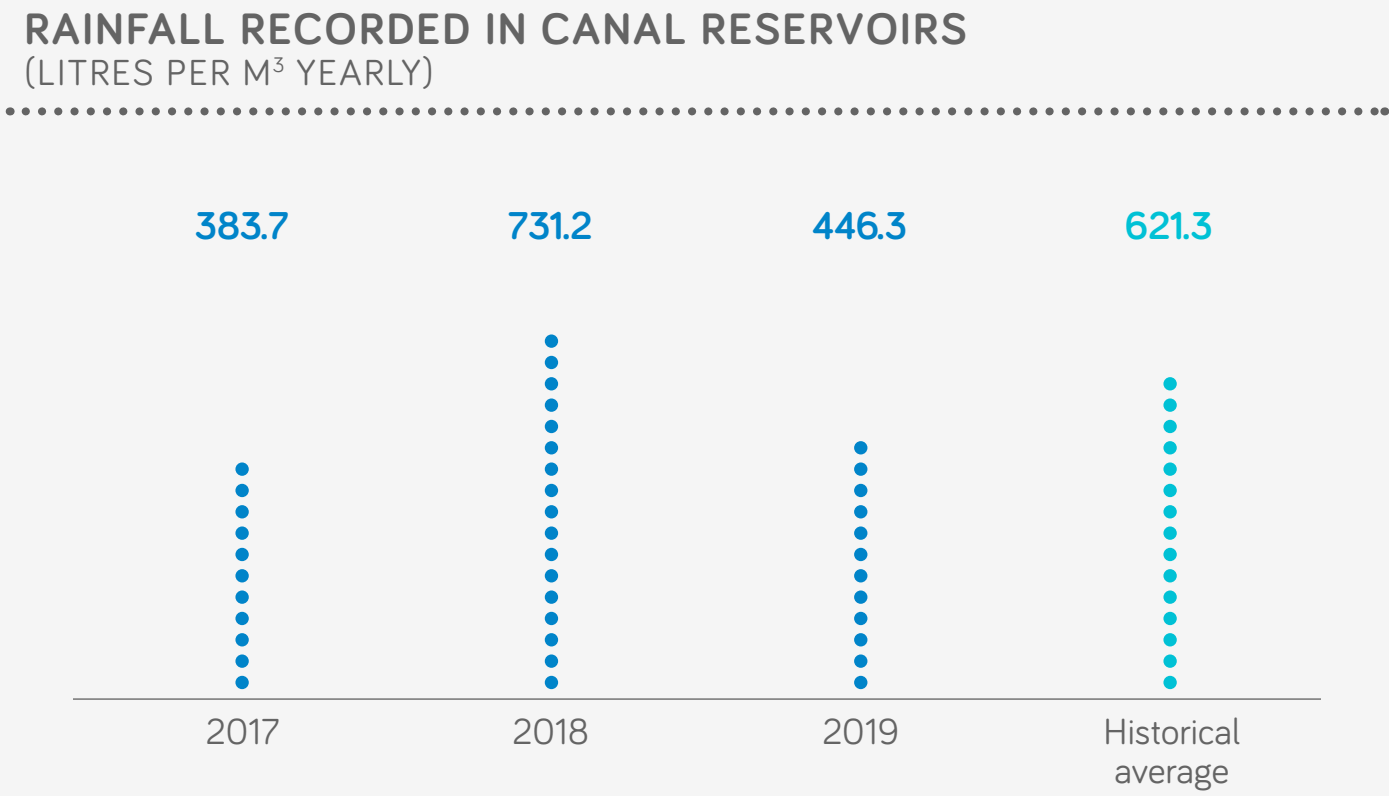
The water that these rivers provide varies greatly from one year to another. The average input is **758.76 million cubic metres per year** (as can be seen in the graph), although it has reached as high as 1,756 million cubic metres (in 1941) and as low as 238.82 million cubic metres (in 2005). 2019 was characterised as **quite dry**, with an input of **458.97 million cubic metres being recorded, 40 % below the historical average.**

Rainfall in dams in 2019 was **28 % less** than the historical average, therefore the inputs have been much lower than in 2018.

The **13 reservoirs** managed by Canal have a total storage capacity of **943.51 million m³**, of which 64.26 % are located in the Lozoya River basin. The main reservoir of this region is the **El Atazar** reservoir, with a capacity of more than 425 million cubic metres.

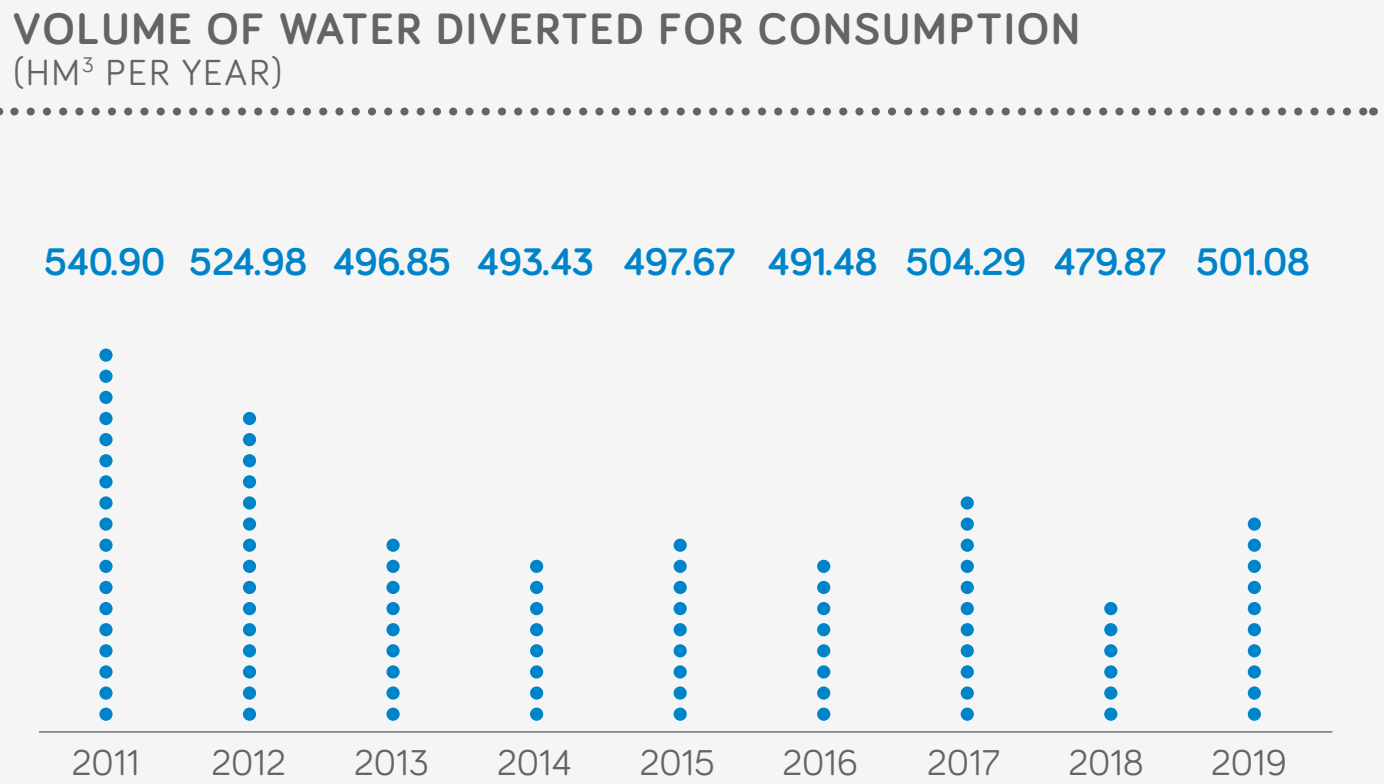
The **abstraction of groundwater**, as a support to surface water supply, is a key element in the management of the supply system during periods of drought or water scarcity, and can contribute up to 90 million cubic metres per year of exploitation. To guarantee this volume we have **78 wells** in operation.

Moreover, Canal also has the possibility of **transferring water** from the reservoirs of San Juan, Picadas and Los Morales on the Alberche River, and the Guadarrama and Sorbe Rivers through the weirs of Las Nieves and Pozo de los Ramos. We can also supply from the San Juan reservoir to the Rozas de Puerto Real DWTP



and to the Pelayos de la Presa DWTP. Finally, it is also possible to collect water from the Tagus River in order to supply it to the networks once treated in the DWTP of the same name.

The total volume of water derived for consumption totalled **501.08 million cubic metres** in 2019, **4 % less** than the 2018 volume and **2 % more** than the average over the previous five years.



From all the catchment possibilities described above, Canal obtains the resources that are subsequently sent to the treatment plants, through a network of **large canals and raw water pipes** that, at the end of 2019, had a total length of 256.40 kilometres. Canal de Isabel II manages **14 Drinking Water Treatment Plants (DWTPs)** with a total nominal capacity to treat 4.55 million cubic metres per day.



YOU WILL FIND MORE DETAILS ABOUT OUR RESERVOIRS AND CATCHMENTS [IN THE LINK](#)



FOR MORE INFORMATION ABOUT OUR TREATMENT PLANTS, VISIT [THIS LINK](#)

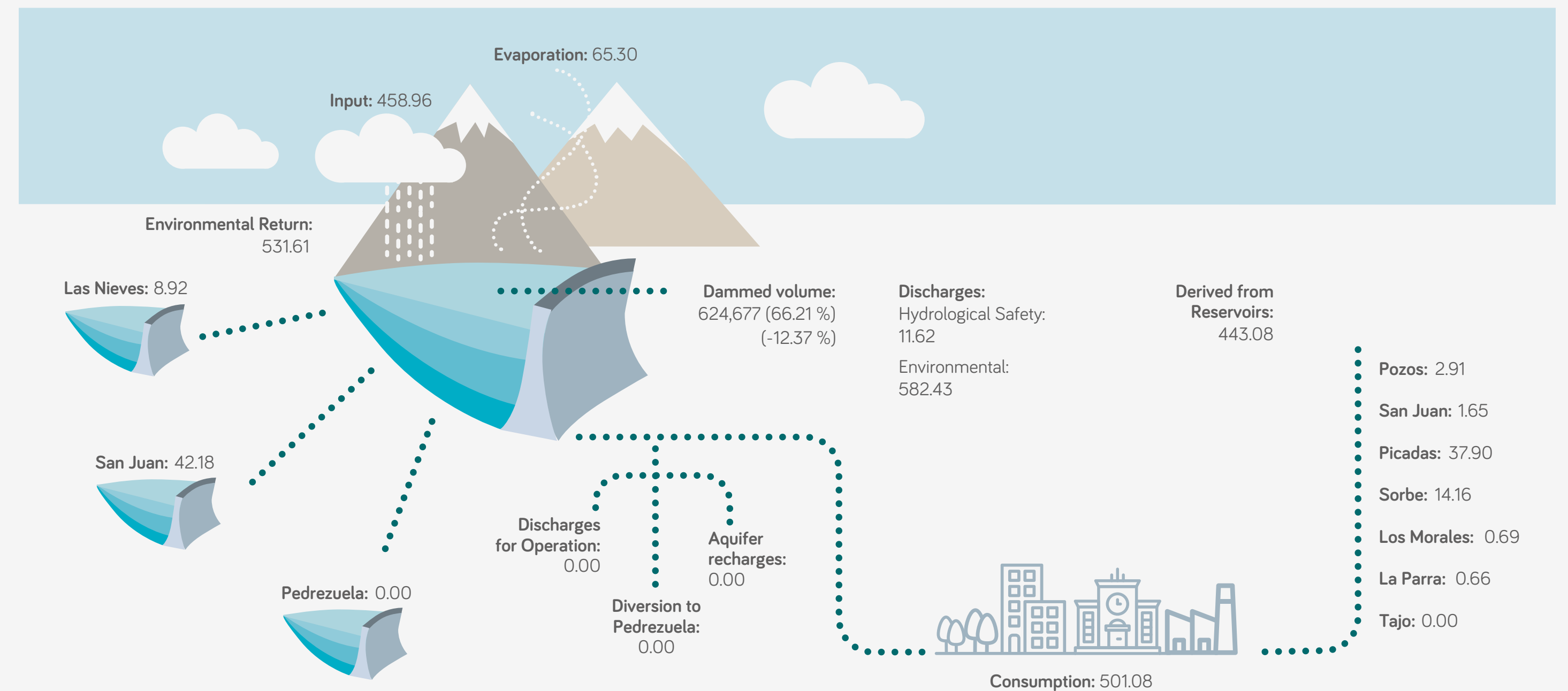
1.2.2. Supply: drinking water distribution

In the journey of the water from the DWTPs to the user's tap, Canal de Isabel II has a series of installations that ensure the **maintenance of the service**: the **large pipelines**, the **regulating tanks**, the **pumping stations** and the **distribution network** guarantee a continuous service, with the required pressure and quality. The networks managed by Canal in 2019 reached a length of **17,651 kilometres**.

The **regulating tanks** are enclosures designed to store the water that supplies the population. The company manages **34** of these **large** regulatory reservoirs, with a total capacity of 3.26 million cubic metres, in addition to a further **294 smaller regulating tanks**.

In order to take the water from the corresponding reservoirs and raise it to a higher level, thus guaranteeing the supply of water in the highest areas of the Autonomous Community of Madrid, Canal has **22 large pumping stations** and **109 smaller pumping stations**.

DIAGRAM OF THE WATER SUPPLY IN THE AUTONOMOUS COMMUNITY OF MADRID IN 2019
(IN MILLIONS OF CUBIC METRES)



IF YOU WOULD LIKE TO KNOW MORE ABOUT DISTRIBUTION, VISIT [THIS LINK](#)

1.2.3. Sanitation: urban sewerage and drainage

The purpose of **sewerage and urban drainage networks** is to collect sewage and rainwater in the municipalities and convey it to treatment plants. As of 31 December 2019, Canal maintained these networks in **135 municipalities**, collecting the wastewater of **5.68 million inhabitants**.

The total length of the municipal networks managed amounts to **14,441 kilometres of pipelines**. At the same time, Canal manages **876 kilometres of supramunicipal pipelines and outlets**, collecting and transporting wastewater from the municipalities to the corresponding WWTPs.

Other major facilities managed by Canal include the **133 Wastewater Pumping Stations (WWPS's)**, whose mission is to pump wastewater when it cannot be transported to the WWTPs by gravity. Another **65 storm tank and buffering basin facilities** are also managed, with a combined capacity of 1.48 million cubic metres. Their purpose is to prevent flooding, as well as retaining the first rainwater that is the most polluting, minimising its effect on the riverbeds.



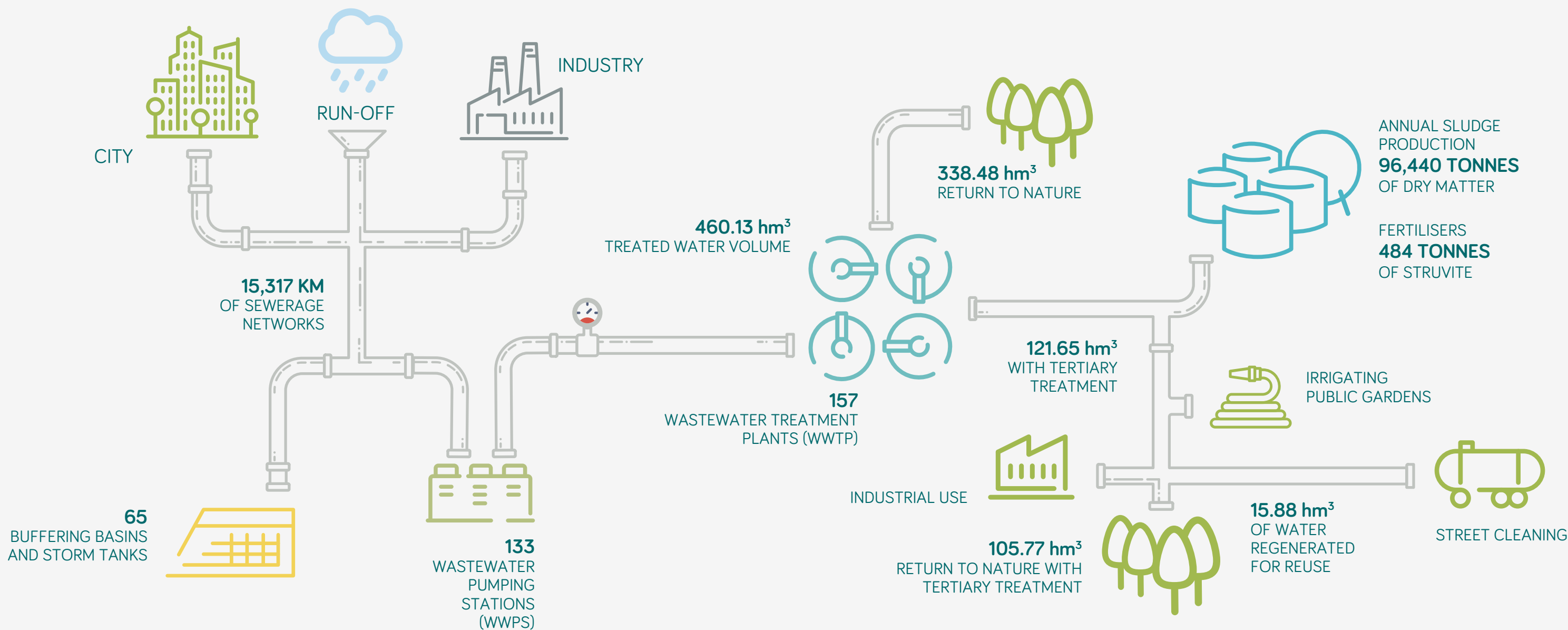
1.2.4. Sanitation: purification of waste water

After the collection and transport of wastewater through the sewage systems of towns and cities, **treatment or purification** takes place so that it can be properly returned to natural watercourses, under the quality standards set by the European Union and national, regional and local legislation, or for subsequent reuse.

Canal de Isabel II is in charge of performing this task in **180 municipalities**. To this end, we have excellent infrastructures that allow us to provide an extremely technical continuous, high-quality and efficient service. In 2019, Canal's **157 Wastewater Treatment Plants (WWTPs)**, with a nominal treatment capacity of 17.14 million equivalent inhabitants, treated a total of **444.25 million cubic metres of wastewater** (105.77 of them with a tertiary treatment in order to contribute to improving river quality) and managed to eliminate 96.55 % of suspended solids, 97.63 % of BOD₅, 93.50 % of COD, 92.23 % of phosphorus and more than 66.36 % of nitrogen contained in wastewater.

In addition to the treated water discharged to surface water, the Canal WWTPs treated another **15.87 million cubic metres** for its **reuse** in 2019.

DIAGRAM OF SANITATION IN THE AUTONOMOUS COMMUNITY OF MADRID IN 2019



MORE DETAILS ON SEWERAGE MANAGEMENT AND PURIFICATION ARE AVAILABLE AT [THIS LINK](#)

1.2.5. Regeneration of treated waste water for reuse

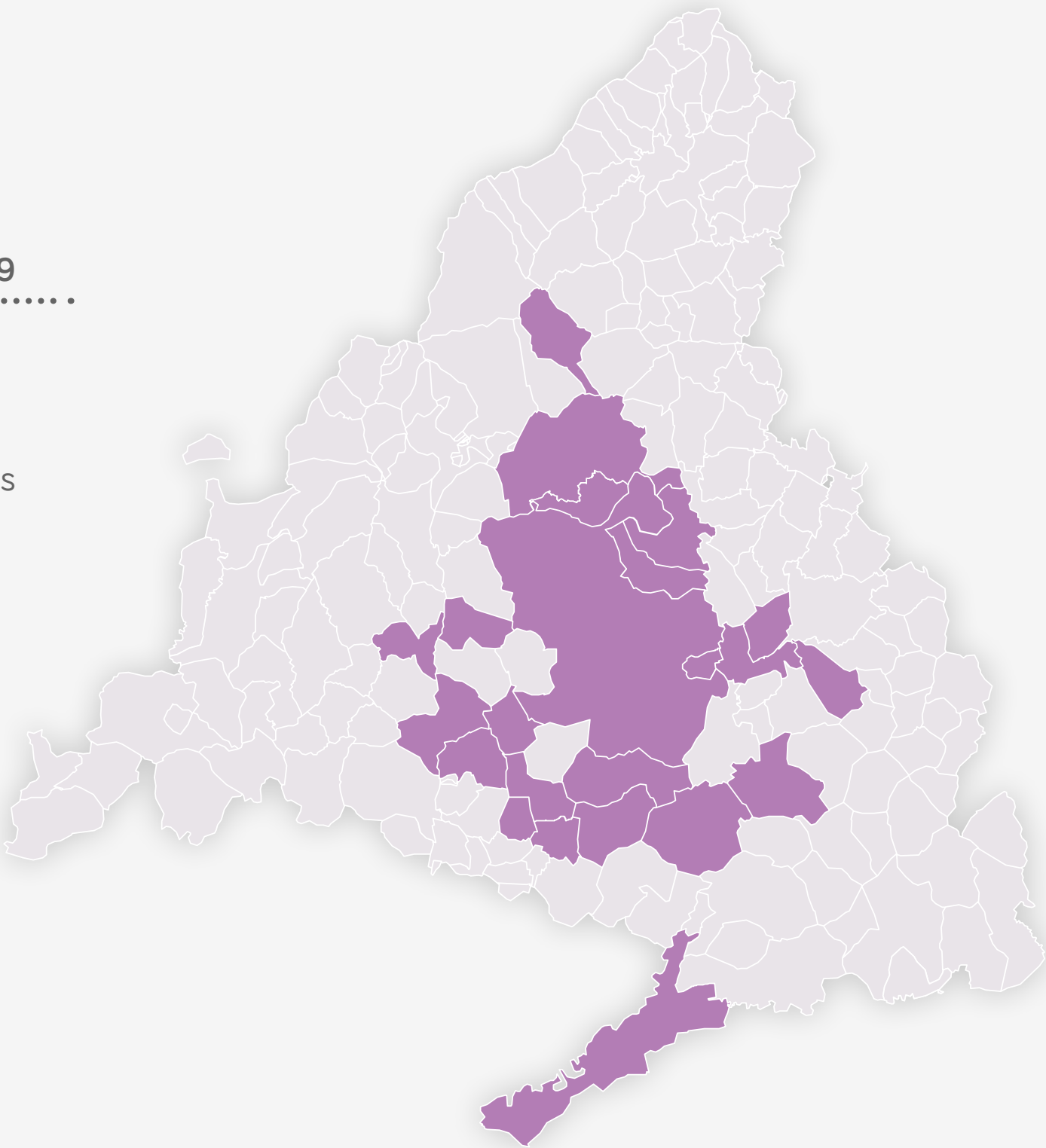
At Canal de Isabel II we believe wastewater recycling constitutes an essential component of the comprehensive management of water resources, in line with environmental sustainability, and contributes to the net increase in these resources. Accordingly, in recent years, the Canal has increased its activities relating to the distribution of recycled water for facilities that do not require drinking water, particularly for **hosing streets, irrigating public parks, golf courses,** and even for **industrial uses.**

By the end of 2019, Canal had 31 regenerated water production **facilities** (tertiary treatment) with capacity to produce 318,806 cubic metres per day and **651 kilometres** of reuse networks that had provided a total of **15.88 million cubic metres** of water to the **24 municipalities** that had this service. This number will increase in the coming years thanks to the signing of new regenerated water supply agreements.

To better understand the value of reuse, with the regenerated water produced by Canal, **2,857 hectares** are currently being irrigated in **1,767 green areas** of the region and **11 golf courses** with a total surface area of **789 hectares.**

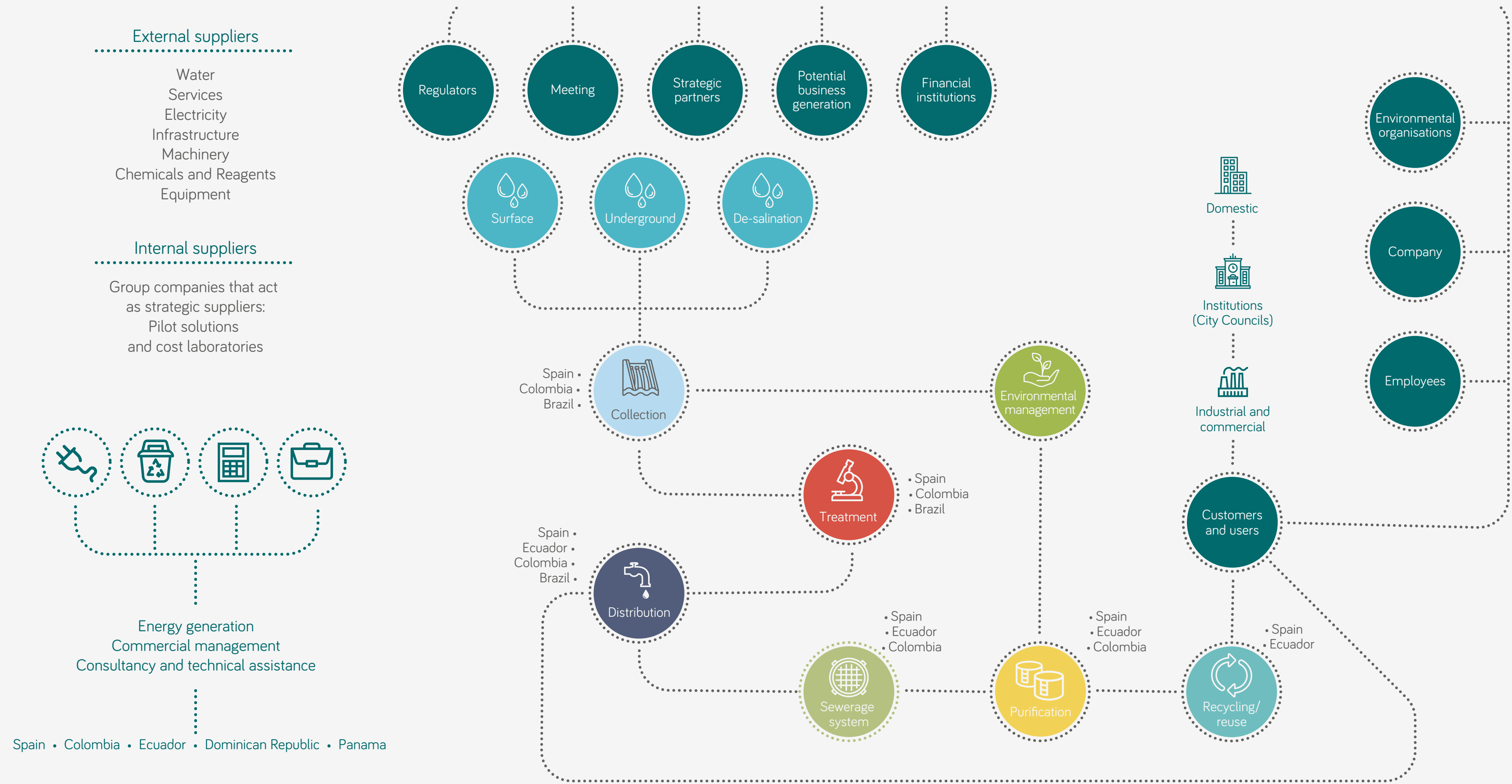
MUNICIPALITIES WITH REGENERATED WATER REUSE SERVICES IN 2019

Alcobendas	Humanes de Madrid	San Fernando de Henares
Alcorcón	Madrid	San Martín de la Vega
Aranjuez	Majadahonda	San Sebastián de los Reyes
Arganda del Rey	Meco	Tres Cantos
Colmenar Viejo	Miraflores de la Sierra	Torrejón de Ardoz
Coslada	Móstoles	Torres de la Alameda
Fuenlabrada	Parla	Villanueva de la Cañada
Getafe	Pinto	Villaviciosa de Odón



YOU WILL FIND MORE DETAILS ABOUT WASTEWATER REUSE IN [THE FOLLOWING LINK](#)

CANAL DE ISABEL II BUSINESS GROUP VALUE CHAIN



1.3. Organisation of our company

Canal de Isabel II's corporate organisation and governing bodies meet the requirements arising from its legal status as a public limited company since its creation in June 2012.

1.3.1. Shareholders

The social capital of the Canal de Isabel II corporation is represented by 1,074,032,000 ordinary shares, with a nominal value of one euro each.

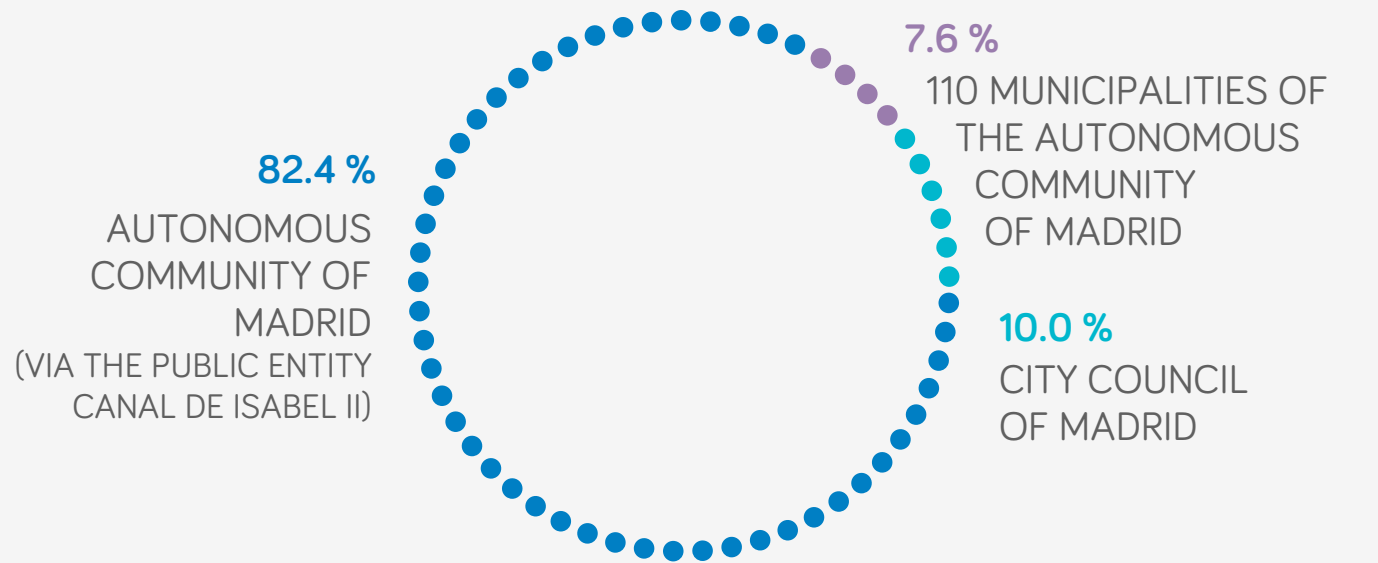
The establishment of the Company was authorised by agreement of the **Governing Council of the Autonomous Community of Madrid on 14 June 2012** (published in the Community of Madrid Official Gazette of 21 June 2012). The delivery of shares to the **111 municipalities holding shares** in the company was

formalised in December 2012, in compliance with what was agreed with said municipalities. With the approval in 2018 of Law 8/2018* in the future, new municipalities may be incorporated into the shareholding of Canal.

By the end of 2019, the 111 municipalities that owned Canal de Isabel II had a total of **5,979,501 inhabitants**, or **89.74 %** of the population of the Autonomous Community of Madrid (92.45 %, excluding Alcalá de Henares).



SHAREHOLDING STRUCTURE OF CANAL
AS OF 31 DECEMBER 2019



*Law 8/2018, of 26 December, amending Law 3/2008, of 29 December, on Fiscal and Administrative Measures, for the guarantee of the public nature of the Canal de Isabel II

1.3.2. Governing bodies

Canal de Isabel II’s corporate governing bodies are the General Shareholders’ Meeting, which includes **all shareholders** of the company, and the **Board of Directors**.

Persons who have been declared incompatible are prohibited from holding positions in the company and, where applicable, from exercising them to the extent and under the conditions set out in Law 14/1995 of 21 April of the Autonomous Community of Madrid, Article 213 of Royal Legislative Decree 1/2010 of 2 July, which approves the revised text of the Law on Corporations and other legislation that may be applicable.

The **Board of Directors** holds its general meetings once a month or when convened by the chairperson.

COMPOSITION OF THE BOARD OF DIRECTORS
AT THE END OF 2019

Ms. Paloma Martín Martín
<i>Chairperson</i>
Mr. Rafael Prieto Martín
<i>Executive Vice-chairperson</i>
Mr. Mariano González Sáez
<i>Proprietary director</i>
Mr. Pascual Fernández Martínez
<i>Proprietary director</i>
Mr. Francisco Muñoz García
<i>Proprietary director</i>
Mr. Guillermo Hita Téllez
<i>proprietary director</i>
Mr Jacobo P. Martínez Pérez de Espinosa
<i>independent director</i>
Ms. María Antonia Otero Quintas
<i>independent director</i>
Mr. Antonio Javier Cordero Ferrero
<i>independent director</i>
Mr. Manuel Beltrán Pedreira
<i>secretary non-director</i>

In addition, pursuant to Royal Legislative Decree 1/2010 of 2 July 2010, which approves the revised text of the Spanish Law on Corporations and the Company’s Articles of Association, the Board of Directors’ committee system contained in Articles 529(13) and 529(14) of the Spanish Companies Act respectively, is also applicable to Canal de Isabel II S. A. in its capacity as an **issuer of securities** other than shares admitted to trading on official secondary markets.

At present, the Board’s Committees are the **Audit Committee** and the **Appointments and Remuneration Committee**, both of which are chaired by independent directors and the majority of which are made up of directors in this category.



COMPOSITION OF THE AUDIT COMMITTEE:

- Chairperson:*
Mr. Antonio Javier Cordero Ferrero
(independent)
- Board member:*
Mr. Jacobo Martínez Pérez de Espinosa
(independent)
- Board member:*
Ms. María Antonia Otero Quintas
(independent)

COMPOSITION OF THE APPOINTMENTS
AND REMUNERATION COMMITTEE:

- Chairperson:*
Ms. María Antonia Otero Quintas
(independent)
- Board member:*
Mr. Antonio Javier Cordero Ferrero
(independent)
- Board member:*
Mr. Jacobo Martínez Pérez de Espinosa
(independent)



The **General Shareholders’ Meeting** determines the number and appoints the members of the Board of Directors. Currently, the Board comprises nine Board Members and a Secretary (non-member).

The Shareholders’ Meeting, among other powers legally attributed to it, is responsible for **approving the company’s management**, approving **the accounts** for the previous fiscal year and deciding on the **allocation**

of profits. Since the creation of Canal de Isabel II in 2012, and until 2019 (including the complementary dividend paid in 2019), a total of 1.01339 billion euros have been paid out: 959.54 went to the Autonomous Community of Madrid, 116.44 to the City Council of Madrid, and 88.50 to Canal’s other shareholder municipalities. This represents a contribution of 34.27 euros per inhabitant in the 111 municipalities that are shareholders.



Among the main agreements adopted in the two general meetings held in 2019, the following stand out:

- Examination and approval of the **Individual Annual Accounts** of the Company (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Annual Accounts) and the Directors' Report for 2018.
- Examination and approval of the **Consolidated Annual Accounts** of the Group of which the Company is the Parent (consolidated balance sheet, Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Annual Accounts) and the Consolidated Directors' Report (including the Non-financial Information Statement) for 2018.
- Examination and approval of the **Non-financial Information Statement** included in the Consolidated Directors' Report of the Company and its Group for 2018.
- The approval of the Company directors' **management**.
- Approval of the **Distribution of Profits**.
- **Appointing new members** of the Board of Directors of the Company.



YOU CAN FIND MORE INFORMATION ABOUT CANAL DE ISABEL II BOARD MEMBERS [HERE](#)

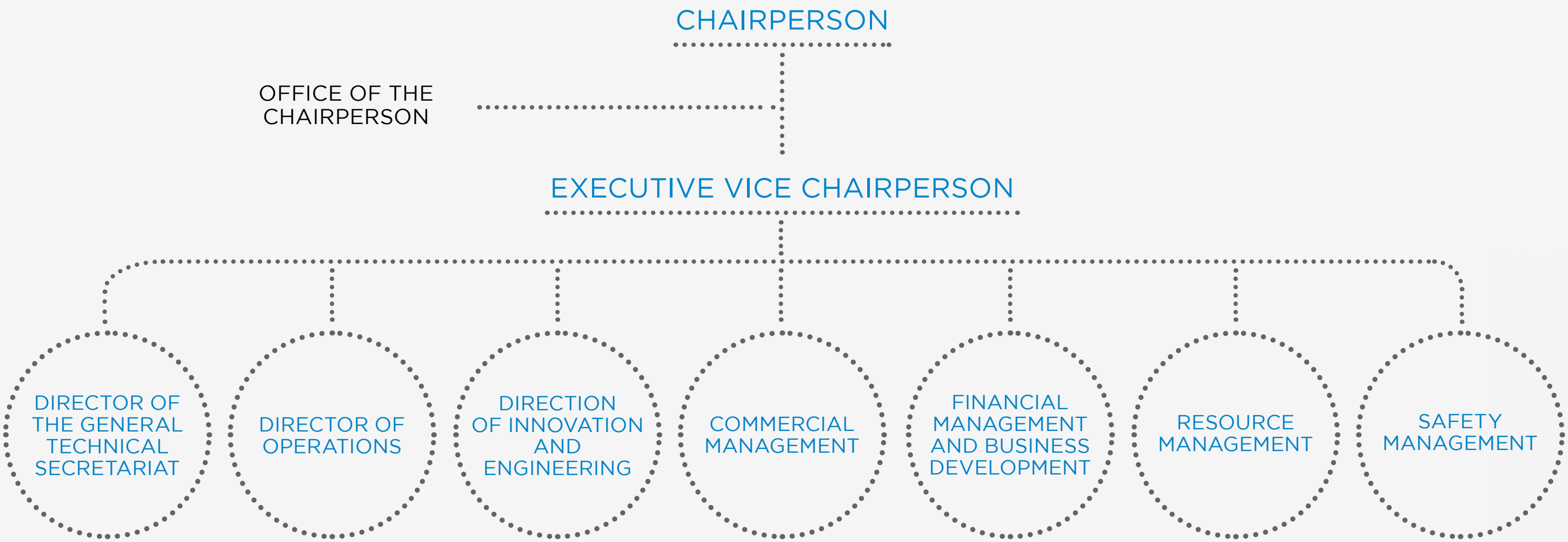
1.3.3. Organisation and Executive Management

Our organisation has a structure composed of different divisions, subdivisions and departments. At the end of 2019, the management structure in effect was as follows:

The Company has a **Management Committee**, which is chaired by the **Executive Vice-chairperson** and made up of the **directors of Canal**, which meets on a regular basis to resolve the major issues affecting the

company in any field (analysis of economic, strategic, operational, commercial and/or environmental information), as well as to deal with any other substantial matters proposed by its members.

The **Management Committee** informs the Chairman of the Board of any significant issues that may affect the company's activity.



YOU CAN FIND MORE INFORMATION ABOUT OUR ORGANISATION AND CANAL DE ISABEL II'S MANAGEMENT COMMITTEE MEMBERS [HERE](#)



1.3.4. Other Committees and Commissions

As noted earlier, the **Audit Committee** is made up of three directors, all independent. The **Appointments and Remuneration Committee**, also has three independent directors.

In addition to the aforementioned committees, Canal periodically holds different committees made up of executive management members. These committees cover various topics, including the **Supply Management**

Committee, the Energy Committee, the Committee on Information Systems, the Strategic Plan Monitoring Committee, among others.

1.3.5. Implementation of the Strategic Plan 2018-2030

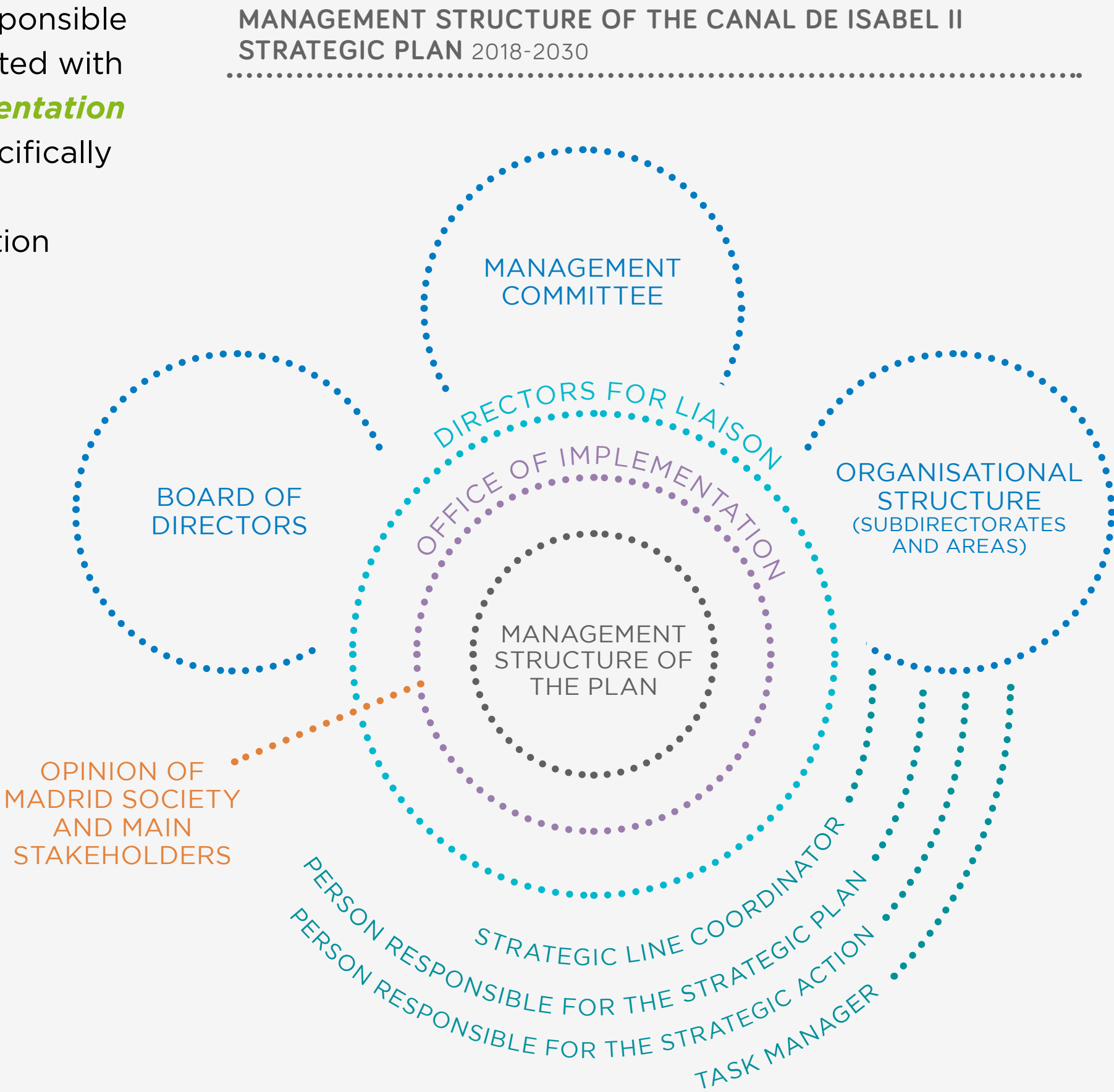
The **Canal Strategic Plan 2018-2030** is a living and inevitably flexible tool, a lever of the Canal’s sustainability strategy to achieve the **Sustainable Development Goals**. Thanks to the **participatory nature** of the Plan from its design and creation, as well as the constant improvement to which it is open, it has a system for monitoring and controlling the quarterly results, as well as a continuous strategic review process, which involves our entire organisation.

The implementation of the Strategic Plan involves the implementation of **cross-cutting projects** involving professionals from different company departments, so that, to the formal and hierarchical structure of Canal, an ad hoc cross-sectional structure in charge of the implementation of the plans and actions of each strategic line overlaps.

Each of the **10 strategic lines** is directed by a member of the Management Committee and coordinated by a

Line Coordinator, who in turn leads those responsible for the plans and the specific actions associated with their line. Furthermore, the **Strategy Implementation and Monitoring Office**, an **internal team** specifically formed with the mission of promoting, coordinating and facilitating the implementation of plans and actions, and monitoring all the objectives of the lines and plans in addition to supporting decision making.

Moreover, and to continue maintaining a work plan that favours the contrast with society, in 2019 progress has been made in the creation of a **participatory model** between Canal and the different social and professional groups.

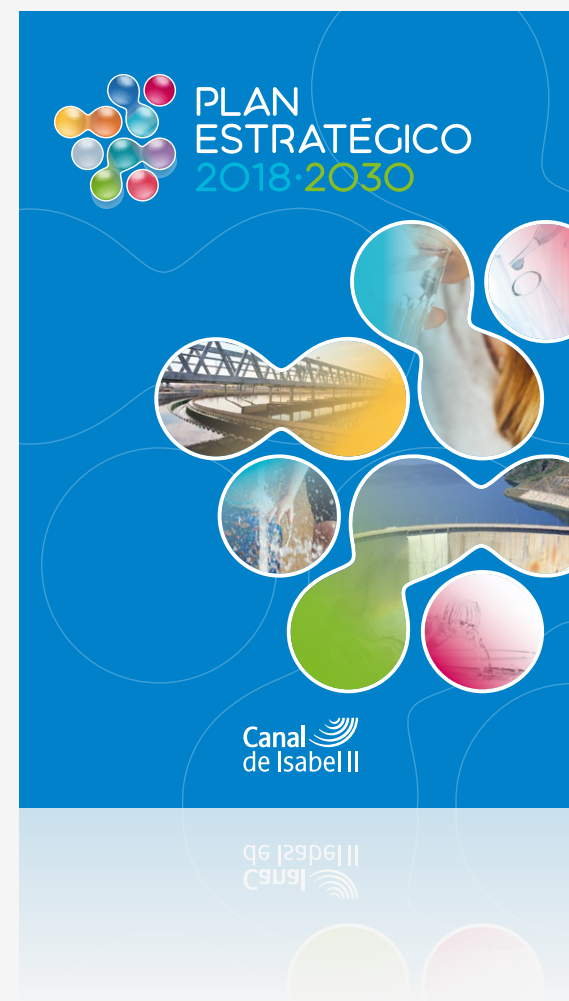


The background is a vibrant gradient of orange and yellow. On the left, a large, dark orange curved shape frames the number '2'. On the right, a diagonal streak of lighter orange and yellow contains a realistic water droplet with a bright highlight.

2

SUSTAINABILITY,
A SAFE BET

Sustainability isn't just one of our core values, it's also a management model that inspires us to improve every day in order to meet our Sustainable Development Goals.



Canal de Isabel II is a public company with more than a century and a half of water management experience. Specifically, one hundred and sixty-nine years promoting the evolution of water supply and sanitation processes in our region that have allowed it to participate in the development of Madrid's society, as water is an essential resource for life and a determining factor in economic and social growth.

Currently, our **Strategic Plan 2018-2030**, prepared over the course of 2016 and 2017, is the road map that establishes the commitments and frames the actions of our company for the next 12 years.

During its first two years, the Strategic Plan has provided a boost to the organisation's team spirit, aligning daily work with the company's values and objectives. Values such as transparency, sustainability and excellence.



Canal's **values** are the engine of all the strategic plan's actions:

Transparency: both the progress made and the objectives we have failed to meet are published. They can be found on the **corporate website** and are updated quarterly.



This plan has proven to be an effective tool for promoting highly ambitious projects, which consolidate Canal de Isabel II as a company of reference in the water sector, both at home and abroad. The commitment to innovation in all areas of the company is proving key to continuing our pursuit of **excellence** in water management in Madrid.

It's no coincidence that the Strategic Plan ends in 2030. The strategic plan was designed to favour achieving the Sustainable Development Goals. In collaboration with the Spanish Network of the United Nations Global Compact and the **European Benchmarking Co-operation** working group, Canal de Isabel II has integrated **sustainability** from a global point of view.

We continue furthering our **commitment** with the Community, offering real solutions to social concerns. Proof of this has been our active participation in the **Madrid-Chile climate summit**, with numerous activities that have positioned the Autonomous Community of Madrid as an international reference in the fight against climate change.



We do not forget that all our efforts are aimed at improving our users quality of life. In fact, we are more aware of it every day. To achieve this, we are implementing a cultural change in the company by placing our customers at the centre of the organisation. In 2019 we launched a **new charter with clear commitments like Madrid's water**, with which we began the shift toward a relationship with our users characterised by **proximity**.



FOR FURTHER DETAILS, PLEASE VISIT [OUR WEBSITE](#)

2.1. A strategy that's 100 % sustainable

Throughout its history, Canal de Isabel II has grown by contributing to solving the challenges facing the society of Madrid and adapting to its growing water supply needs.

Sustainability, one of the five values guiding Canal de Isabel II in the implementation of the Strategic Plan. **2030**, the deadline for responding to the most important universal call of the twenty-first century on the major challenges to the planet's future development. The 17 Sustainable Development Goals and 169 targets, to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

It's no coincidence that Canal's Strategic Plan also established 2030 as the deadline for complying with the most ambitious roadmap in its 165-year history in order to meet these challenges that a public company managing a basic resource for the life and development of millions of people never imagined it would face: water shortages, extreme weather events or population increases, among others.

The launch of the Strategic Plan in 2018 marks the beginning of Canal's deployment of **10 Strategic Lines**, each of which was created to respond to the major challenges of modernisation and sustainability.

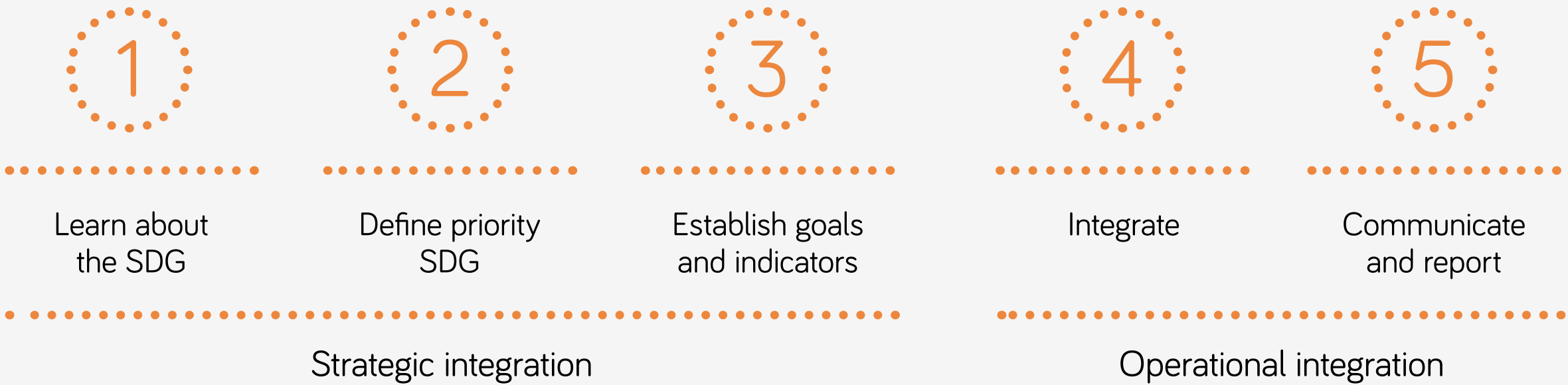
Therefore, we've established a mission:

“We take care of our community by managing everybody's water transparently, efficiently and sustainably”

Thanks to the central values on which we are based: **commitment, proximity, transparency, excellence and sustainability**, we have the responsibility to continue managing, with everyone's resources, a resource for everyone, to continue being a source of pride for the more than 6 million Madrid residents who open their taps every day to obtain Madrid's water, Canal's water.

Not only because of its impact on the population, but also because of its entirely public character and vocation, Canal reflects the faithful commitment to the **17 SDG** in its Plan through its more than 100 actions, 45 plans and 10 lines that we hope to accomplish by 2030 with the Strategic Plan. Therefore, it is Canal's responsibility to ensure sustainability in its management and operation.

This vocation was born in 2006, when Canal joined the founding of the Spanish Network of the United Nations Global Compact, which spearheads the fulfilment of the 2030 agenda in Spain. This organisation recommends five steps for a company to effectively and transparently contribute to the Sustainable Development Goals. We've internally grouped these five steps into two phases: **strategic integration** and **operational integration**.



In 2018, the first year of the Plan, we publicly stated Canal's commitment to the **Sustainable Development Goals** by establishing a relationship between our **Strategic Lines** and the SDGs they benefit.



In 2019, we have made great progress in the strategic integration phase, which is made up of two steps:

prioritisation of objectives and **quantification** of targets. We've proposed finalising this phase in 2020.

Over the next few years, we will continue to promote projects and include sustainability indicators in the strategy's implementation.

This methodology allows us to transparently commit to sustainability, since all the results will be published with the same frequency as the progress of the strategic plan.

The prioritisation process

Undoubtedly, the **SDG #6: Clean water and sanitation** is, inherently, the sustainable development goal that's most connected to Canal's activity. Nonetheless, water itself is, in turn, the tool for meeting the rest of the SDG: poverty, zero hunger, groundwater, infrastructure, energy, etc.

Aware of the impact that large water companies can have, not only on the SDG that applies to them (#6), but also on the rest of the Sustainable Development



Goals, in 2019 we began two parallel processes to define our Priority Objectives:

- **Internal prioritisation** tied to the Canal de Isabel II strategy.
- **External prioritisation** together with the group of European water companies: *European Benchmarking Co-operation (EBC)*.



INTERNAL PRIORITISATION THROUGH THE STRATEGY

As already mentioned, the Strategic Plan is based on our five values and is divided into ten strategic lines. Our goal is that, by integrating sustainability into the strategy, we're able to promote sustainable actions in all our areas of activity. In this way we'll achieve **cross-cutting sustainability**.

To achieve this, we have developed the internal prioritisation process, which has consisted of finding the minimum set of objectives that satisfy the condition of representing our five values and 10 Strategic Lines.

It was assumed that the number of **priority SDG** was greater than the number of values that represent us (five) and less than the number of strategic lines that we developed (ten). Starting with this premise, we've sought the most significant connections between these three elements (values, SDG and lines).



JOINT INTERNATIONAL PRIORITISATION

At the same time, this internal prioritisation was complemented by the process of **defining relevant indicators** for achieving SDG in the water sector, through the creation of a working group led by the European Benchmarking Co-operation where Canal, together with other leading sector companies such as **Berlin, Amsterdam, Helsinki, Bristol and Malmö**, among others, share the same desire for sustainability. These companies are, in turn, engines of economic development in the European Union since they



First session to define relevant indicators for achieving SDG for companies in the European water sector in Malmö, Sweden (September 2019).

contribute, like Canal, to improving society’s quality of life in the large capitals of the old continent.

During this process, a working group was set up which, over several sessions, has defined the priority objectives for companies in the European water sector, as well as the key indicators for measuring performance and their contribution.

FINAL RESULT

The objective of prioritising is none other than to be able to generate a greater impact, that is to say, to focus all the company’s potential on those actions that can achieve greater influence. In 2019 we started the internal and external deployment to be able to quantify and present the first results over the next year. This whole process was presented during **COP25** at the opening session of the United Nations site event, where we took the opportunity to publicly announce our commitment to achieve 100 % compliance by 2030.

Our work and involvement with sustainability this year has been recognised by various organisations involved



Presentation of Canal's strategy for achieving the Sustainable Development Goals during COP 25 in Madrid (December 2019).

in achieving the Sustainable Development Goals and Agenda 2030, such as the Spanish Network of the Global Compact, which published the Clean Generation Plan on its website as an example of **good practice**, or the **Madrid Subiera Award**, which was presented during the celebration of COP25, an event for which Canal distributed more than 20,000 refillable bottles in fountains installed for this purpose.



Participation in COP25

Canal de Isabel II has actively participated in the **United Nations Climate Change Conference (COP25)**. Through various activities, the company has shown its climate change adaptation and mitigation projects and its commitment to the environment and sustainable development.

Furthermore, tap water consumption at the Conference was promoted by distributing 20,000 recyclable and reusable glass bottles to all attendees, with the slogan **#deMadridydelGrifo**, as well as installing nearly twenty fountains at IFEMA to encourage its consumption and the reduction of single-use plastics.

The blue area was the space run by the United Nations in which the negotiation sessions of the 25th Conference of the Parties (COP25) of the United Nations Framework Convention on Climate Change took place.



There, the Regional Minister of the Environment, Regional Planning and Sustainability of the Autonomous Community of Madrid, our executive vice-president, Rafael Prieto, and deputy director of Studies, Fernando Arlandis, took part in the

round table “Key performance indicators for the implementation and monitoring of the Sustainable Development Goals in European water management companies”.

Canal de Isabel II’s commitment and strategic connection with the **Sustainable Development Goals** was analysed and reported in this discussion.

The green area was the space designed to promote the fight against climate change in civil society. There, Canal shared its experience and vision for adapting water management in the Autonomous Community of Madrid to future climate change scenarios. We presented some of our plans, such as the search for energy efficiency, the development of clean energies and the use of sustainable drainage techniques.

Our commitment to spreading sustainable actions was extended on these same dates to the organisation of guided tours of our facilities and the conference: “Water and climate change: the experience of Madrid”.



FOR FURTHER DETAILS, PLEASE VISIT [OUR WEBSITE](#)

2.2. Strategic Plan 2018-2030 results in 2019

Our Strategic Plan reached its second year after being presented in 2018. This fiscal year, the balance was better than the first year of implementation, with an overall degree of compliance of **95 %** over the objectives set.

The **Strategic Plan 2018-2030** represents Canal's ambitious road map for facing the challenges of the decade to come. In a social context marked by increased sustainability awareness, Canal has set the goal for itself of becoming a benchmark company in the water sector and a driving force in the Autonomous Community of Madrid.

2018 was the first year of this Strategic Plan and in it we began to carry out **highly ambitious** projects, such as renovating our meter park with smart meters, adapting our guarantee of supply to climate change scenarios or creating a Centre for Advanced Studies in Water, in which the water professionals of the future will be trained. All of this is marked by a strong



MORE INFORMATION REGARDING THE STRATEGIC PLAN MAY BE FOUND ON [OUR WEBSITE](#)

innovative component since, throughout the company, **innovation** has become a hallmark of our projects.

In 2019, not only did we consolidate projects started in 2018, we’ve started the rest of the challenges that we set out in our plan. It is worth highlighting the efforts to put **customers at the heart of the company** through the **customer experience** model that we have implemented. With measures such as the single window or our new Charter of Commitments, we are working to generate a close and transparent relationship with local councils and all the people of Madrid.

The influence of climate

In December we had the opportunity to show the world our commitment to our Sustainable Development Goals. The **COP25 climate summit** in Madrid was the perfect setting to share that we will adapt the Community’s water supply to the complex challenges posed by climate change.

Unfortunately, 2019 has presented us with an **abnormal climate situation**, with a dramatically dry spring, which we could well understand as a simulation scenario to come as a result of global warming.

This lack of rain, coupled with high temperatures, has significantly limited

water resource availability. In turn, these same factors have increased consumer demand for water, putting the water supply at risk. Faced with this complex scenario, we have demonstrated that we are prepared to guarantee access to water, even in unusually unfavourable situations, by offering an excellent product, both in terms of quantity and quality.

The Strategic Plan’s scorecard has allowed us to analyse the results of this situation on our performance. One of the conclusions has been that the required **energy consumption** to respond to water stress was higher than expected, counteracting our energy efficiency measures. This increase in energy demand is testing our commitment to sustainability and the reduction of CO₂ emissions into the atmosphere, challenges that we will undoubtedly have to face over the coming years in order to comply with the 2030 Agenda.



2.3. Our stakeholders

Canal de Isabel II considers **continuous contact** with our stakeholders to be essential. We make specific commitments with them on a daily basis that we recognise as part of our responsibility as a public company, and thanks in part to their direct participation during the entire Strategic Plan design process.

Our main stakeholders include:

- **Regulatory bodies:** The European Union, the Ministry of Agriculture and Fisheries, Food and Environment, the Tagus Hydrographic Confederation and the Ministry of Health, Social Services and Equality.
- The **Government**, the **Assembly of the Autonomous Community of Madrid** and the six parliamentary groups represented in it (PP, PSOE, Ciudadanos, Unidas Podemos, VOX y Más Madrid parties).
- Public **shareholders:** The Community of Madrid and the 111 town councils that form part of our shareholding.
- **Customers and users:** The town and city councils of the municipalities we serve, as well as domestic, commercial and industrial customers and users; large customers such as residential estates or homeowners' associations.
- **Business partners:** Our company's employees, suppliers and contractors.
- Other **companies in our sector** with which we work, as well as the industry associations in which we actively participate (AEAS, AGA, EUREAU EBC and IWA).
- **Society** in general, with special interest in certain sectors and agents, including:
 - The school community (teachers and students) with whom we interact through the activities of Canal Educa.
 - The entities that address the expectations of our society (NGOs, foundations and associations).
 - The media and opinion makers.
 - The scientific community and institutions focused on innovation.
 - Business analysts and experts in our industry.
 - Persons in charge of managing our environment and persons responsible for its protection and improvement.





The frequency with which we interact with the different stakeholders is as follows:

Customers and users: in addition to the bimonthly delivery of the water bill, we have a very fluid contact through our numerous commercial offices and telephone campaigns. Moreover, we have a customer satisfaction survey in which we contact them to find out their opinion about our services.

Employees: we maintain a permanent relationship with employees through personal contact and new technologies. A noteworthy example of this is the daily update of the Canal&Tú intranet in Canal de Isabel II, which includes all the news affecting the company’s daily life. Furthermore, regular meetings are held with workers’ representatives through the Works Council or in other thematic forums such as meetings on training or overtime, or of the Occupational Safety and Health Committee.

Suppliers: we also maintain constant and fluid contact with our suppliers. Daily, through their telephone, e-mail and web queries, handling offers, minor orders and complaints through our web SRM system and our SAP ERP, in addition to the direct contact that necessarily takes place with each of the services that work with them. Annually, through the confirmation of balances necessary for the auditing of annual accounts, and also when carrying out the annual satisfaction survey.

Shareholders: the General Shareholders Meeting is convened by the Board of Directors when deemed convenient for the corporate interests. The Ordinary General Shareholders Meeting, previously convened






for the purpose, meets within the first six months of each fiscal year to approve, where appropriate, the company’s management and the accounts for the previous financial year, and to decide on the distribution of profits.

With **the rest of our stakeholders** (regulators, strategic partners, business generators or society at large), relations are continuous, constant and increasingly intense. Our intention is to continue to deepen our relationship with all our stakeholders, intensifying contact with them. We are convinced that we will only achieve our goals if we all work in the same direction.

To open up said participation in 2019, we have continued carrying out focus groups and numerous interviews in order to understand their opinion and the expectations they have regarding the company.

In order to promote fluid communication with stakeholders, Canal de Isabel II uses the communication channels at its disposal to understand and respond to society’s demands and queries with regard to economic, environmental and social aspects.

Map of the most common communication channels used in de Isabel II

Communication channel	Internal communication	External communication		
 PERSONAL OR IN-PERSON	Meetings. Training and awareness-raising. Leisure and sport activities for employees and their families.	Corporate headquarters. Commercial customer service offices. Customer service. Customer Ombudsman.	Organised tours of facilities. Educational campaigns (Canal Educa). Recreational and sports areas. Participation and sponsorship of conventions, forums and other meetings.	Fundación Canal activities. General Shareholders Meeting.
 TELEPHONE, FAX, EMAIL	Telephone, fax, ordinary post. Suggestion box.	Customer Service Hotline. Supplier Service Hotline.	Contact telephone no. for educational initiatives.	Customer Ombudsman. Messages on the invoice.
 INTERNET	Corporate Intranet. R&D&i blog.	Online Customer Service. Corporate website. Transparency portal. Shareholder portal. Canal Educa website. Canal Voluntarios website.	Fundación Canal website. Arte Canal exhibition website. Canal on YouTube. Canal on Instagram. Canal on LinkedIn. Facebook profile.	Fundación Canal social networks. Canal de Isabel II App for Android and iOS. <i>Canal&tú</i> company magazine. Canal de Isabel II blog.
 PUBLICATIONS/ TECHNICAL REPORTS	Internal reports and memos. In-house magazine for employees.	Sending of personalised information to the customers. Canal de Isabel II Annual Report.	Corporate publications. Fundación Canal publications. Canal R&D&i workbooks.	
 MEDIA: TV, PRESS, RADIO, ETC.		Press releases. Media announcements. Online press room.	Awareness raising campaigns targeting the population (Join the Water Challenge).	



3

OUR PERFORMANCE IN 2019
AND FUTURE OBJECTIVES

The **Sustainable Development Goals**, ever present in our management, have marked since the beginning of the Plan in 2018 and will mark until 2030, the Canal's roadmap to fulfil its strategy and to address the challenges currently posed by the management of a basic resource for life such as water.

Throughout 2019 we have been particularly involved in **measuring the Canal's performance** with Sustainable Development and its impact thanks to the implementation of our Plan's plans and actions in the area of the circular economy or the fight against climate change, among others.

The following sections present the 2019 results for each SDG that we have previously prioritised in a transparency and communication exercise from a company committed to the environment, economic

growth and the generation of social value in all places in which we operate.

Although SDG 6 **“Clean Water and Sanitation”** is, by default, the one that applies to us as a company in the water sector, the rest of the activities that we carry out and the externalities generated also allow us to contribute to the rest of the development goals that we hope to achieve in the 2030, as we have pledged during the Climate Change Summit held this year in Madrid.





SDG 6 clean water and sanitation: *the water of all Madrid's people*

Guaranteeing every resident of Madrid's access to a quality resource

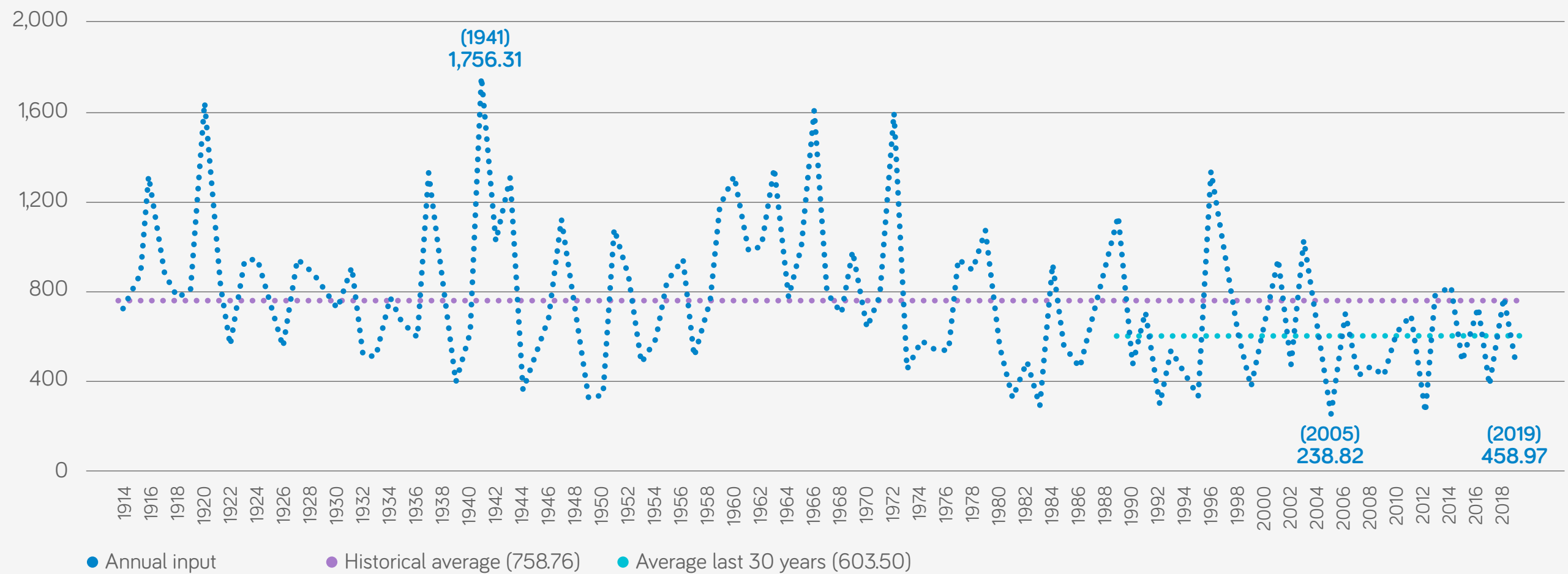
One of the main challenges we face is to achieve **maximum efficiency** and continue to provide **quality and sustainable services** over time. As a result of climate change, situations of resource scarcity

and “hydric stress” in Spain are likely to become more frequent.

In the case of the Autonomous Community of Madrid, we are already suffering from some of these risks. This is shown, for example, by the **reduction of more than 20 %** in the average contributions of water to

The main responsibility of Canal de Isabel II is to ensure the current and future supply of water to all our users. To do this, we need to have adequate infrastructures and tools that allow us to manage the resource in an efficient and sustainable way.

NATURAL CONTRIBUTIONS OF RIVERS TO CANAL RESERVOIRS, 1914-2019 (MILLIONS OF CUBIC METRES PER YEAR)



our reservoirs in the last thirty years compared to the historical average since 1914.

The published scenarios on the evolution of the climate in Spain until 2050 raise fears that this situation will worsen in the future. It will therefore be necessary to make the **required investments** and look for the best **supply alternatives** to meet this important challenge.

Despite shrinking inputs, in the last twelve years Canal has been able to cope with a **large increase in population** with the same reservoir capacity. Our supplied population in the Autonomous Community of Madrid has increased from 5.74 million inhabitants in 2002 to 6.44 million in 2019, which entails an increase of 12 % in sixteen years.

Facing this challenge means acting in several ways, seeking solutions by means of alternative resources, new infrastructures, policies to promote saving, efficiency in resource management and extending the supply of regenerated water for compatible uses.

Alternative supply sources

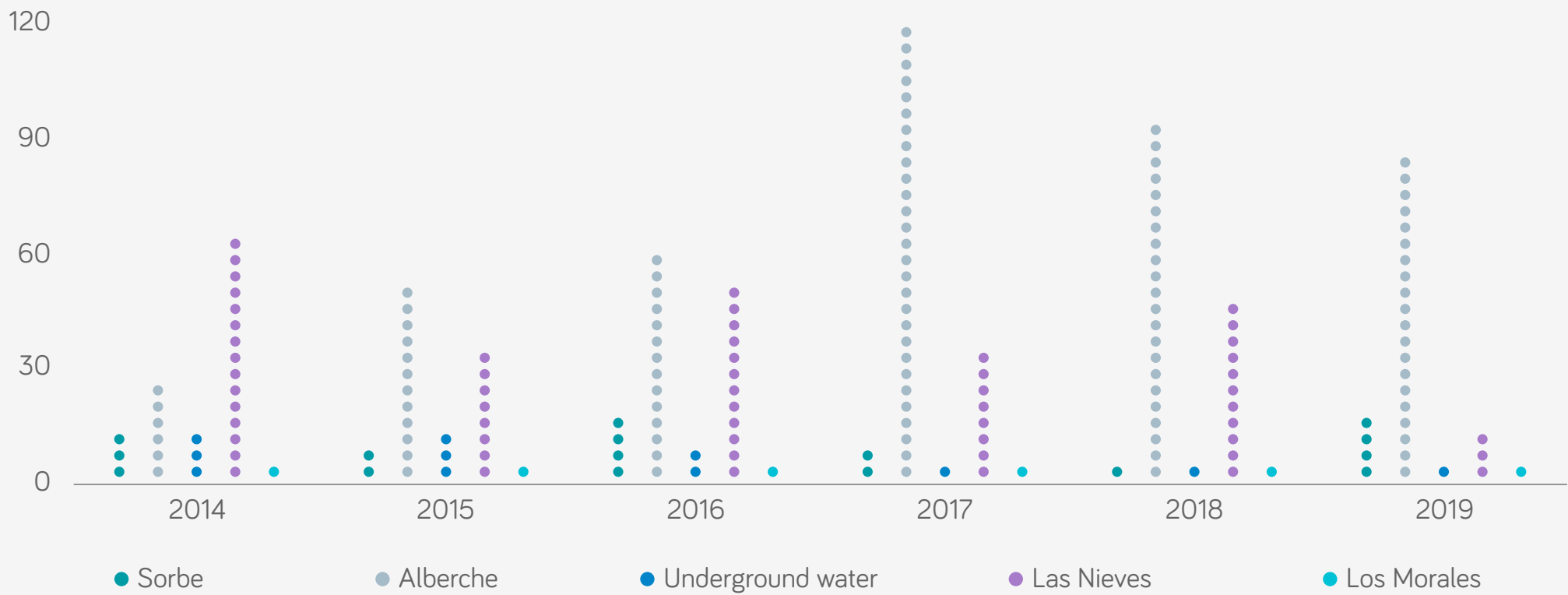
In the area of supply, our objective is to have more resources that allow us to mitigate the effect of the **decrease in natural inputs** and, in addition, to have facilities that allow us to operate with enough flexibility from the sources of supply available to us.

Among said resources is our capacity to **transfer water** from the reservoirs of Picadas and San Juan, and to a lesser extent Los Morales, in the Alberche River basin, where we have the corresponding concession.

Canal also has the possibility of obtaining **groundwater** through its 78 wells, a strategic reserve for drought situations.

The use of the **Guadarrama River** has been enhanced in recent years, transferring water to the Valmayor Reservoir by means of the Las Nieves weir. We also have the possibility of obtaining water from the Sorbe River using the El Pozo de los Ramos dam, which connects to the Jarama Canal.

USE OF RESOURCES IN ADDITION TO INPUTS TO CANAL RESERVOIRS
FOR THE 2014-2019 PERIOD (MILLIONS OF CUBIC METRES ANNUALLY)



We also have the **Tagus DWTP**, which since 2010 has made the river’s resources available to the inhabitants of Madrid thanks to the most advanced technologies.

All these actions allow us to improve **communication between the supply systems** of the Autonomous Community of Madrid, improving the flexibility of the system’s operation and our ability to guarantee water availability for users. In 2019, a particularly dry year, the volume diverted from other catchments was 57.35 million cubic metres, which has more than doubled compared to 2018 (29.16 million cubic metres).



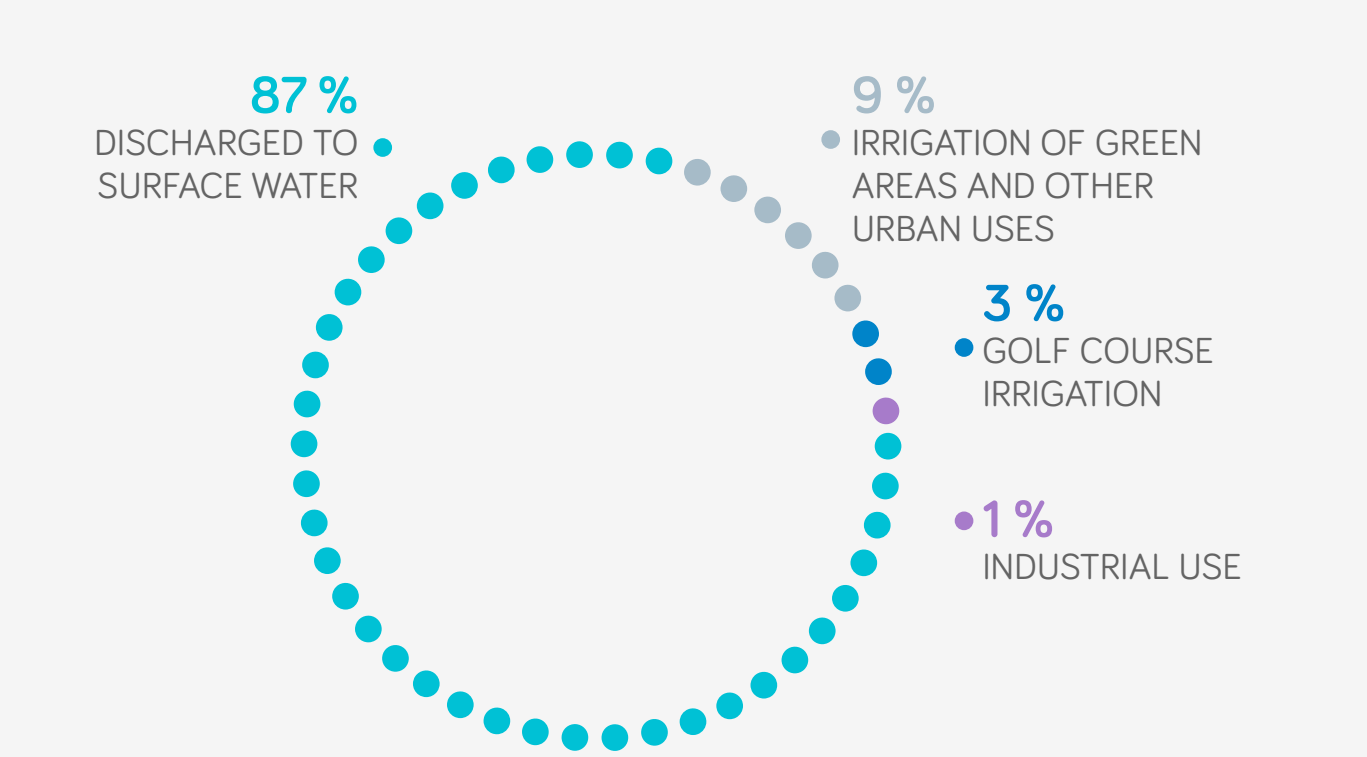
Reuse Plan: The definitive alternative

Regenerating wastewater for its subsequent reuse is one of our greatest challenges for the future. Thanks to regeneration, we will be able to obtain a large volume of water for certain **uses that are not related to the supply of water for human consumption**, but which today are an important part of the demand: irrigation of public parks and gardens, golf courses, street cleaning and even some industrial uses.

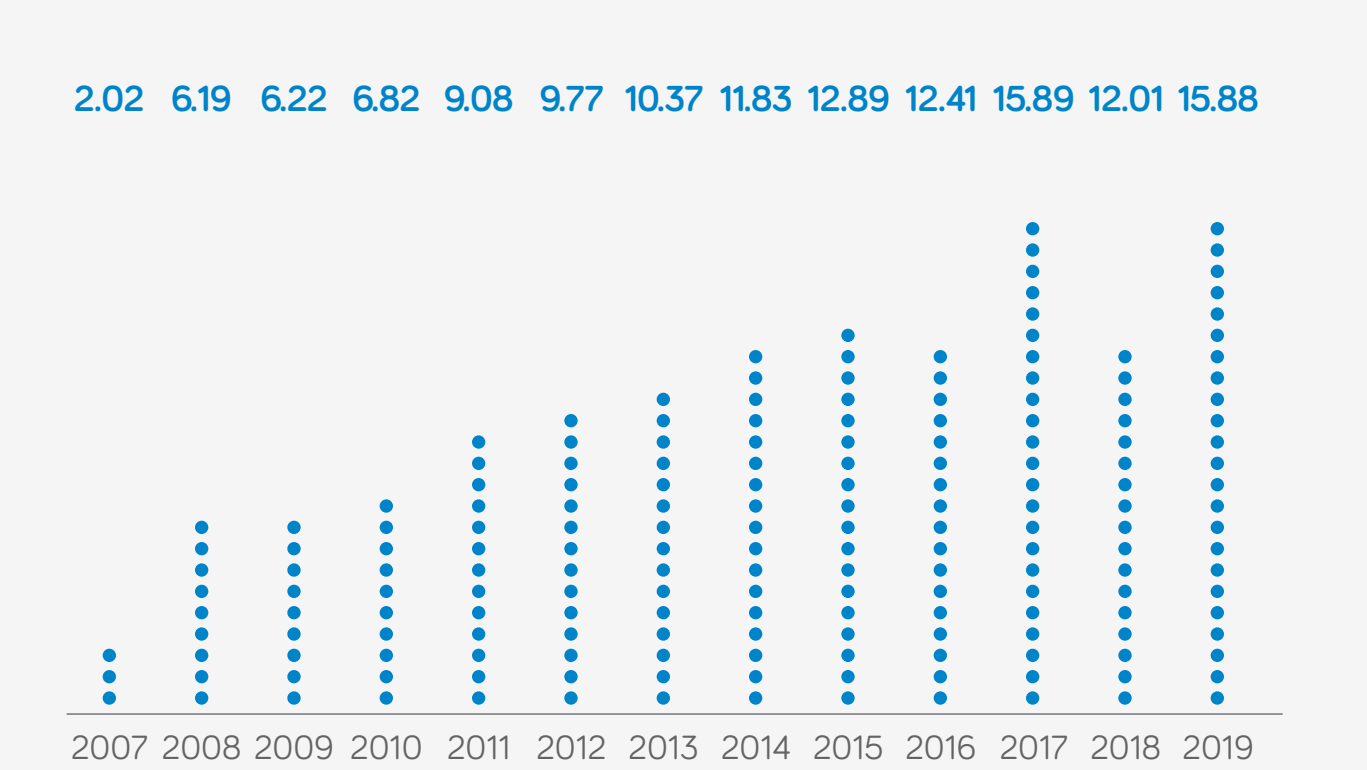
By making greater use of reclaimed water, we are able to **reduce the pressure** on the resources stored in our reservoirs, which means a more rational and sustainable management of the resource.

By the end of 2019, Canal had 25 regeneration plants in service, 650 kilometres of reuse networks and 64 regenerated water deposits. With these infrastructures, 24 municipalities and 11 golf courses were served with regenerated water, with a total surface area of 789 hectares, as well as industry (International Paper) and 11 other entities. Thanks to agreements signed with municipalities, 323 parks in the region are irrigated with regenerated water (a total of 1,767 hectares).

DISTRIBUTION BY USES OF REGENERATED WATER PRODUCED IN 2019



ANNUAL PRODUCTION OF REGENERATED WATER FOR REUSE (MILLIONS OF CUBIC METRES)



In 2019, we regenerated a total of **15.88 million cubic metres** of water for subsequent reuse, 31 % more than in 2018.



The fight against water fraud

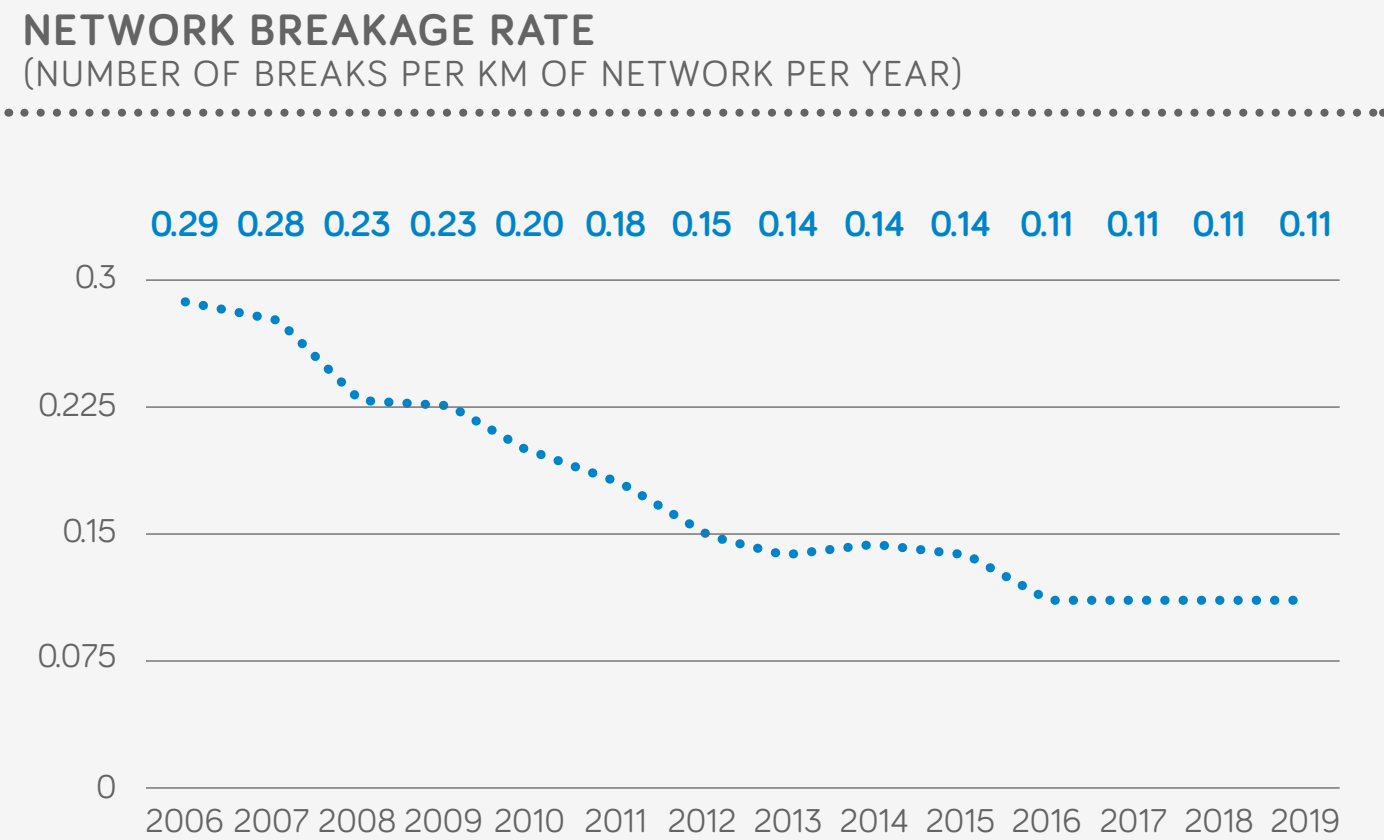
Canal de Isabel II has a specific area dedicated to combating fraud. The task of detecting fraud involves various phases, the final result of which is in many cases channelled through **complaints brought before the Judicial Authority**, it being understood that we are faced with activities that could be included in Chapter VI of the Criminal Code - *Fraudulent Acts*. In other cases, preventive conviction of non-contracted connections is carried out in order to avoid their illegal use by third parties; occasionally, the result of the action is transferred to other areas of Canal, since it is understood that this case may fall within its scope, due to its special characteristics.

Throughout 2019, as a result of the work carried out, fraud involving more than **5.40 million cubic metres of water** has been detected and almost **796,576 euros** have been collected through proper management. Furthermore, 759 fraudulent connection convictions have been handed down and 326 contracts have been negotiated and signed to regulate fraudulent situations.

Our network’s efficiency

Canal de Isabel II’s strategic priority is to implement internal actions that allow us to manage water with the greatest efficiency in the distribution network, reducing and controlling the leaks registered in distribution and connections, and in breaks.

The policy of renewing and improving the distribution network, which in the last three years has meant an **average renewal of 146 kilometres per year** (184 in 2019), aims to minimise water losses due to leakage and breakage and to reduce damage to third parties



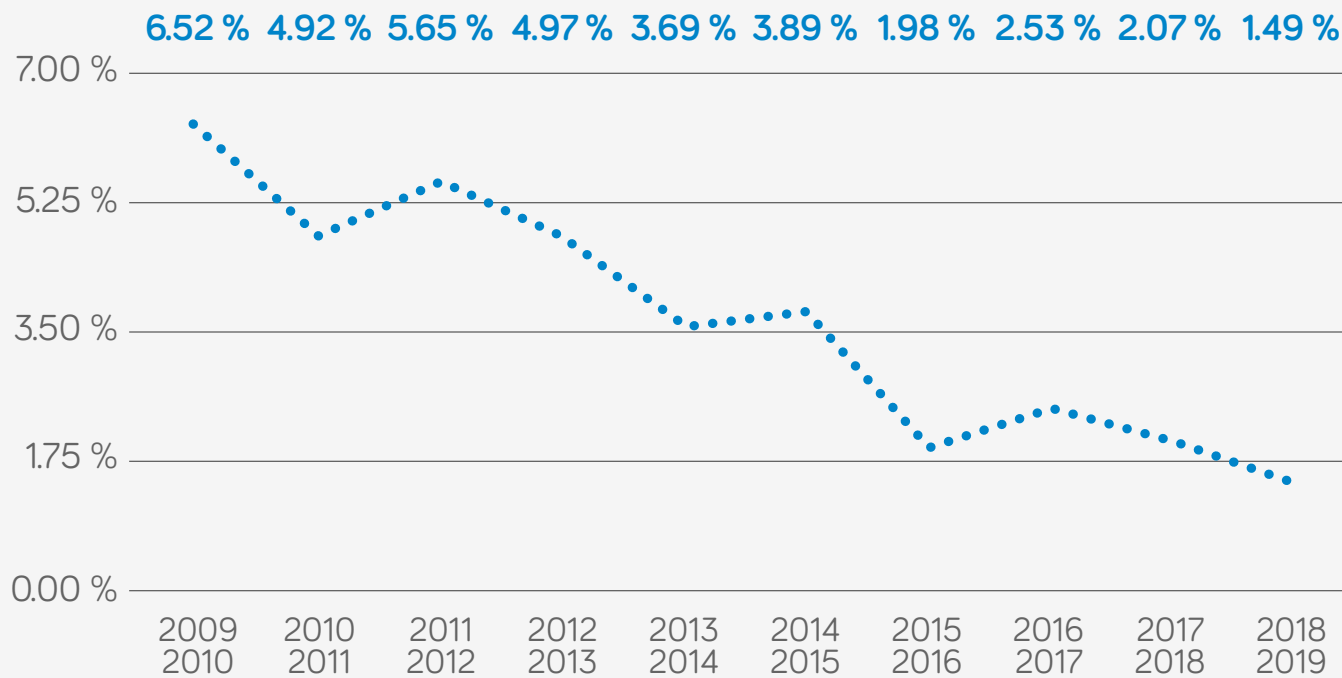
due to flooding. The effort that Canal has historically made resulted in a significant improvement in our breakage rates over the past 14 years, with a 62 % **reduction in pipe breaks**. All this despite the growth of the network and the addition in 2012 of networks from new municipalities with poor conservation.

The results of all the efficiency efforts made by Canal are reflected in the available data on the efficiency of Canal’s network. In this way, **actual losses** in treatment and distribution caused by leaks, breaks and breakdowns in the supply network, as well as **hidden losses** due to measurement errors, fraud and unmeasured consumption, have been reduced in recent years.

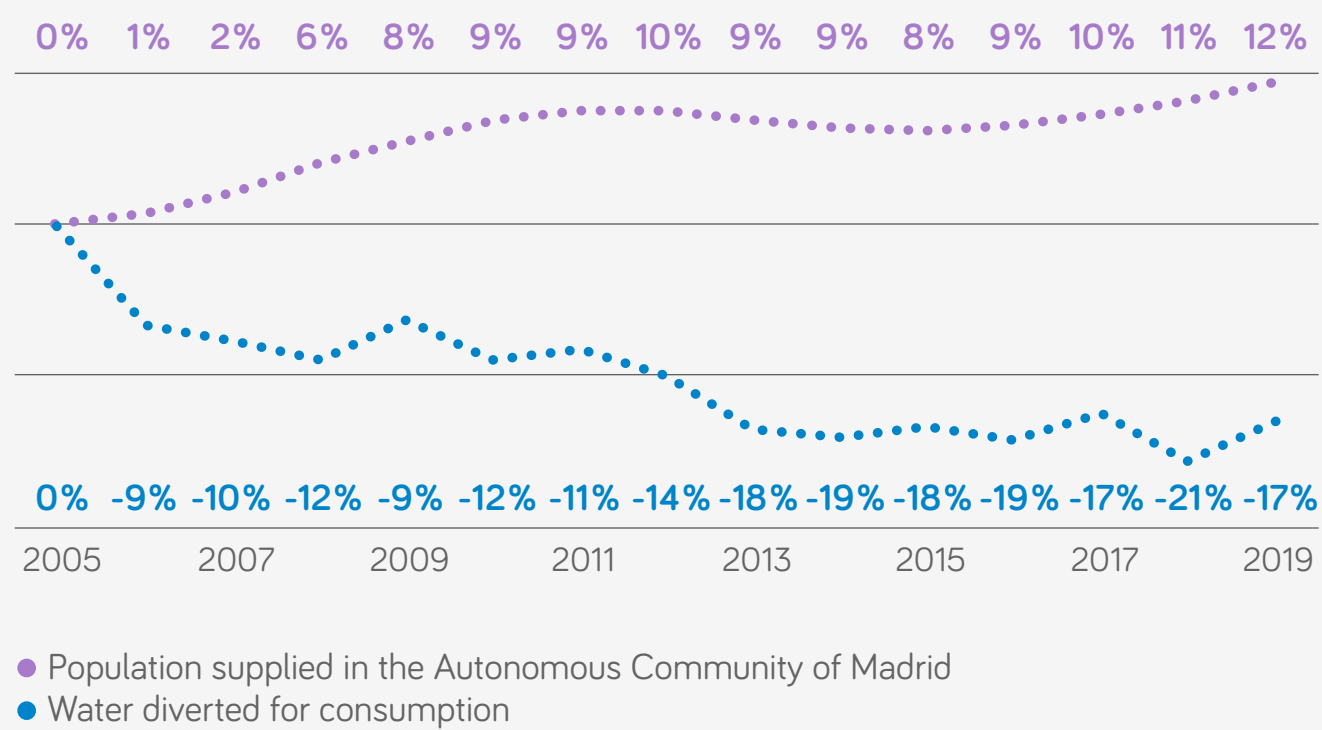
The **self-consumption of water** needed to provide the service to Madrid residents throughout the 2018/2019 hydrological year was 4.83 million cubic metres, 0.97 % of the water diverted for consumption by Canal.



HIDDEN LOSSES IN THE DISTRIBUTION NETWORK
(% OF WATER DERIVED FOR CONSUMPTION PER HYDROLOGICAL YEAR)



CHANGE IN RESOURCE USE VS. POPULATION SUPPLIED
IN THE AUTONOMOUS COMMUNITY OF MADRID
(% COMPARED TO 2005)



EMISSÃO:

Driving the water sector in Brazil

Emissão S.A. is the company of the Canal Group in Brazil dedicated to constructions and infrastructure. It also carries out waste management activities and decontamination as well as digital reading of meters.


In a country where access to water is a big problem for most of the population, Emissão faces the great challenge and at the


same time, the opportunity to participate in the **infrastructure construction and development basic** not only supply and distribution but also sanitation, whose access affects 50 % of the population.

In 2019, the main projects of Emissão have been developed in **Brasília, Rio de Janeiro** and in various municipalities of the state of **Bahia**.



Monitoring in the Strategic Plan





LINE 1

Strategic objective

To maintain the present supply guarantee level in the foreseeable climate change scenarios and with a sustained increase in population that's equivalent to the average of the past 15 years.

2019 was marked by **adverse weather** that also caused changes in water consumption habits. In this regard, if the summer was marked by more moderate temperatures than in previous years, the spring was warm and very dry, which has meant an abnormally long irrigation season. As a result, the upward deviation of what was established in the **PLAN -25** star plan the objective of which is optimising consumption to reach 127 l./inhab./day in 2030, has been higher than what's established for a typical warm year, closing, 2019, in **206 litres per inhabitant per day**. It is the second-best data from the 2005-2019 period (the record was last year) even though it was a dry year with well below average contributions during this period.

However, this same circumstance has meant an increase in the use of **regenerated water**, reaching a production for irrigation and industrial use of **16 hm³**, 33 % more than in 2018. Likewise, a tertiary treatment performance of 95.89 % was achieved, with 101.77 hm³ of treated water being discharged to surface water with a much higher quality than required.

In turn, actions aimed at increasing **uncontrolled water efficiency** have achieved a new record value of **13.58 %**, 0.62 points below the 2018 value. This very significant figure is marred by the aforementioned consumption increase, resulting in an improvement of approximately one hm³ in absolute terms, equivalent to the consumption of more than 12,000 people.



MORE INFORMATION REGARDING THE STRATEGIC PLAN MAY BE FOUND ON [OUR WEBSITE](#)

SLO1 - ENSURE THE SUPPLY GUARANTEE

SL 01 - Population supplied by water saving

39,761 people

Obj.: 76,253 people

Consumption avoided: 13 hm³ (172,747 people).



SP 01 - Water diverted per capita per day

206 l/inhab/day

Objective according to average (last 3 years):
206.5 l/inhab/day

Compliance compared to the average: 100 %



SP 1.1 - Ensure maximum efficiency
of existing resources

SP 1.1 - Degree of automation
of the exploitation

33.8 % automated

Obj.: 40 % automated

Compliance: 66 %



SP 1.2 - Extend and encourage the
consumption of regenerated water

SP 1.2 - Percentage of tertiary use

95.9 % of its capacity

Obj.: 95.4 % of its capacity

Compliance: 100 %



SP 1.3 - Ensure and encourage efficient
management of the demand

SP 1.3 - Non-registered water

13.58 % of the volume
diverted for consumption

12.53 % no treatment

Obj.: 13.5 % of the VDC

Compliance: 89 %

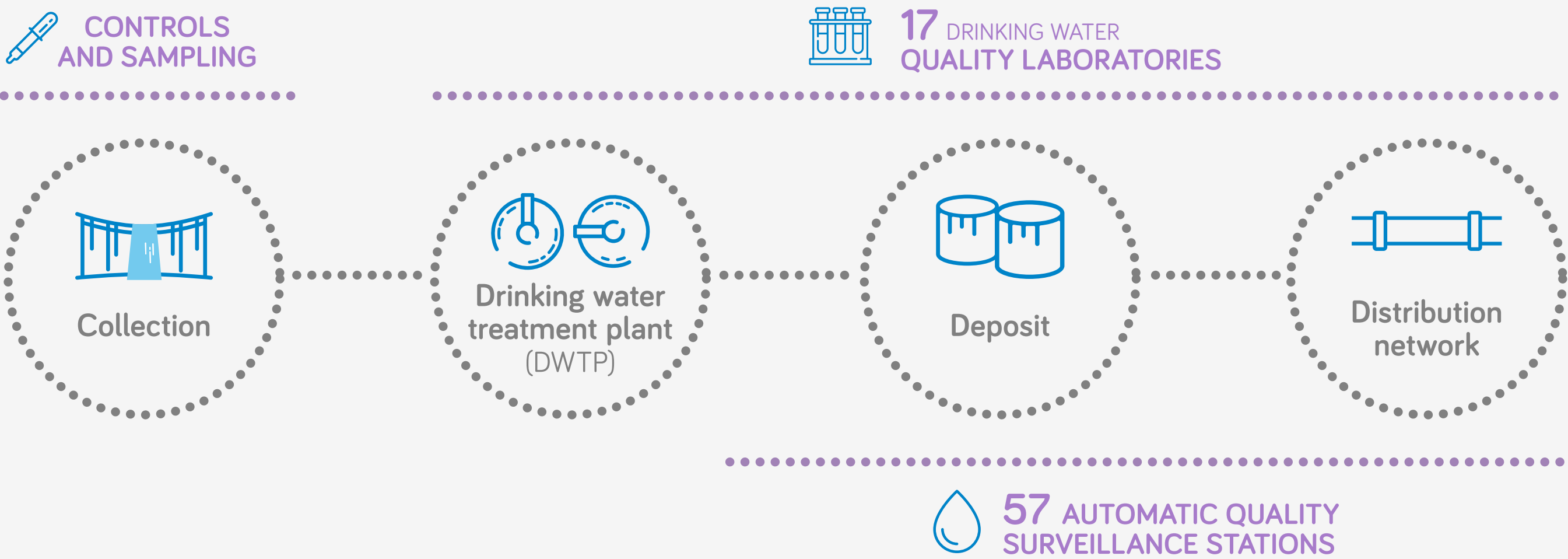


Guaranteeing quality: the best water in Spain

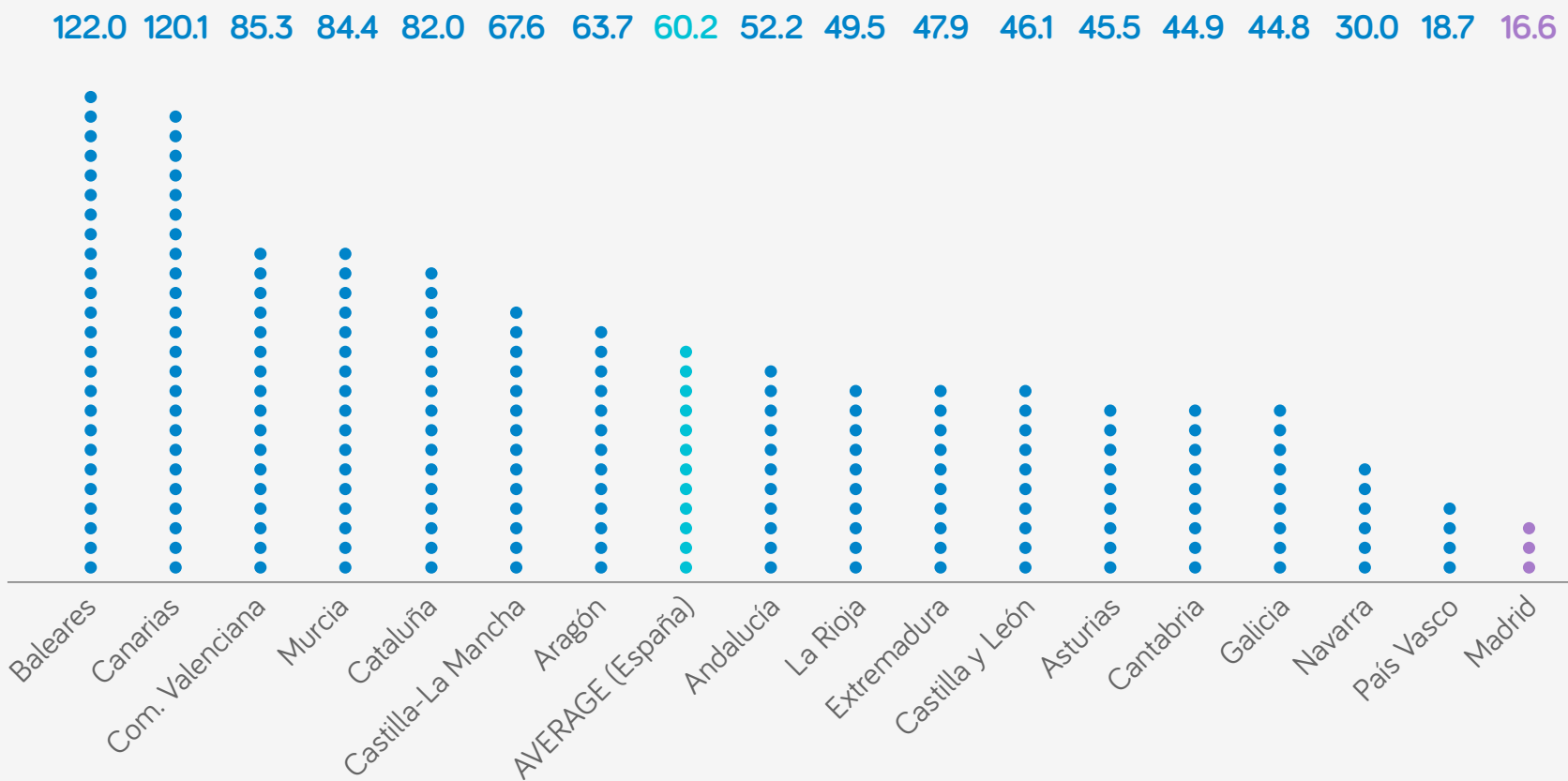
The quality of the water that Canal de Isabel II serves Madrid's residents is one of the hallmarks of the Autonomous Community of Madrid.

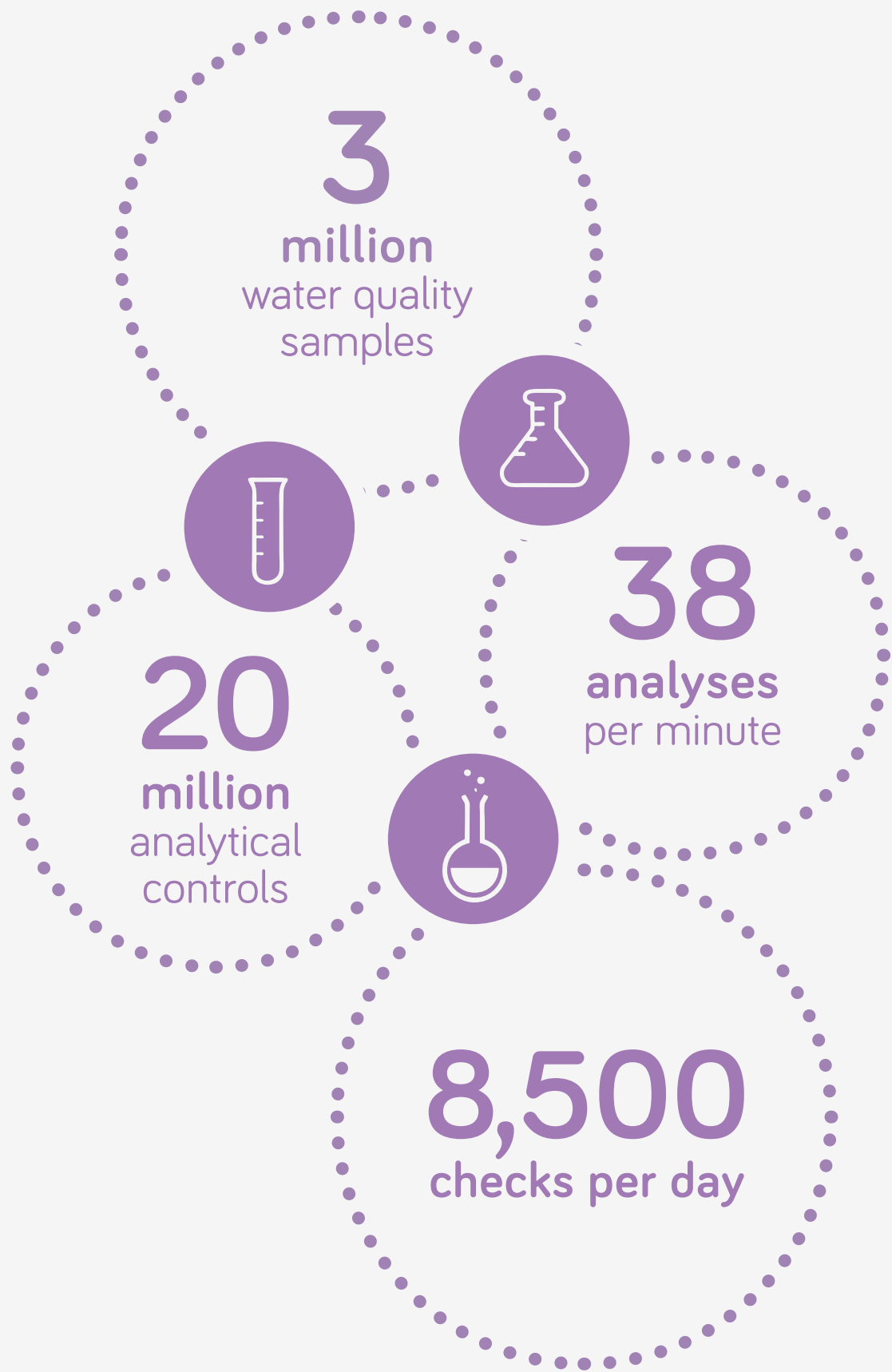
Madrid's water is considered throughout Spain as being of the **highest quality**. Thus, for example, bottled water consumption in the region (16.6 litres per inhabitant per year) is 72.37 % lower than the Spanish average (60.2 litres per inhabitant from July 2018 to June 2019).

There are multiple reasons for this quality. We have an **excellent raw material** at source (our reservoirs and collection points), with adequate and advanced **treatment systems** and the great effort we make to preserve and maintain **water quality**.



CONSUMPTION OF BOTTLED WATER IN HOMES
IN LITRES PER INHABITANT PER YEAR (JULY 2018-JUNE 2019)





Guaranteeing the quality of water

Consequently, with the aim of guaranteeing water safety, Canal de Isabel II has established a monitoring programme **from the point of origin** of the supply to its delivery to the consumer.

Analyses corresponding to the water supply **monitoring and quality control programme** are carried out in four laboratories integrated in the Sub-directorate of Water Quality and in another twelve integrated in the Treatment Area. The determinations are made at these labs that are required by legislation on the sanitary criteria for the quality of water for human consumption. Canal also manages the quality control of purified effluents in WWTPs and the quality of regenerated water for irrigation of green areas.

In 2019, Canal de Isabel II carried out over **3 million water quality samples** and analysed more than **20 million analytical controls** to ensure the quality of service. This means running more than **8,500 checks per day** and **38 analyses per minute**.

Controlling water at the source

The control of water at source encompasses the two possibilities of available resources, surface water and groundwater.

Surface water **monitoring** is carried out by means of the limnological study of the reservoirs and rivers used for catchment, while groundwater monitoring is aimed at the analytical characterisation of the resource, in compliance with the environmental conditions for groundwater established by the Autonomous Community of Madrid.

Surface water intended for the production of drinking water usually has a high level of quality, with the highest percentage of surface water collected classified at the highest quality levels established by current legislation.

Monitoring distributed water

For the surveillance of treated and distributed water, we use two programmes based on classical manual sampling:

- **Systematic programme** checking the resource on entering and exiting the DWTPs, header and regulating tanks, and official sampling points located throughout the network.
- An **auxiliary programme** without an established schedule for addressing claims and specific studies.

The manual sampling system is complemented by a network of **57 Automated Surveillance Stations (EVAs)**, installed at the outlets of DWTPs, large tanks and the most important supply nodes. All of them are equipped with sensors that allow a series of chemical parameters to be measured continuously and the results to be sent in real time to the Main Control Centre through the Canal's communication network.

The parameters that we measure in the EVAs are chosen specifically for their importance with respect to the **diagnosis** of water quality. Their number is being increased through a multi-year programme.



The analytical determinations in all the EVAs include chlorine, ammonium, nitrites, pH and conductivity, among others.

Monitoring wastewater and regenerated water

Canal de Isabel II also manages the quality control of **tributaries treated** in WWTPs and the quality of reclaimed water destined for irrigation of green areas and street cleaning.

Canal de Isabel II has a **purified water laboratory** for this purpose. Located in Majadahonda, it covers a surface area of more than 2,200 square metres and is equipped with a physical-chemical laboratory, a microbiology laboratory, an organic contaminants analysis laboratory and a metal and solid samples laboratory, an incubation room and a data and microscopy room, among other facilities. Furthermore, we have another three laboratories for analysing waste water in some of our WWTPs.

Our surveillance program allows us to maintain a permanent alert system through a **network of Automatic Surveillance Stations (EVAs)**, 95 for treated water and 60 for reclaimed water, which we also use for strict control of treated water from its entry into the WWTP until it is returned to the rivers, and for the control of water from the reuse networks.

Compliance with current regulations on water for consumption

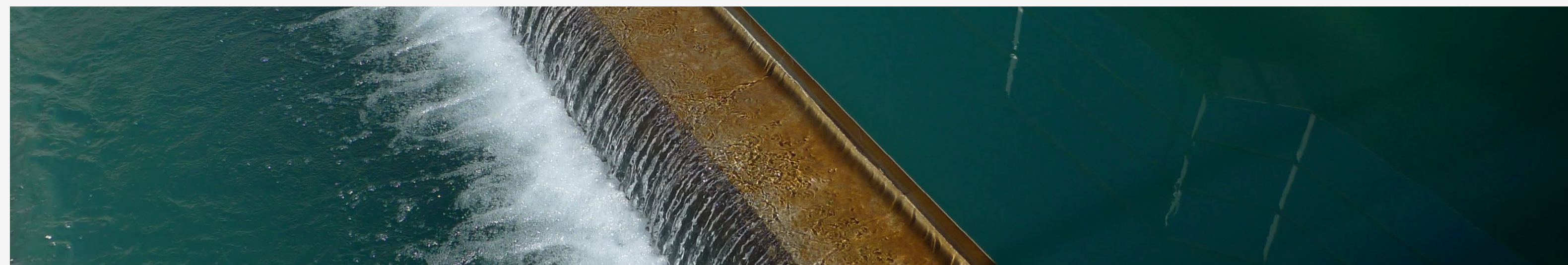
In 2011, Canal was certified by the National Accreditation Body (ENAC) according to the **UNE-EN ISO/IEC 17025** standard for the performance of physico-chemical and microbiological analyses, from the Central, Povéda (in Arganda) and Griñón laboratories. This certification has been extended by the inclusion of new test methods and now includes in its scope fresh and drinking water and regenerated water.

In addition, all of Canal's laboratories and EVAs are included in the scope of application of the quality and environmental management systems implemented in the company and certified, since 1997, according to **UNE-EN ISO 9001** and **UNE-EN ISO 14001** standards.


Our most recent incorporation was in 2017, with the entry into service of the new Collado Villalba laboratory for analysing drinking water, in order to strengthen the control of drinking water in the northeast of the Autonomous Community of Madrid.


Since 2009, Canal has been accredited by the Majadahonda cold water **meters verification laboratory** (file 278/LE1569), which was subsequently extended to flow metres.

In 2019, the degree of compliance of the distributed water, in percentage of samples that meet the norm on total samples analysed for the self-control protocol, was **93.81 %**.



Monitoring in the Strategic Plan





LINE 2

Strategic objective

To guarantee the quality of drinking water from its source, conserving the sources of supply, to the point of consumption.

In line 2 of our plan we highlight the following projects that we’ve completed in 2019 in order to continue guaranteeing the highest quality water:

- **50 spillways** in the sewerage network have been monitored that discharge into the reservoir receiving channels.
- Ways of improving the operation of the **Manzanares dam** intake have been analysed.
- Some **limnocorrals** have been installed to investigate how the shade balls affect water quality.
- **Improvements have been made to conventional treatments** (static decantation purges at the Colmenar DWTP and new lamella systems at the Majadahonda DWTP) and floating panels have been placed in decanters at the Navacerrada DWTP, in order to improve the quality of the decanted water.
- **87 new OSS** (official sampling stations) have been installed: in different points of the network, thus having more data related to water quality. Many of them provide sensors to monitor quality in real time.



- Installation of a **chlorine injection system** to maintain the chlorine levels in the network. Preparation of a maintenance and operation tender for the chlorine injection systems managed by Canal.
- Call for tender for contract 102/2018 “**Renovation of the supply network of Canal de Isabel II, S.A.**”, which includes the renovation of 1,200 km of pipes.
- Pipe cleaning using “**swabbing**” technology.

SL 02 - GUARANTEE THE QUALITY OF DRINKING WATER

SL 02 - Total compliance in the distribution network

99.8 % compliant

Obj.: 99.8 % compliant

Compliance compared to 2019 objective: 100 %



SP 02 - Percentage of pipes according to internal Canal standards with respect to the supply network total

83 % of the network

Obj.: 83 % of the network

Compliance: 100 %



SP 2.1 - Ensure maximum efficiency of existing resources

SP 2.1 - Incidents of raw water

17 incidents

Obj.: 18 incidents

Compliance: >100 %



SP 2.2 - Plan to promote and use of new treatment technologies

SP 2.2 - Quality incidence in outflow from DWPT/Header tank

1.2 % in header

Obj.: 1.8 %

Compliance: >100 %



SP 2.3 - Plan to improve the network operation process

SP 2.3 - Quality incidence received per thousands of kilometres of network

138 incidents / 1,000 km

Obj.: 150

Compliance: >100 %



SP 2.4 - Plan to improve preventive maintenance of the supply network

SP 2.4 - Percentage of pipes according to internal Canal standards with respect to the supply network total

83 % of the network

Obj.: 83 %

Compliance: 100 %



ASAA:

A new future for Riohacha



Avanzadas Soluciones de Acueducto y Alcantarillado - ASAA S.A. E.S.P., is the company responsible for water supply and sewerage management in the Colombian city of Riohacha, capital of the Department of La Guajira.

At the end of 2019, the company supplied a total of **235,515 inhabitants**. Canal holds 32.50 % of its shares, the Riohacha District holds 20 % and the rest belongs to other small shareholders.

Throughout 2019, the DWTP that treats the water for the municipality was extended with the objective of producing 100 l/s more.

The **Aquarating certification** was also obtained for the company's evaluation according to this standard evaluation from the International Water Association (IWA).

Thanks to the extension of the treatment plant and the signing of the agreement with tLhoec al administration and the Ministry of Housing, City and Territory the supply of the city that over the last year has attended the massive arrival of Venezuelan migrants will be able to be met through a **Differential Scheme** of supply service provision.

Service continuity: **A reliable service 24/7**

Canal must guarantee the security of the service that allows continuous supply and contributes to the well-being of all of Madrid's residents. To this end, we must equip ourselves with systems that guarantee the security of our facilities, some of which are critical, as well as our information systems and our personnel.



Guaranteeing the security and safety of facilities and people

In order to ensure the supply of drinking water to the citizens of the Autonomous Community of Madrid, Canal de Isabel II must guarantee the management and control of the security of all its facilities.

To this end, we coordinate key aspects such as building and facility security services, self-protection plans, security in large dams, water fraud control, coordination with the law enforcement agencies and protection of customer-related data.

Operational security

Canal de Isabel II manages a large number of infrastructures that can be considered particularly risky, as well as an important heritage that is subject



to different security pressures. The entry into force of Law 8/2011, of 28 April, which establishes new measures for the **protection of critical infrastructures**, has led to the classification of some of the infrastructures we manage under this new category.

By the end of 2019, there were almost 450 people working in the area of security at Canal de Isabel II, monitoring our 1,061 different installations throughout the territory of the Autonomous Community of Madrid. As of 31 December 2019, we had 109 established fixed surveillance posts and 23 external security and safety patrols in place, increasing surveillance coverage should the need arise. All security personnel have been trained in the fundamental rights of citizens, as required by the regulations in force.

Also, in 2019, the existing coverage of **electronic security** systems was extended to include closed-circuit television surveillance (21 % more than last year), intrusion detection systems and card access

control to multiple facilities (7 % more than last year). Our closed-circuit television (CCTV) systems already manage 768 cameras; many of them perform automated supervision without human intervention, increasing operator efficiency and responsiveness.

Self-protection of buildings and facilities

In 2019, many actions have been taken in this direction. These include **preventive maintenance** of the self-protection systems in 52 buildings or the preparation and/or renewal of 18 Self-Protection Plans.

The implementation of the **Self-Protection Plans** is organised on two solid bases: training and involvement. To this end, the personnel who will be part of the teams are chosen on a voluntary basis, and then all the staff is trained. In 2019, four Real Fire courses were given and 76 evacuation drills were held.



Protection of data related to customers and suppliers

Canal de Isabel II, S.A. continues the **continuous improvement** process to encourage that all processes and procedures are in accordance with the indications of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and Organic Law 3/2018 of

5 December on the Protection of Personal Data and Guarantee of Digital Rights.

In this sense, with the stated objective, **data protection principles** continue to be implemented in the different processes and procedures, applying technical, organisational, training and legal measures.

In 2019, 116 data protection rights were exercised, data protection clauses were incorporated into 294 contracts and 26 suggestions and complaints regarding data protection from customers and integrated water cycle users were resolved. Likewise, specific data protection training actions were given in different areas of the Organisation.

Security of information systems and business continuity


In matters of information security at Canal, we seek to achieve a **greater degree of maturity** in the cybersecurity management, in line with international standards and commonly accepted information security best practices.


In terms of the assets that make up the Operational Technology (OT), we work to increase **levels of cybersecurity** by taking into account the nature of this technology and its specific requirements, strengthen prevention and detection systems against cyber-attacks through better use of Threat Intelligence, and establish operational protocols for responding to cyber-attacks.

Our goal is to position Canal de Isabel II among the companies in the sector with the highest cyber resilience rates.



Monitoring in the Strategic Plan





LINE 3

Strategic objective

To ensure service continuity when faced with possible failures that may affect the networks, the quality of water supplied or the information systems of Canal.

In order to continue supplying water in quantity and quality and without interruption, in 2019 we developed new actions within Strategic Line 3 of our plan, among which we highlight:

- In 2019 we worked with the methodology for characterising supply resilience defined in 2018. **32 sectors** have been studied, covering **117,313 contracts**, of which 45 % are characterised by low resilience. From the analysis, 6 alternatives have been identified and evaluated. As a result of the work, in 2019 we have more contracts that have an alternative supply to severe incidents than initially planned, reaching 81.3 % of contractss.
- During 2019, we continued with the **characterisation of the facilities**, prioritising them by their importance in the supply system and, at the same time, implementing the adaptation and reinforcement,

where appropriate, of the security systems in line with the risks identified in the main facilities, achieving the actions and objectives set for the year.

- In 2019 we also launched a **security portal** for internal use by employees where they can consult information regarding facility security, personal safety, information security and privacy, as well as access the contents of security campaigns or relevant news in the field of security. Moreover, safety information campaigns have increased and raising awareness was focused on those employees who had difficulties in the **phishing campaign** launched in 2018, which was again carried out in 2019. This year, an informative and awareness-raising talk about the Internet of Things was also given for employees as part of the Innovation Systems for Water Management trade fair.

- To increase information security, in 2019 we have developed **4 specific action guides** to respond to specific threats, in addition to having renovated the perimeter and data network security infrastructures, also increasing the level of monitoring and early warning in the Security Operation System (SOC). It is worth highlighting the start of the master plan for security in operation technology (OT), as well as the reinforcement of security in remote connections to the industrial network for operation and the network interconnection security level. The continuity of the information systems is also fundamental for the continuity of the service and,

in this regard, in 2019 a complete shutdown test of one of the data processing centres and service recovery in the alternative centre was completed with satisfactory results, and the redundancy of communications between the Data Processing Centres was also completed.



For security reasons, Canal de Isabel II does not make its line 3 indicators public.



SDG 13 climate action: *taking care of the planet*

How have we adapted?

Most experts agree on the importance that the effects of climate change can have on the potential change in the distribution of water resources globally.

Canal de Isabel II cannot be unaware of this concern about the future sustainability of our supply model and, for this reason, we are working both in the area of **mitigation** and **adaptation** to be prepared to face the adverse effects that climate change may cause.

OUR GREENHOUSE GAS EMISSIONS (GGES)

In 2019, according to estimates, greenhouse gas (GHG) emissions amounted to **200,726 tonnes of CO₂ equivalent**. This represents a 42.02 % reduction in our total GHG emissions compared to the previous year and is mainly due to all of the energy purchased in the electrical network had guaranteed renewable origins and therefore there were zero tonnes emitted, the

increase of the thermal sludge drying activity entails a greater natural gas consumption.

The only two Canal facilities subject to regulations on **greenhouse gas emission rights** are the **Wastewater Sludge Treatment Unit of the WWTP**



The environment is in Canal de Isabel II’s DNA. As managers of a natural resource that is essential to life and responsible for the purification and proper discharge of nearly 6.5 million people’s waste into the sewage system, it could not be otherwise. Therefore, the conservation and protection of our environment is part of our mission and is one of our main daily tasks. In the future we want to take a step beyond legal compliance in our commitment to the environment.

with cogeneration of Loeches, (UTL) and the Sur WWTP Thermal Sludge Drying Plant. Both of which in 2019 compensated their emissions by providing the Emission Rights National Registry the **96,479 tonnes of CO₂** equivalent.

As far as the origin of our emissions is concerned, three scopes can be distinguished:

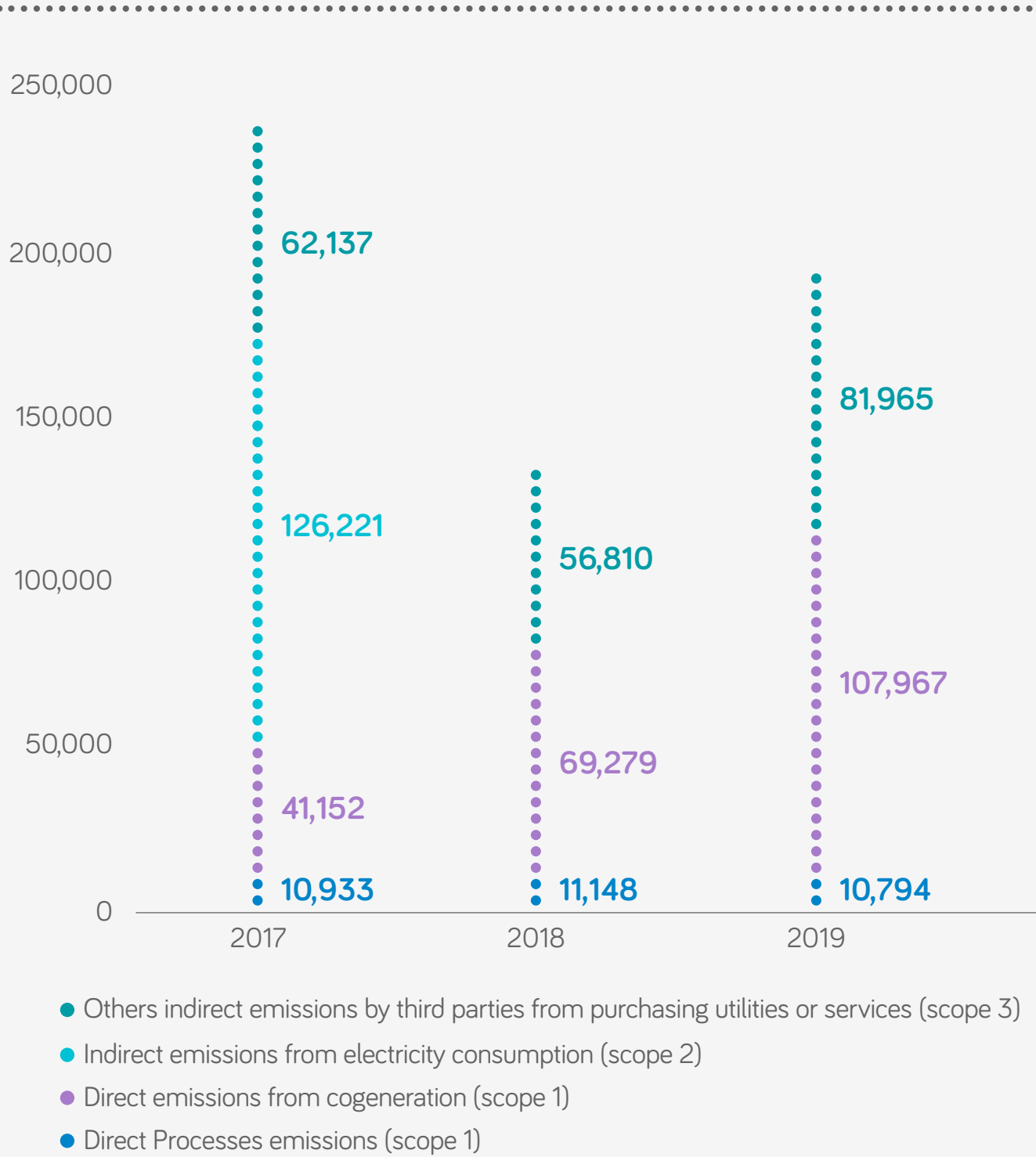
- **Direct emissions**, originating from Canal processes and/or facilities (scope 1), accounted for **59 %** of the total in 2019. These include our main combustion activities: the cogeneration in the Loeches UTL, the cogeneration in the sludge drying WWTP Sur, the composting processes of sludge or those associated with emissions from the company’s vehicles.
- There were no **indirect emissions**, associated with Canal’s electricity consumption (scope 2), given that all of the electricity we consume comes from renewable sources.
- **Indirect emissions**, associated with supplies and services provided by third parties (scope 3), such

as waste transport, reagent consumption and paper consumption. They accounted for **41 %** of our emissions in 2019 and include emissions associated with commuting by Canal employees from their homes to the company’s workplaces.

In terms of **specific emissions** in 2019, **0.209 kilograms of CO₂** equivalent were recorded for each cubic metre managed*.

Historically, electricity consumption was one of the main sources of emissions of this type of gas by Canal. In dry years, which require higher electricity consumption to ensure adequate supply, emissions may almost double (as they did in 2012). For this reason, Canal focuses its efforts to **reduce emissions** on the **generation of clean energy** and the search for **energy efficiency**. All of the energy purchased in the electrical network since 2018 had guaranteed renewable origins, which, combined with our own generation makes our emissions associated with electrical consumption (scope 2) zero tonnes.

GREENHOUSE GAS EMISSIONS BY SOURCE IN TONNES OF CO₂ EQUIVALENT (2017-2019)



*Sum of the water rerouted for consumption, the water purified in WWTPs and the water regenerated for reuse throughout the year.

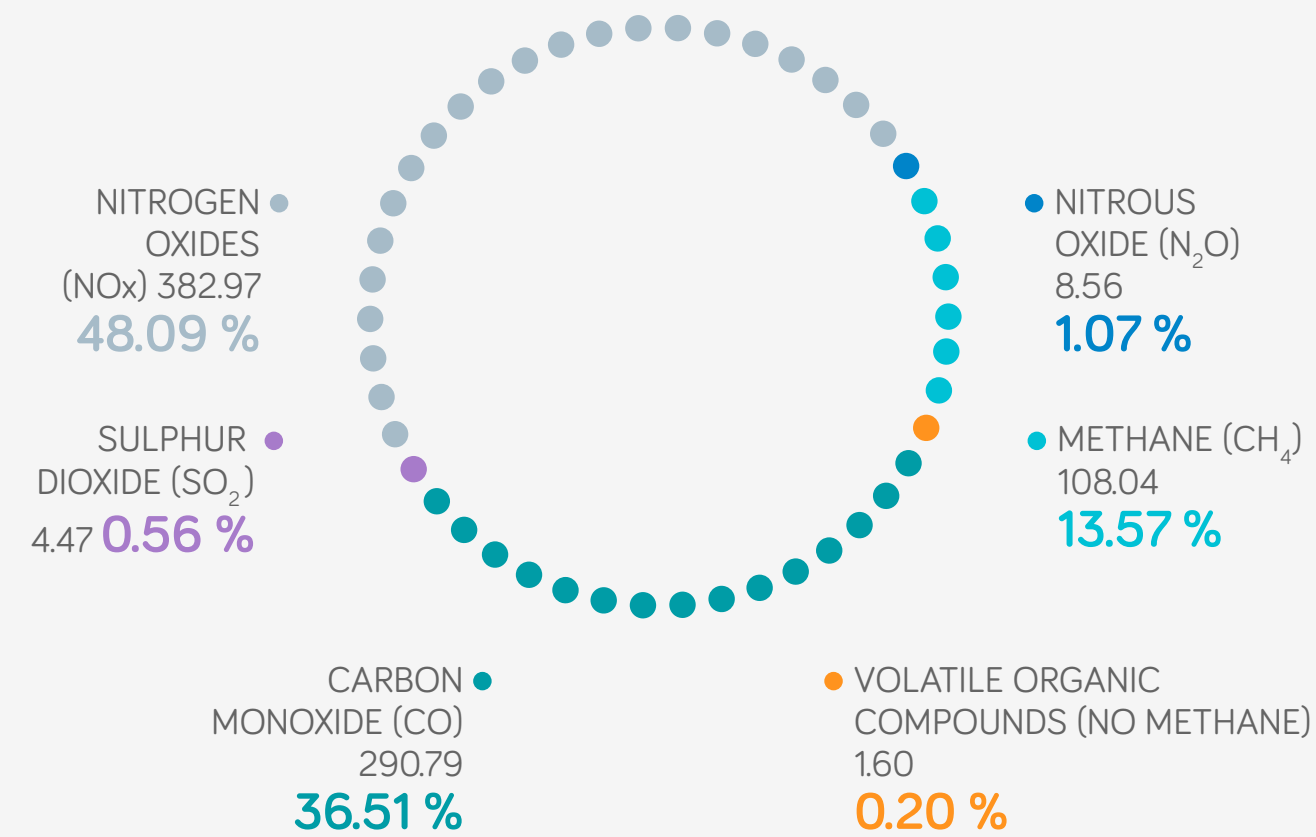
ATMOSPHERIC EMISSIONS

The emissions of greenhouse gases, acidifying substances and tropospheric ozone precursors into the atmosphere that can be attributed to Canal's operations come from:

- Emissions associated with the **composting processes of sludge** from our WWTPs.
- Direct emissions from **existing combustion plants in Canal's facilities**, particularly those from the UTL in Loeches and the thermal sludge drying plant of WWTP Sur.
- Exhaust gas emissions from our **722 vehicles and machines**, which in 2019 have covered a total of **10 million kilometres**, as well as diesel used in some processes.



DISTRIBUTION OF CANAL AIR EMISSIONS (EXCEPT CO₂) IN 2019
(TONNES PER YEAR AND % OF TOTAL)



How are we mitigating it?

In addition to generating electricity, Canal has made significant efforts in recent years to reduce greenhouse gas emissions, including:

Raising awareness to reduce water consumption and rationalise water use

Efforts to raise awareness about the efficiency and sensible use of water have a direct impact on saving GHG emissions. Thus, the greatest reduction in emissions is directly related to the **reduction of water consumption** by our customers and users.

Reforestation Actions

In the 2019 fiscal year Canal planted **8,453 plants**, trees and shrubs. The development of new plantations is a means for carbon sequestration, a useful short-term response to global warming caused by the accumulation of carbon dioxide in the atmosphere.



Promoting the use of public transport

Canal finances **80 % of the amount of the Transport Pass** in the Autonomous Community of Madrid for all employees who request it, thus promoting the use of public transport in the workforce.

Sustainable mobility

Canal promotes low CO₂ emission rates in its vehicle contracting tenders. One of the most important factors for awarding contracts are these CO₂ emission rates, with vehicles with the lowest index being assessed positively. The lower consumption of vehicles and the possibility of using biofuels are also particularly valued

in these processes. In 2019 we have renovated the Canal de Isabel II **vehicle fleet** with the gradual change to cars with electric drive. In this first stage, 69 vehicles have been refurbished and 200 charging stations have been installed, preventing the emission of 124 tonnes of CO₂ into the atmosphere.



Search for energy efficiency

Since 2010, various plans have been developed for energy improvement in Canal. They seek efficiency in energy management from an integral point of view (operational, technological, economic and environmental), promoting coordination between the different areas of the company. In 2019, we highlight the **identification of the facilities** to be renovated that represent more than 85 percent of Canal de Isabel II’s electrical consumption. To complete the consumption characterisation at all Canal facilities with significant consumption, a new battery of tenders will be carried out to enable the final deployment of connected analysers and energy audits.

Biogenic and prevented CO ₂ emissions (tonnes)	2017	2018	2019
Biogenic emissions	97,125.25	99,699.00	100,594.18
Prevented by electricity self-production	39,334.21	25,914.44	25,947.14
Prevented by the use of cogeneration plants	44,034.04	53,289.65	70,026.97
Prevented by the purchase of electricity with renewable energy guarantees	-	72,123.41	74,550.53
Prevented by the use of hybrid vehicles	29.69	29.95	19.90
Prevented by the use of electric vehicles	3.38	10.88	117.96
Total biogenic CO ₂ emissions and CO ₂ prevented	180,526.57	251,067.33	271,256.69

MANAGEMENT SYSTEMS

Canal de Isabel II develops all its activities taking into account its Management System Policy (quality, environment, and health and safety). To warrant compliance, our Management System is certified according to the **ISO 9001:2015, ISO 14001:2015** and **ISO 45001:2018 standards**. In May 2019, the first monitoring Quality and Environmental certification audits were conducted, by an external entity, with favourable results for the development and permanent improvement of said System. At the same time, and later in October, the external audit for the Occupational Health and Safety certification was conducted, with the same result.

The **Management System Sub-Committee**, as the specific body that directs and drives the System, is responsible for its monitoring, coordination and decision-making. All of the company’s management participates.

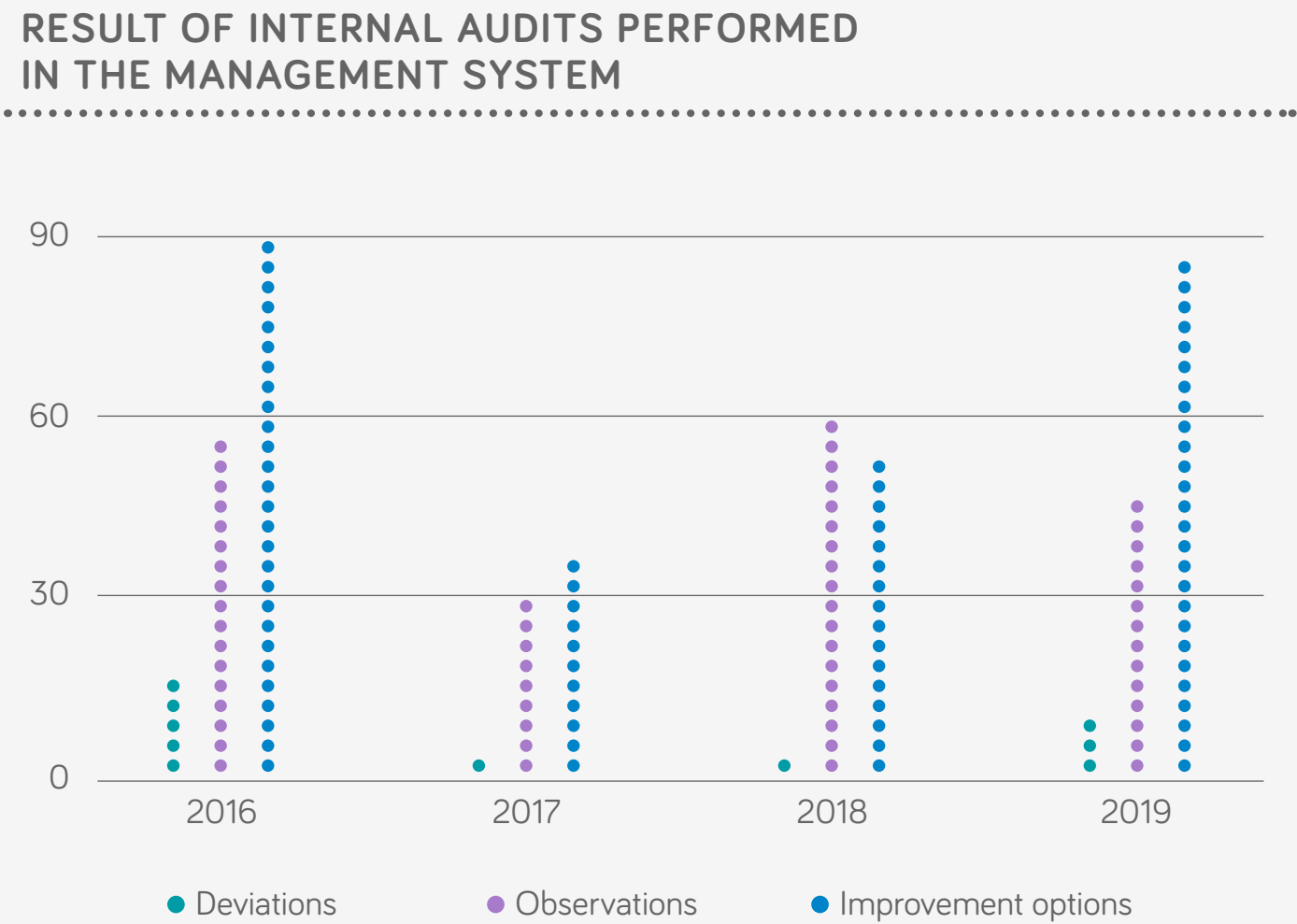
The document base of the Management System, on 31 December 2019, consisted of 542 documents including

the **Management System Manual** and **Prevention Plan**, general procedures, technical instructions and standard operating procedures. In 2019, changes have been made to 123 system documents.

Over the last few years in the Management System area, Canal has made progress in defining process architecture and, within the specific strategic action called **“Process reengineering”** and in connection

with the **“Digital Transformation”** Plan, in 2019 the project for the digitalisation of processes and business architecture was implemented, in which research into the latest process management trends has been carried out. The focus has been on searching for different methodologies and frameworks, as well as analysing different computer tools that support and enable the digitalisation of processes.

Likewise, the implementation of process improvement methodologies has been consolidated (Lean, ...). Some of the projects completed in 2019 with these methodologies have been: technical sanitation compliances, fraud management and communication between the areas of Projects, Construction, Operations and Remote Control. Furthermore, the structure of **“Links for Improvement”** has been developed, 18 people appointed by each Director to act as promoters and coordinators of these improvement projects within their divisions. These links received training in Lean six sigma (green belt level) and carried out 8 process improvement projects in 2019.



PREVENTION AT THE SOURCE OF ADVERSE ENVIRONMENTAL IMPACTS

Canal incorporates the **principle of prevention** into its operating philosophy (“the best way to correct an environmental impact is to prevent it from occurring”), with an approach based on analysing the life cycle of our processes and activities.

Our environmental management system contemplates the principle of **continuous improvement** of our performance, and includes among its objectives the prevention and minimisation of pollution, the commitment to comply with applicable environmental legislation and the monitoring and control of significant environmental aspects.

All the projects drafted at Canal de Isabel II are evaluated in accordance with the provisions of Law 2/2002 on Environmental Assessment of the Autonomous Community of Madrid and other applicable legislation (notably, Law 21/2013, of 9 December, on environmental assessment). In addition to the aspects of the **natural** and physical environment, these assessments analyse the **social** and **economic** aspects and, if necessary, any significant impacts on **local communities**.

MAIN ACTIONS IMPLEMENTED BY CANAL DE ISABEL II FOR THE PREVENTION AND REDUCTION OF ENVIRONMENTAL IMPACTS			
Processes/ facilities	Actions to prevent environmental impacts	Processes/ facilities	Actions to prevent environmental impacts
Projects and works	Evaluation of environmental aspects in planning and projects	Drinking water redistribution networks	Renovation of networks
	Conducting environmental impact studies		Unbilled water reduction plan
	Environmental protection clauses in tender documents		New technologies in networks plan
	Adoption of preventive, protective and corrective measures	WWTP and EWTS	Improvement of purification systems and increase of effluents with tertiary treatment
	Monitoring and surveillance of environmental aspects on site and subsequently		Implementation of the National Water Quality Plan
Reservoirs	Correction and mitigation of environmental impacts		Discharge of excess reclaimed water from tertiary courses to the channels
	Reservoir protection plans		Monitoring of discharges
	Monitoring of the ecological quality of the reservoir environment		Sludge reuse with cogeneration
	Dam emergency plans		Regenerated wastewater reuse plan
Wells	Maintenance of ecological flows		Electric power generation from biogas
	Sustainable exploitation of groundwater resources	Sales and support processes management	Sensible use communication campaigns
DWTP, deposits and networks	Efficiency in the handling and reduction of rejections and losses		Virtual office and e-invoicing
	Continuous quality monitoring		Environmental education (Canal Educa)
	Sectorisation and network pressure control plan		Paper and energy saving plans in offices
			Actions in matters of energy efficiency
			Fleet of low-emission, hybrid and electric vehicles

In 2019, a total of 6 projects from the Sanitation and Treatment, Supply and Building areas were submitted for **environmental impact assessment**, and no declaration of environmental impact from the administrations was produced during the year.

PREVENTION AND COMMUNICATION ABOUT ENVIRONMENTAL ASPECTS OF OUR OPERATIONS

The prevention of potentially negative environmental effects of Canal's operations and facilities is integrated into **internal procedures** and **instructions** for their identification, analysis and evaluation and for their monitoring and control.

The centralised management of the company's waste and the control of its emissions is carried out by the Environmental Management Subdivision, while the control of discharges and the quality of wastewater treatment plant effluents is the responsibility of the Water Quality Department. Furthermore, channels of communication have been established with internal and external stakeholders.

In the case of the execution of projects subject to the administrative **environmental impact assessment** procedure, there are always bilateral communications between the Autonomous Community administration responsible for the environment and our company, with a view to requesting and providing sufficient documentation for the correct definition of the works we carry out and the impacts they cause. In addition, other entities with the potential to be affected are also consulted.

Moreover, within the framework of management systems, there are documented internal procedures related to **environmental communications** from stakeholders.

Although Canal de Isabel II, S.A. has taken out an **environmental liability policy** for possible damage that may be caused to third parties or the environment as a result of its activity, any penalties that any regulatory body may impose as a result of non-compliance in this area are expressly excluded from the coverage.



Monitoring in the Strategic Plan

LINE 4

Strategic objective

To encourage the circular economy and sustainable development, promoting excellence in the purification of waste water, as well as tackling the challenges associated with climate change via the corresponding adaptation and mitigation plans.

Our carbon footprint in 2019 has fallen below the target, which is a major step forward in our decarbonisation strategy, with which we aim to become **Carbon Neutral** in 2030.

The decarbonisation strategy includes a series of measures promoted by Strategic Line 4 aimed at **adapting** to climate change and **mitigating** CO₂ emissions into the atmosphere. In 2019, our carbon footprint has fallen below the target because, among other things, the operating hours of the thermal sludge drying plants have worked fewer hours than expected due to engine failure during the summer months.

SL 04 - BOOST ENVIRONMENTAL QUALITY AND ENERGY EFFICIENCY

SL 04 - Reducing the carbon footprint

200,726 T CO₂ equivalent

Obj.: 217,990 T CO₂ equivalent

Compliance: >100 %



Our forecast for the coming years provides for **minimising emissions** thanks to the different projects underway, which will help us become carbon neutral in 2030, among which we would like to highlight:

- **CNG stations** to supply biogas vehicles from wastewater.
- **Solar Plan:** From photovoltaic technology in floating farms.
- **More electric vehicles** for our fleet.



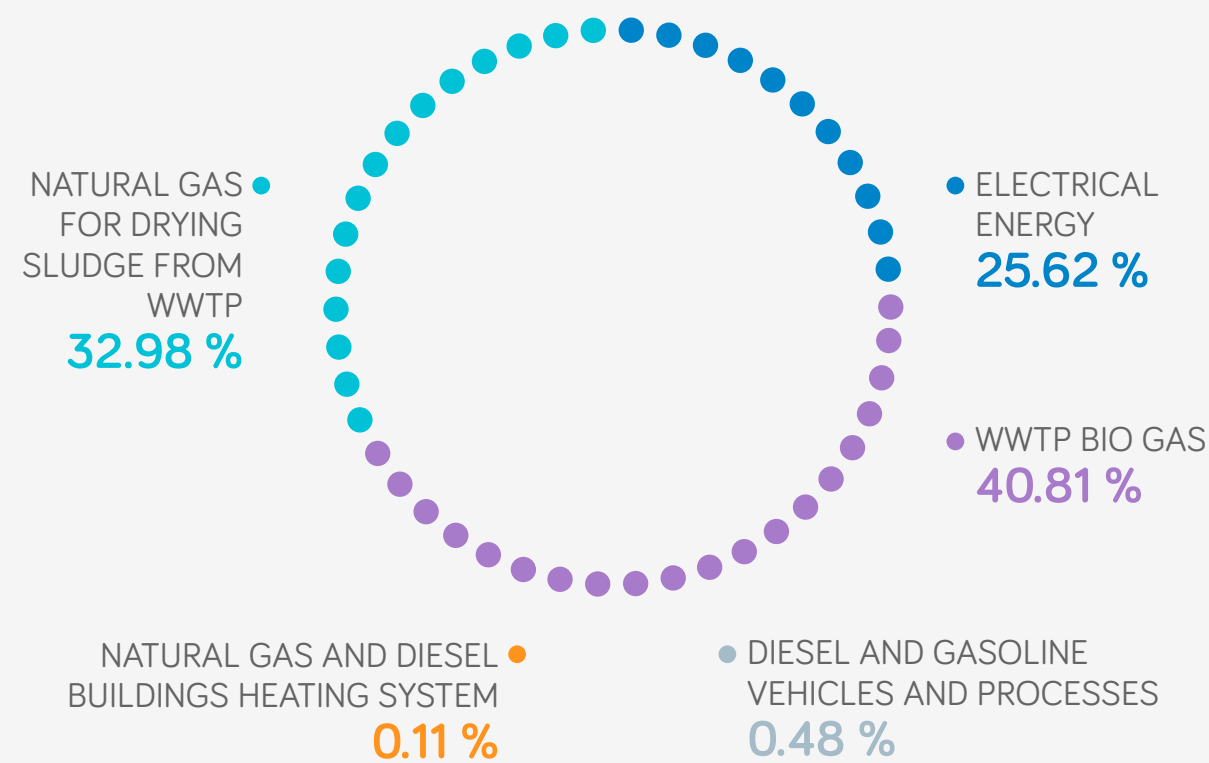


SDG 7 affordable and clean energy: *our commitment to renewable energies*

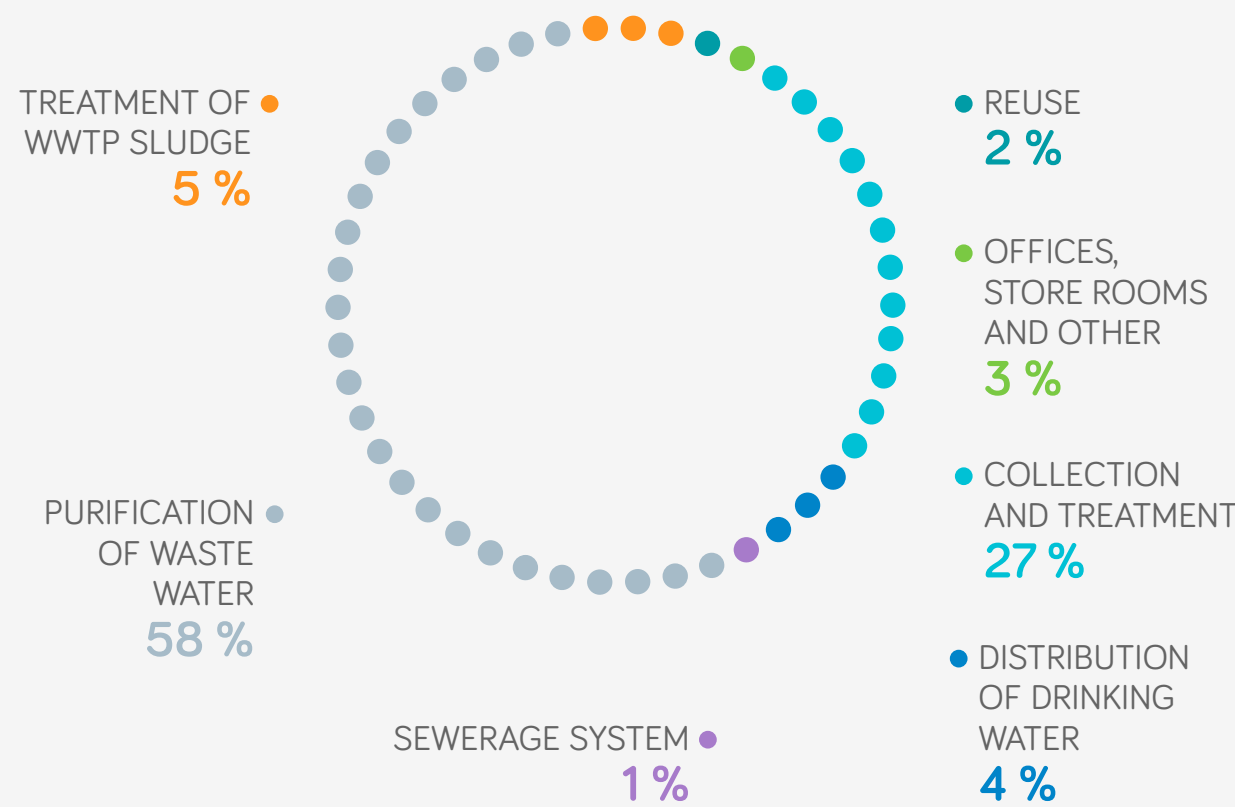
Energy consumption

Canal de Isabel II has to consume vast amounts of energy for all its processes. This energy comes from various sources.

PERCENTAGE DISTRIBUTION OF ENERGY CONSUMPTION IN 2019

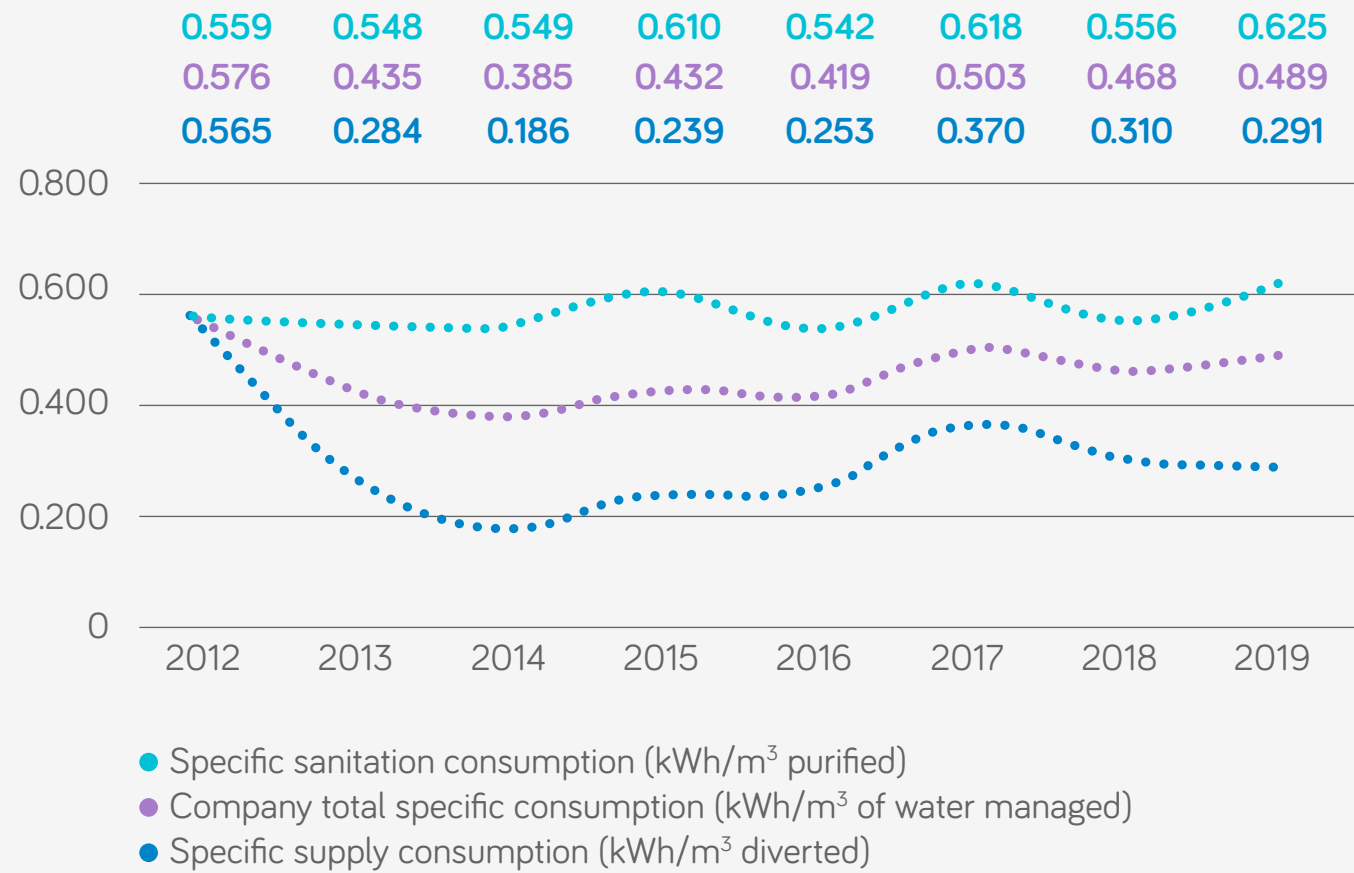


PERCENTAGE OF ELECTRIC POWER CONSUMPTION BY INTEGRATED WATER CYCLE ACTIVITY IN 2019



In 2019, the **direct consumption** of energy from different sources for the functioning of facilities and Canal’s operations was **5,070,898 gigajoules**, corresponding to 26 % of **electricity consumption** and 26 % to natural gas used in **thermal drying of WWTP sludge**.

SPECIFIC CONSUMPTION RECORDED IN RECENT YEARS (KWH/M³)



Data from 2019 indicate that **electricity consumption** was 2 % more than 2018. This increase is mainly due to the increase in activity and the necessary operational adaptations to the circumstances of a dry hydrological year.

In terms of **specific consumption**, data vary greatly depending on the rainfall characteristics of the year. Thus, when river flows are very low, it is necessary to use well fields and to make greater use of elevators, with which energy consumption almost doubles. The specific consumption recorded in recent years is as follows.



Generation of clean energy

As we are aware of the importance of our consumption, in recent years initiatives have been developed for the **generation of electric energy** through synergistic processes with water management. Thus, by the end of 2019, we were the company with the **greatest installed power** in electricity generation in the Autonomous Community of Madrid, with a total of **107.64 megawatts**.

Canal de Isabel II has facilities that, **synergistically** with the supply and sanitation processes, generate renewable energy, use energy by-products from processes and cogenerate electricity.

At the end of 2019, Canal and its Business Group managed the following electricity production facilities:

- **9 hydroelectric power plants**, with a total installed capacity of **35.52 megawatts**, managed by **Hidráulica Santillana**, a Canal Group company.
- 13 WWTPs equipped with **motor-generators and turbines using the biogas** produced in purification

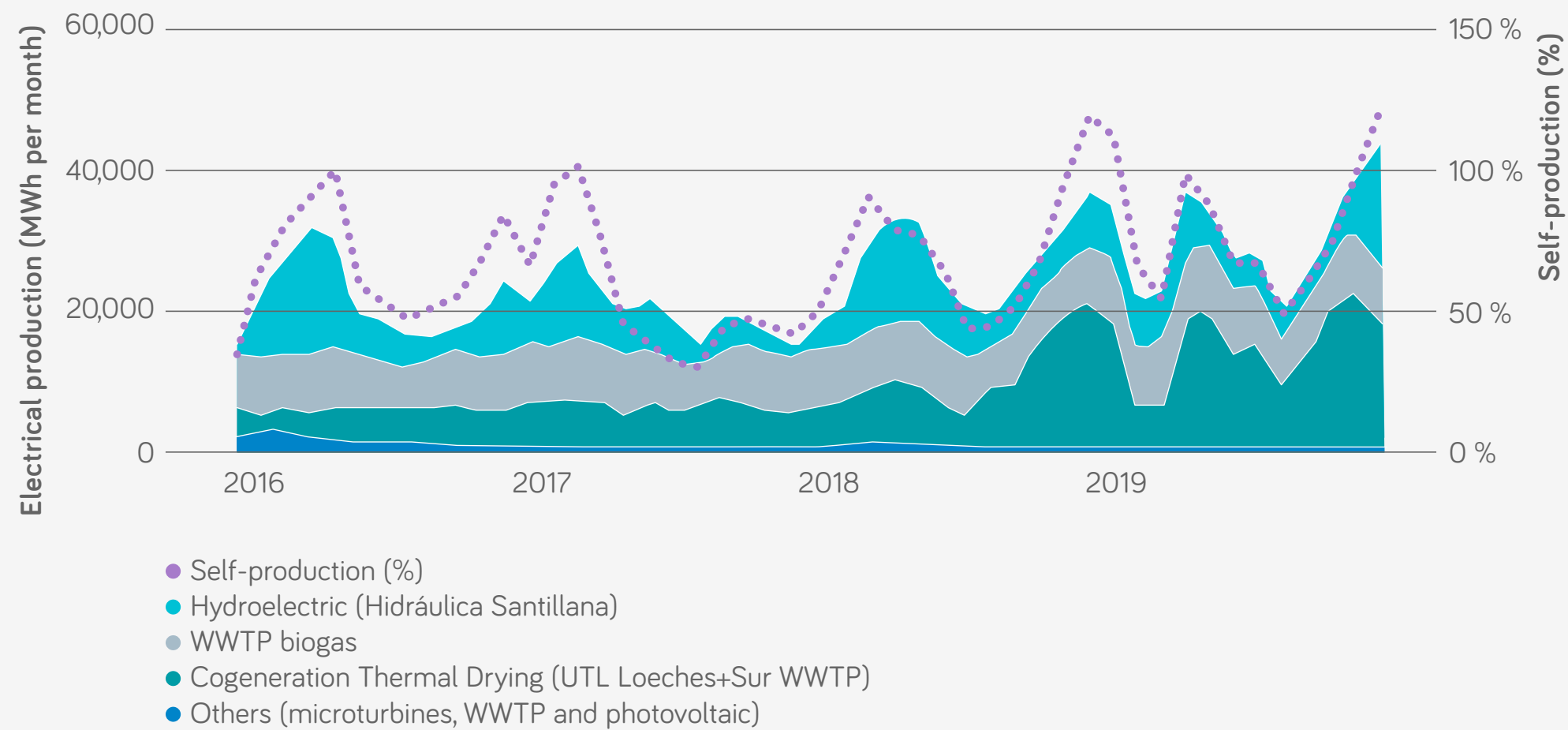
processes, with a total installed power of **26.00 megawatts**.

- **2 cogeneration plants** (Loeches UTL and WWTP Sur), associated with the thermal drying process of WWTP sludge, with an installed power of **44.70 megawatts**.
- **3 small wastewater falls** in the Sur and La Gavia WWTPs that take advantage of the difference in level at the dumping point with an installed power of **0.26 megawatts**.
- **9 microturbines** installed in different points of the supply network with a total installed power of **0.83 megawatts**.
- 2 WWTPs with **photovoltaic solar panels**, with a total installed power of **0.33 megawatts**.

Thanks to the energy generated in processes associated with both supply and sanitation, Canal has a **high degree of electrical self-supply**. In 2019, considered a dry year, we beat the record of electricity generated, **363.96 million kilowatts/hour**, equal to **77 % of total consumption**. In December 2019 we

reached our highest electricity production value with a record output of 42.9 million kilowatts per hour. This means that we've produced 111 % of our total consumption.

The generation of electric energy by Canal has managed to avoid the emission of **25,947 tonnes of CO₂** in 2019, and by purchasing energy with a 100 % renewable guarantee of origin, **74,551 tonnes of CO₂** have been avoided.



Monitoring in the Strategic Plan

LINE 4

Strategic objective

To encourage the circular economy and sustainable development, promoting excellence in the purification of waste water, as well as tackling the challenges associated with climate change via the corresponding adaptation and mitigation plans.

Energy use to generate electricity through our activity is undoubtedly Canal’s best weapon for combating climate change and mitigating our CO₂ emissions into the atmosphere.

Led by Strategic Line 4, an **energy cycle of water** has been designed which, by taking advantage of the different processes we carry out, and thanks to the appropriate technologies, we transform into **100 %** renewable electrical energy.

In 2019, considered to be a **dry year**, thanks to the energy we have in operation, we have beaten our **percentage of self-consumption**, even with operational problems at the **Loeches** and **Sur WWTP**, which have worked fewer hours than expected.

Regarding the **corrected specific consumption**, without taking into account the thermal drying, pumping, wells and the Tagus DWTP, the result has been higher than expected, mainly due to the tertiary treatment energy consumption since the production of regenerated water has increased significantly.

In terms of **installed power**, we have met the target and exceeded expectations, as 4 additional microturbines have been installed, reaching a total installed power of 107.64 MW above the target.

SL 04 - BOOST ENVIRONMENTAL QUALITY
AND ENERGY EFFICIENCY

SP 04 - Electricity consumption coverage

77.3 % self-production

Obj.: Actual operational hours: 79.35 %
(3,969 Loeches and 4,220 Sur vs. 5,000 and 6,000 respectively)

Compliance: 88 %



SP 4.2 - Energy efficiency and climate
change plan

SP 4.2 - Corrected specific consumption

0.384 kWh/m³

Obj.: 0.359 kWh/m³

Compliance: 67 %

Supply compliance: >100 %

Sanitation compliance: 0 %

Reuse compliance: >100 %



SP 4.4 - Plan for the development
of clean energy

Renewable energy installed power capacity

107.64 KW

Obj.: 107.27 KW

Compliance: >100 %



Ciclo del agua urbana



Hidráulica Santillana:

A motor of 100 % renewable energy



Hidráulica Santillana S.A. (hereinafter, HS) was acquired in 1965 by Canal de Isabel II. The company split in 1995, separating the activities related to the integrated cycle (for which Hispanagua was created) from those of energy production, which is the main activity of HS at present. The company is wholly owned by the Canal de Isabel II business group.

HS's activity involves the **generation of hydroelectric power** by operating eight plants with a power of 34.85 MW that take advantage of the waterfalls in Canal de Isabel II reservoirs in the Autonomous Community of Madrid. Of the eight plants, seven are owned by Canal and one by Hidráulica Santillana.

In 2019, **hydroelectric production** reached **80,525,381 kW** of which Canal consumed **23 %** (18,858,631 kWh), leaving the rest for the power grid (60,143,505 kWh).





SDG 12 responsible production and consumption: *heading towards a circular economy*

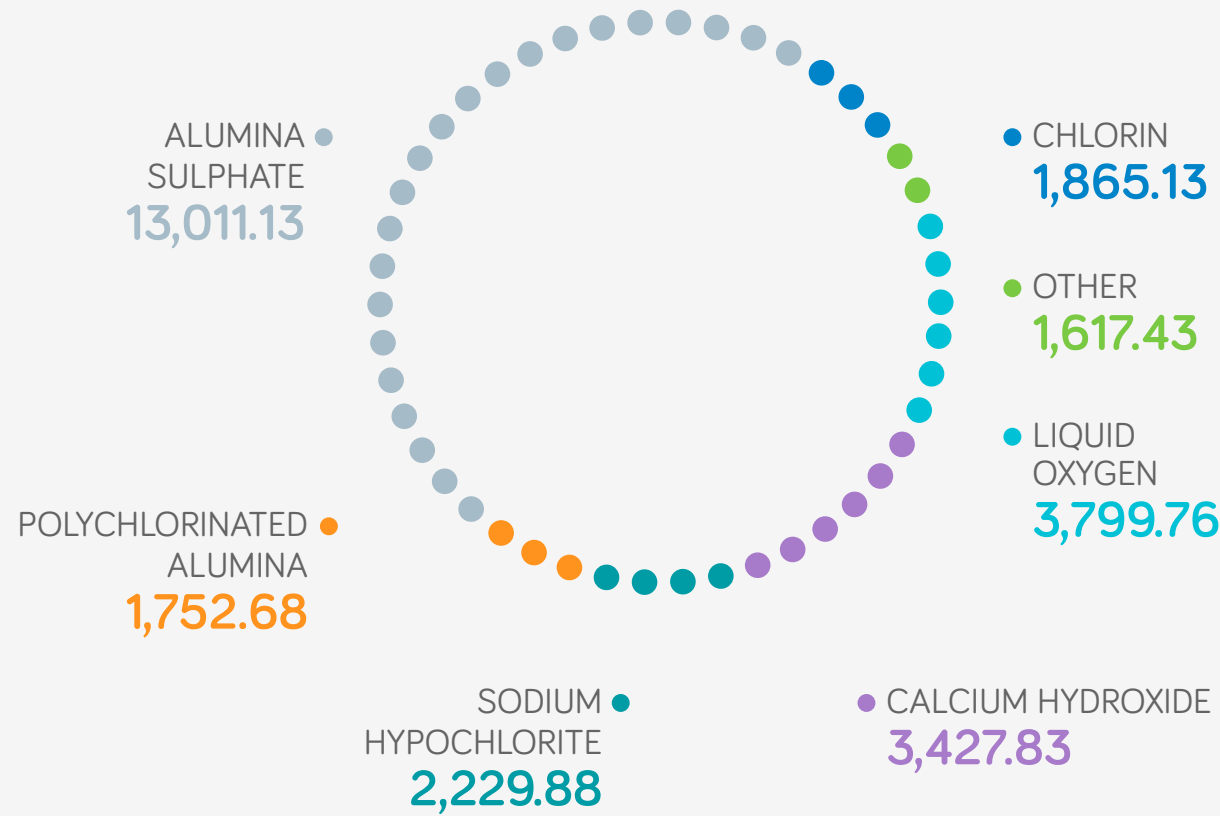
Use of reagents

Canal manages all its facilities in accordance with sustainable criteria, seeks to rationalise the consumption of materials and energy, avoids discharges and emissions into the atmosphere and manages its waste appropriately, periodically controlling the noise and odours produced by its activities.

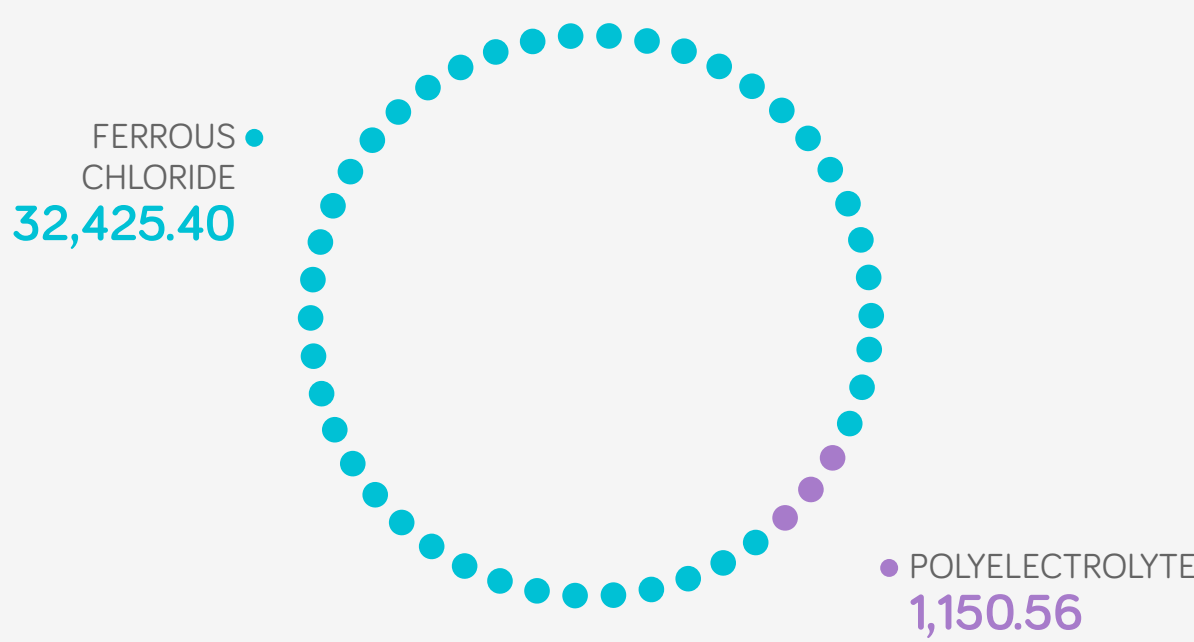
The main materials that Canal consumes are the **reagents** used in **drinking water** treatment plants (DWTPs) and **wastewater** treatment plants (WWTPs).

In 2019, total reagent consumption was **61,280 tonnes**. Of these, **27,704 tonnes** were destined for drinking water treatment; in addition, **33,576 tonnes** have been consumed in wastewater treatment.

CONSUMPTION OF REAGENTS IN THE TREATMENT OF DRINKING WATER



USE OF REAGENTS IN PURIFICATION



Paper consumption

In administrative and commercial management activities and for sending invoices, the main material consumption recorded is paper.

Canal keeps **reducing paper consumption** as a quality and environmental objective, establishing for years a

set of policies for printing and document management, as well as continuous monitoring by those responsible, which have resulted in 21 % fewer packages of paper since 2017.

Of the **26.4 tonnes** of paper used **internally** in the company in 2019, 54 % was **recycled paper**. The company has the firm objective of reducing paper

consumption in internal administrative tasks and we’ve managed to reduce paper consumption by 4 % from 2018.

Furthermore, the printed documents sent to customers, mostly invoices, were made through a FSC (Forest Stewardship Council) certified service provider, which guarantees the use of produced paper by means of responsible forest management. In 2019, **112 tonnes** of paper were used for these **mailings to our customers**.

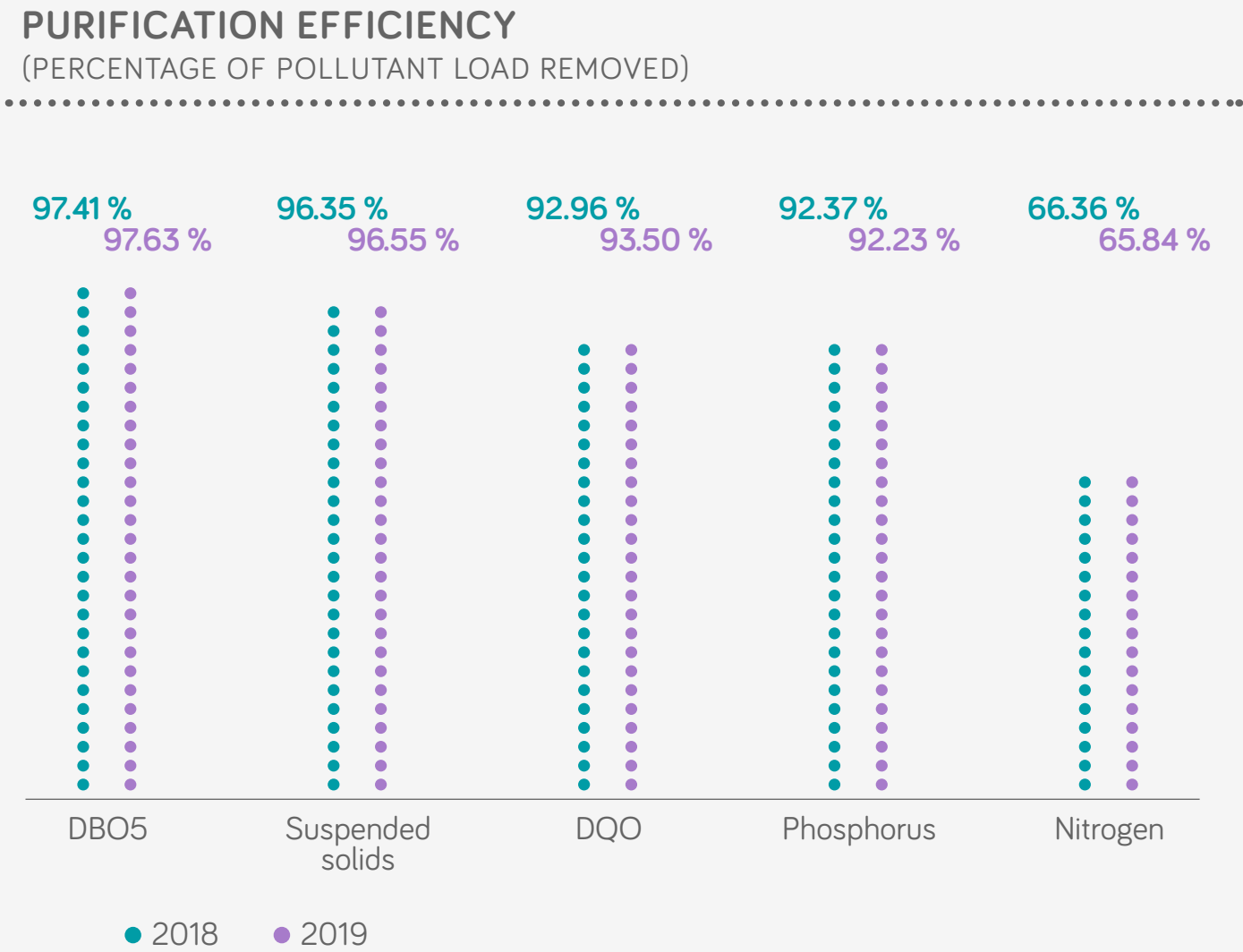


Water consumption

Apart from the water that we distribute as part of the supply processes, the water consumption registered for the **realisation of our processes** (i.e. **self-consumption**) has amounted to **4.83 cubic hectometres** of water in the 2018-2019 hydrological year. This figure corresponds to 0.97 % of the water rerouted for consumption in the same period.

Wastewater treatment

Nearly all the wastewater from the population of the urban centres of the Autonomous Community of Madrid, including Madrid, is treated by Canal de Isabel II. For this purpose, we have **157 facilities** that allow us to treat these waters from a total of 179 municipalities.



In 2019, these plants have treated **445 million cubic metres of wastewater**, equivalent to **89 %** of the water diverted for consumption. The quality of the effluents treated in the plants managed by Canal maintains the high standard that characterises the system. Additionally, the plants treated another **122 million cubic metres** for its subsequent reuse, including regenerated water that we discharge to rivers in order to improve their quality, which reached **106 million cubic metres**.

The wastewater treatment plants are located in the basins of different rivers across the Autonomous Community: Alberche, Aulencia, Cofio, Guadalix, Guadarrama, Guatén, Henares, Jarama, Lozoya, Manzanares, Perales, Tagus and Tajuña. However, not all of them carry out each of the possible purification processes, but rather they are adapted according to **factors** such as the size or number of inhabitants for which they are designed, economic imperatives, seasonal variations in river flows, wastewater origin or possible industrial discharges. The types of processes followed in the purification even determine the physical appearance of the facilities.

Canal’s WWTPs currently have a design capacity of **16.68 million equivalent inhabitants** and can treat a daily flow of up to **2.38 million cubic metres**.

In order to ensure compliance with phosphorus removal requirements, we have made the necessary adaptations to the treatment plants included in our Nutrient Elimination Plan (nitrogen and phosphorus) from 2010 to the present day. The objective of this Plan is to comply with the **Water Framework Directive** as regards water discharge conditions in sensitive areas (almost the entire Community), which is included in the **National Water Quality Plan**. The Autonomous Community of Madrid, thanks to Canal de Isabel II’s drainage and treatment infrastructure, is one of the regions that treats **all the urban wastewater** it’s entrusted with.

Since 2015, Canal has been developing its Plan for complying with **WWTP discharge authorisations**, aiming to ensure compliance with at least 80 % of the samples taken for self-monitoring in drinking water treatment plants, as well as carrying out comprehensive monitoring of the entire WWTP in

order to reduce non-compliance to a minimum. The main actions envisaged are as follows:

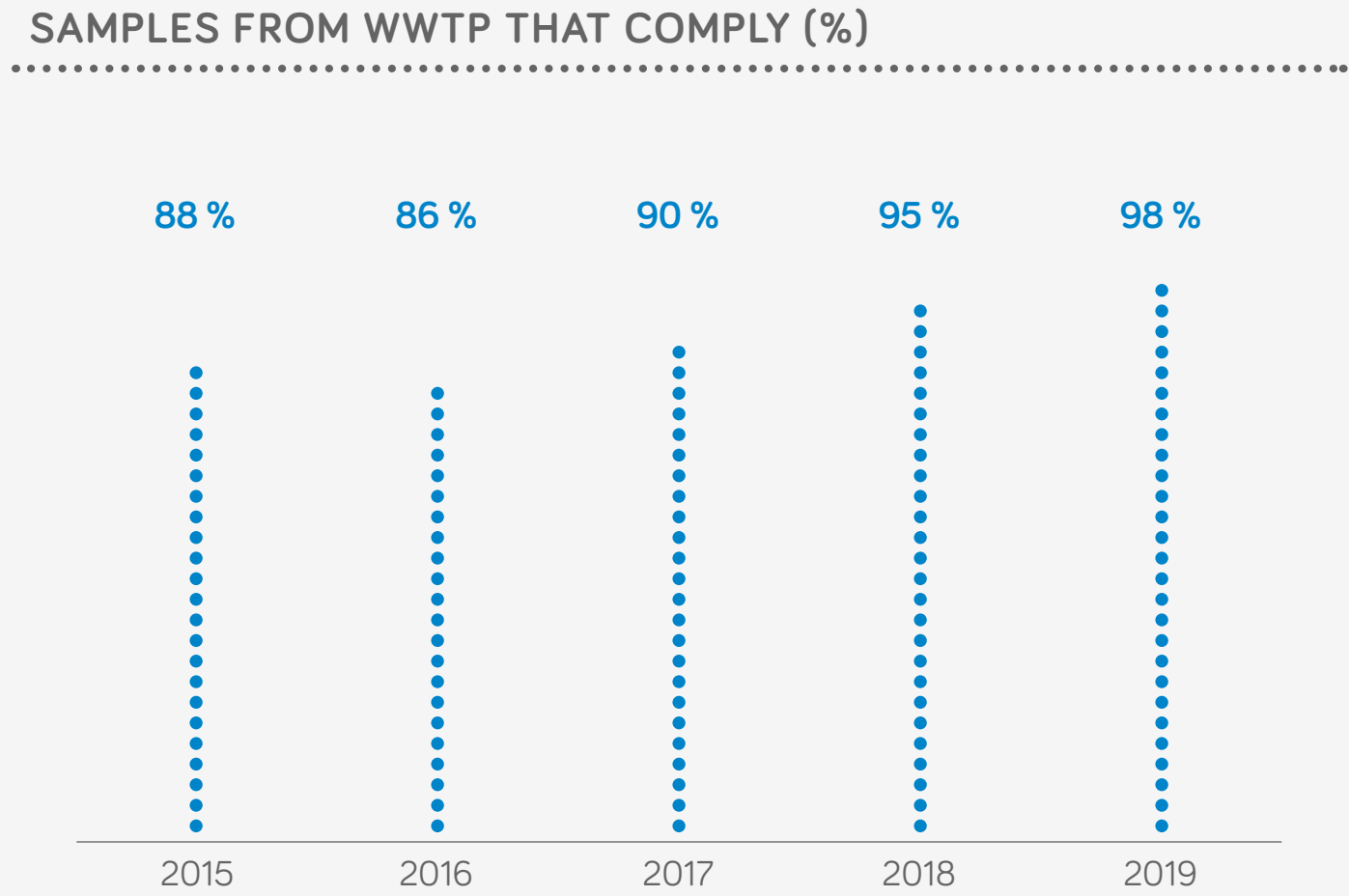
- Study of the discharges that reach the WWTPs.
- Modification, extension or new construction of WWTPs.
- Reduction of relief flows in dry weather.
- Various operational improvements.

In this regard, in 2019 we could highlight the improvement in technology at the **Aranjuez WWTP** and the expansion of treatment capacity at the **Soto-Gutiérrez WWTP**.

As a result of the Canal’s commitment to quality and the environment, the compliance percentage of our treatment plants improves year after year. Between 2015 and 2019, the number of samples complying with

these standards improved by 11 % compared to the total number of samples taken at the WWTP.

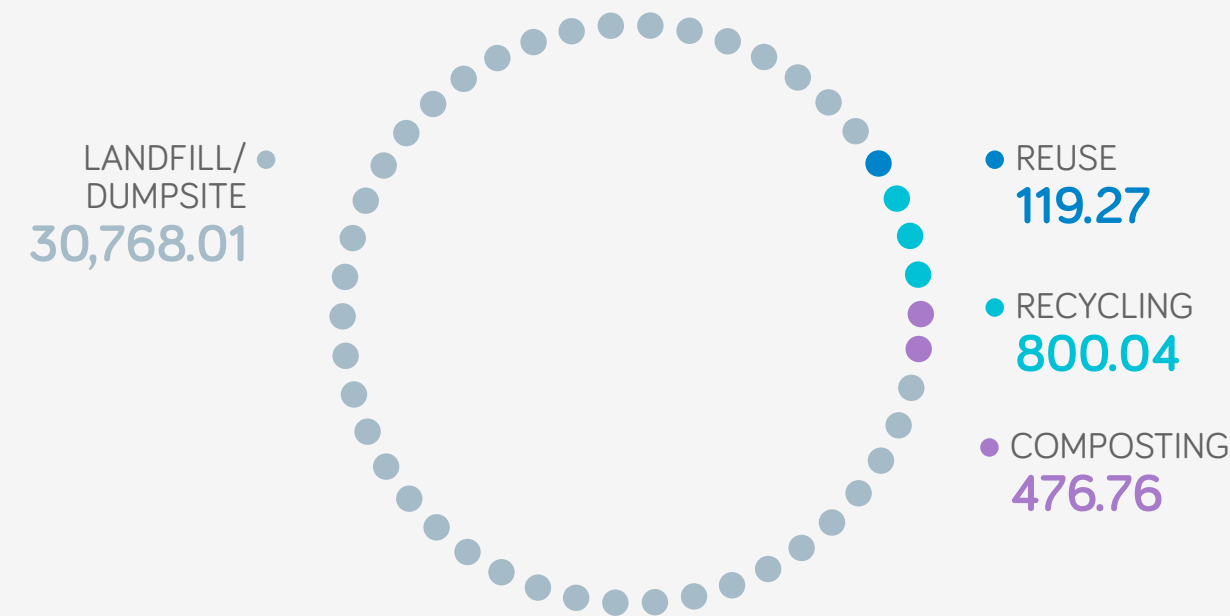
In the normal functioning of the facilities, Canal’s activities do not discharge any chemical substances. Thus, throughout 2019, there was no notable incident in this regard.



Waste management

The control of waste management at Canal’s production centres and assembly points is based on the correct **separation of waste** at source and is complemented by the monitoring of the collection routes, scheduled fortnightly and carried out by the managers, ensuring compliance with current legislation.

FINAL DESTINATION OF NON-HAZARDOUS WASTE PRODUCED IN 2019 (IN TONNES AND PERCENTAGE OF THE TOTAL)



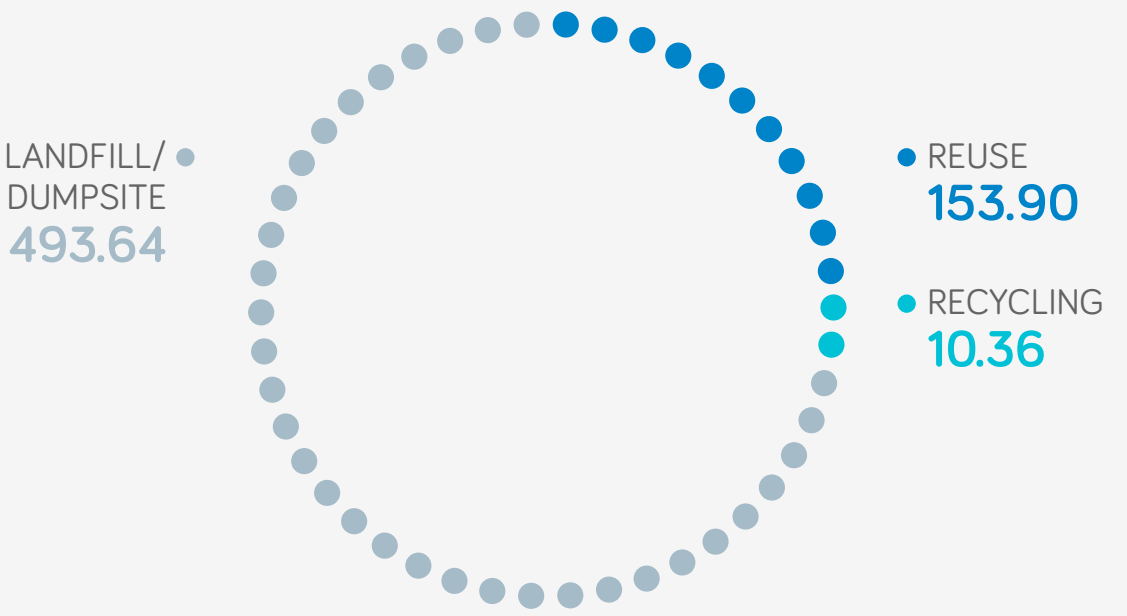
In recent years, Canal has been working actively on the proper management of **non-hazardous waste** with the aim of increasing the amount destined for **reuse or recovery**.

In 2019, a total of **32,164 tonnes of non-hazardous waste** were generated and managed, including **30,303 tonnes of pre-treatment waste** from the WWTPs and WWPS’s (94 % of them). Also noteworthy are **construction and demolition** waste (289 tonnes) and waste from **pruning parks and gardens** (477 tonnes) used in the Loeches WWTP sludge composting and thermal drying plant with co-generation as a structuring material for composting. 78 tonnes of **paper and cardboard** were also managed.

With regard to hazardous waste, **363.74 tonnes** were generated in 2019. These include **101.4 tonnes of laboratory waste** (28 % of the total) and 153.9 tonnes of **motor oils and lubricants** (42 % of the total).

In addition to the hazardous and non-hazardous waste associated with our processes, of note in terms of volume are the sludge generated in the production of drinking water from the DWTPs (a total of

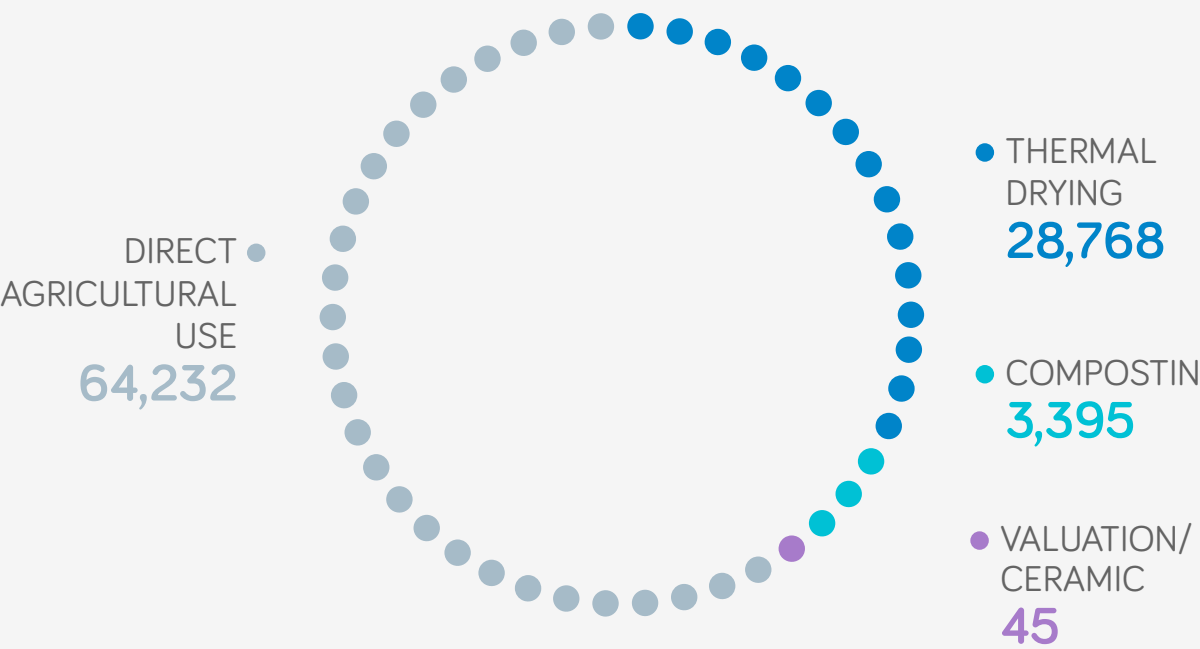
FINAL DESTINATION OF HAZARDOUS WASTE PRODUCED IN 2019 (IN TONNES AND PERCENTAGE OF THE TOTAL)



30,092 tonnes in 2019, and the sludge generated in the treatment of wastewater at the WWTPs, **425,579 tonnes**.

The final destination of dehydrated sludge from WWTPs is, for the most part, **agricultural use**. Of the total **96,440 tonnes of dry matter** sludge produced in 2019, only 45 tonnes of sludge has been sent to the cement plant and never to landfill/dumpsite. In 2019, a total of **28,597 tonnes of dewatered sludge** were

FINAL DESTINATION OF WWTP SLUDGE IN 2019
(TONNES OF DRY MATTER % OF THE TOTAL)



processed in the **Loeches Sludge Treatment Unit** and that which is located in the **WWTP Sur**.

In the case of the WWTP sludge in 2019, the destination was its **agricultural** use 100 % of the time **(4,514 tonnes of dry matter)**.

Management of noise and odours

Canal manages all its facilities in accordance with sustainable criteria, periodically controlling the noise and odours produced by its activities.

Since 2004, Canal has had a **programme to control** noise levels generated by our facilities that may disturb the population or in areas of special sensitivity. In 2019, the number of controlled installations was 206, with a degree of compliance of 100 %, according to the criteria established in the company’s internal regulations, which is more restrictive than current legislation on noise.


Compliance with environmental legislation

Canal de Isabel II has procedures for the identification and access to the requirements established in the environmental laws and for the periodic evaluation of its compliance within the framework of the implemented and certified environmental management system.

In 2019, only **48 sanctions proceedings** were opened by the Tagus Hydrographic Confederation, the vast majority of which are linked to involuntary discharges of wastewater from our 157 WWTPs. These proceedings are at different stages of processing; most of them have been appealed through administrative channels or even through the filing of the corresponding contentious-administrative proceedings. The cumulative amount of the penalties associated with these cases amounted to **259.75 thousand euros** the end of 2019.

Monitoring in the Strategic Plan

✓



LINE 4

Strategic objective

To encourage the circular economy and sustainable development, promoting excellence in the purification of waste water, as well as tackling the challenges associated with climate change via the corresponding adaptation and mitigation plans.

Our Strategic Line 4 is in charge of spearheading the promotion of the **circular economy** in Canal de Isabel II. In this regard, our strategy covers the implementation of various master lines that may be summarised as:

- **Spanish strategy for the circular economy.**
Aligned with Ministry for the Ecological Transition (MITECO):
 - Regenerated water (16 hm³/year).
 - Biogas from digestion, in WWTP.
- **Cleaning of WWTP sludge.** Dry granules as high quality fertiliser.
- **Sand, Cellulose and Plastics.** Wipe and oil campaigns.



- **Recycling waste**, hazardous and non-hazardous, towards 0 % to landfill/dumpsite.
- **Struvite**: production is around 1.5 tonnes per day.

Our goal is to **enhance 100 % of sludge** in 2030. This year, despite the problems at the Loeches and Sur plants, which are responsible for the thermal drying of the sludge, we achieved 57 % of enhanced sludge, surpassing the target (51 %).

As far as **excellence in purification** is concerned, of the 157 treatment plants, only 8 have recorded a compliance rate below 80 %. This translates into a degree of excellence of 96.2 % under the monitoring indicator of the Strategic Plan.

SP 4.1 - Excellence in purification plan

SP 4.1 - Degree of excellence in purification

96.2 % excellent purification

Obj.: 96.8 %

Compliance: 76 %



SP 4.3 - Promotion of the circular economy

SP 4.3 - Valorisation of WWTP sludge

57 %

Obj.: 51 %

Compliance: >100 %





SDG 15 life of terrestrial ecosystems: *protecting biodiversity*

Presence in protected spaces

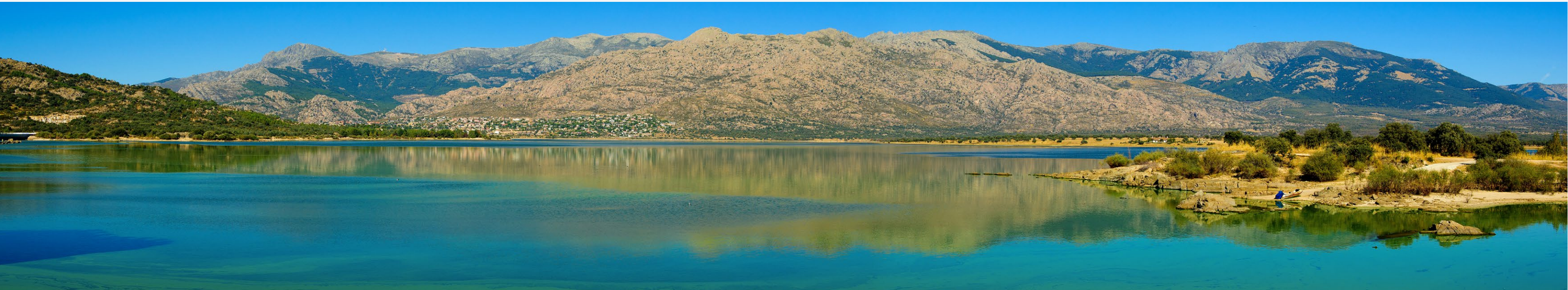
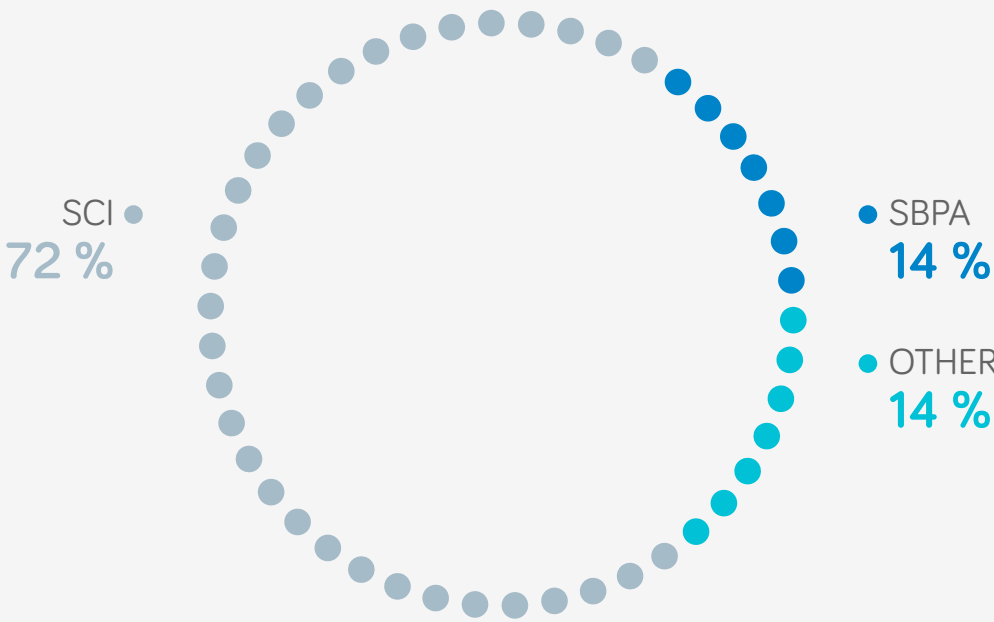
The situation of our reservoirs in the middle and upper basins of the rivers and in places that were originally sparsely frequented has boosted the **local ecosystems** associated with water and has welcomed, as far as bird life is concerned, the emigration of species that have been displaced by the progressive pressure on wetlands. For this reason, our reservoirs and their surroundings have developed peculiar and very interesting ecosystems that have coexisted with the

farming and livestock activities of the Sierra. These ecosystems play an **important role** in modulating climatic conditions and the hydrological cycle, not to mention other values such as landscape and socio-cultural values.

Thus, for example, in the **Catalogue of Reservoirs and Wetlands** of the Autonomous Community of Madrid, drawn up in accordance with Law 7/1990, among the reservoirs selected according to their values and characteristics, 9 are included in the Canal-managed supply system.

The surface area occupied by Canal-managed facilities and infrastructure on land subject to some form of legal protection amounted to **6,428 hectares** in 2019. It represents **58 %** of the total area occupied by Canal facilities, **14 %** of which were **Special Protection Areas for Birds (SBPA)**.

DISTRIBUTION OF THE AREA OCCUPIED BY CANAL FACILITIES IN PROTECTED AREAS IN 2019 (PERCENTAGE OF TOTAL)



FOR THE REGIONAL CATALOGUE OF RESERVOIRS AND WETLANDS OF THE AUTONOMOUS COMMUNITY OF MADRID [VISIT THIS LINK](#)

Protected species present

In the vicinity of the Canal’s facilities there are high-value **plant species** that are included in the Regional Catalogue of Threatened Species of Wild Fauna and Flora. These include: *Ilex aquifolium* (holly), *Taxus baccata* (taxus), *Arbutus unedo* (strawberry tree), *Corylus avellana* (hazelnut tree), *Fraxinus excelsior* (common ash), *Ulmus glabra* (wych elm), *Betula alba* (silver birch), *Sorbus aria* (whitebeam), *Sorbus aucuparia* (rowan or mountain-ash), *Fagus sylvatica* (beech), *Quercus suber* (cork oak) and *Viburnum opulus* (guelder-rose).

According to the Regional Catalogue of Plant Specimens and Singular Stands of the Region of Madrid, there are **3 unique trees specimens** located on land owned by the Company, which are:

- **In the category of notable trees:** a specimen of *Morus alba* (Valdehondillo mulberry tree), in El Vellón.
- **In the category of outstanding trees:** two specimens. One *Avies numidica* (algeria fir) and one *Cedrus deodara* (deodar cedar) in the gardens of Santa Lucía in Torrelaguna.

Plant heritage conservation

Canal de Isabel II annually carries out a series of conservation and improvement works on the green areas in order to achieve an optimum level of **maintenance of the extensive plant heritage**, both of the areas included in its facilities and of the areas open to the public for use and enjoyment, such as the Tercer Depósito Leisure and Sports Centre, the Plaza de Castilla Park, the Riosequillo Recreational Area, the Valmayor yacht club, the Cervera de Buitrago marina, and other areas of great richness and diversity located in enclaves of high ecological value. Furthermore, since launching our Strategic Plan 2018-2030, we’re opening our facilities to the public; for example, the **new park in Rios Rosas**, and the one in Bravo Murillo, where works began in 2019, both located at our headquarters.

Spontaneous vegetation was cleared for fire prevention in a total of 301 hectares in 2019. Furthermore, throughout the year, the necessary phytosanitary treatments were undertaken to prevent plant pests and diseases by applying of chemical products with low environmental impact. Additionally, we promoted the elimination of invertebrates that could be harmful by installing “nest boxes” or “nests” of insectivorous birds.

In addition, throughout 2019 **reforestation work** was done, planting a total of 8,453 units of plants, trees and shrubs.





Ecological flows

With the approval of Royal Decree 270/2014 of 11 April 2004 on the **Hydrological Plan for the Spanish part of the Tagus River** basin area, the environmental flows of the following bodies of water were set in the new plan for 2015: Jarama River downstream of the El Vado dam, Lozoya River from the reservoir of El Atazar to the Jarama River and Manzanares River from the reservoir of Santillana to the reservoir of El Pardo. For the rest of the river sections, an environmental demand is established as a guideline. During 2019, the **environmental discharges** into the rivers carried out by Canal de Isabel II for the conservation of the river sections involved a total volume of 68.88 million cubic metres.

Expenditure and investment in environmental management and activities

Apart from the environmental expenses linked to the fulfilment of our legal obligations (waste management, sludge management, etc.) or associated with the processes necessary for the management of the integral water cycle (waste management, sludge management, etc.), Canal dedicates other economic resources to **voluntary aspects** of environmental management. These resources amounted to **39 million euros** in 2019 and represent 16 % of the total expenditure associated with environmental management (a total of **238.69 million euros** in 2019).

The main items of voluntary expenditure include **WWTP thermal drying of sewage sludge** which

accounts for 72 % of the total, followed by reuse (21 % of the total).

Given the intrinsically environmental nature of many of our processes (we manage a natural resource and deal with wastewater treatment), many of our investments have an **environmental protection objective**. Thus, in 2019, the investments made by Canal de Isabel II with a final environmental objective amounted to **12.13 million euros**.

Fontes da Serra: water and biodiversity in Guapimirim

Fontes da Serra is the Canal Group company that supplies Guapimirim, a municipality in the state of Rio de Janeiro.



Its more than 58,000 inhabitants enjoy a high quality resource thanks to the contributions of the **Soberbo River**, located in the **Serra dos Órgãos National Park**, whose orography favours reduced energy consumption, which contributes to biodiversity conservation in an environment considered to be a Biosphere Reserve.

In 2019, thanks to a 153 km distribution network and its treatment plant located at the same outlet as the river's catchment area, it has supplied a volume of 3.73 hm³ of water that meets all the required **quality controls**.

The installation of new **meters** and **flowmeters** is planned for 2020 in order to optimise operation and improve accuracy, which will undoubtedly contribute to boosting the efficiency of Fontes da Serra.





SDG 14 marine life: *sustainability on the islands of Lanzarote and La Graciosa*

With almost 846 square kilometres and a landscape more like the moon than our own planet, Lanzarote is one of Spain's driest territories. However, it was one of the first places in the world to be declared a **Biosphere Reserve** in its entirety.

Since 2013 **Canal Gestión Lanzarote**, the Canal de Isabel II subsidiary in Lanzarote and La Graciosa, has been running the integrated water cycle on these islands where resource scarcity has historically been a struggle for its inhabitants, who have managed to make up for this deficit through their efforts. Homemade collection systems and taking advantage of runoff are some examples of ingenuity and savings in the first region to have a desalination plant more than fifty years ago.

Canal's project on these islands is now in its sixth year, during which time it's developed and undertaken important investments that have contributed not only to improving the quality of service but also to caring



for the environment and protecting biodiversity on an islands where sustainability is part of its DNA. Our responsibility, as in all other places where we operate, is to return to the environment, in this case the ocean, a resource that we obtain **directly from the sea**. The protection of the islands also includes caring



for marine life, where the wealth of species and the seabed of Lanzarote are a very important attraction for tourism.

Over the past decade, scientists who have dived into its waters have discovered **new unknown species** of molluscs and sponges. These findings have made the island's coastline a place of great scientific interest.

The coasts of Lanzarote are home to Moorish crabs, rock crabs, black-footed limpets and *burgaos* (another species of mollusc). In the sea and at different depths, marine life boasts its diversity: mullets, loggerhead turtles, stingrays, cuttlefish, trumpetfish, seahorses, hornbills, pearly razorfish, dolphins, angel sharks, among others.

On the **rocky bottoms** we can find morays that stalk the unwary prey passing by their hiding place. *Gerardias*, an ancient coral that makes large colonies coexists with other marine species such as starfish, yellow corals, old, green fish, etc., that are camouflaged and swim glimpsing between its arms. **The Marine Reserve**, to the north of Lanzarote,

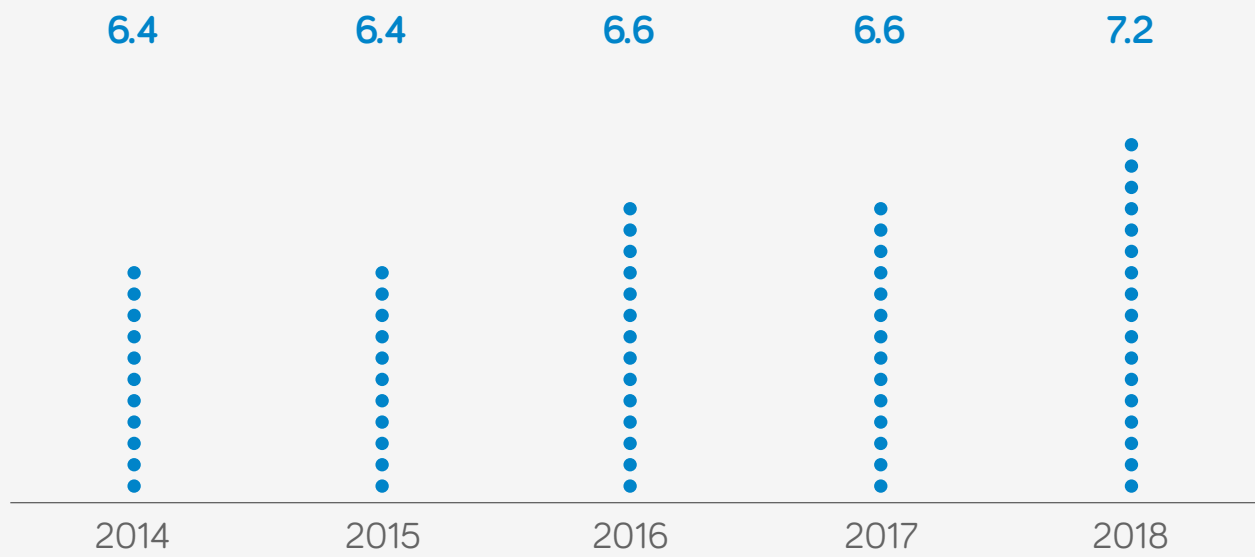
including the island of La Graciosa and the islets of Alegranza, Montaña Clara, Roque del Este and Roque del Oeste or del Infierno, form a maritime space of special interest. It is a protected area that aims to regulate fishing and recreational activities for the conservation of marine species that inhabit it. In these waters you can see poor cod, pollock, vaquitas, *viejas*, groupers, horse mackerel, white flocks, among others. Prior authorisation is required to dive in this area. **La Graciosa** has the largest concentration of **guards** in the world. This settlement of *gerardias* was discovered by an underwater cameraman in 2010 by chance.

Canal Gestión Lanzarote helps protect underwater life with tertiary treatment processes that reach **83 % of the treated water**, improving the water returned to the sea in the best conditions through its underwater outlets. The **reuse** of water on the islands also supplies the agricultural sector, sustainably guaranteeing **crops**. The energy efficiency achieved in the desalination process is another measure being implemented to achieve a 100 % sustainable management model in line with what is also known as “Tierra del Fuego”.

In 2019 Canal Lanzarote has implemented important measures to improve **user satisfaction** and **environmental protection**:

- **Implementation of Electronic Invoices for subscribers.** Since the new virtual office launched on 5 September 2018, by the end of November 2019 it has 8,375 users and 5,167 users have registered for e-invoices, or 7.3 % of our 71,000 subscribers.
- **Removing cash as a payment method.** From 1 October 2019, payments not made by direct debit in our offices will be made by card at authorised ATMs.
- **Reduction of debt with Public Administrations.** It has been reduced from 1.843 million euros on 31/12/2018 to 795 thousand euros at the close of November 2019, falling from 18 % of turnover to the current 6.6 %.

- **Satisfaction surveys.** An annual survey is carried out in order to find out the how satisfied the Island’s consumers are. The aim is to identify Canal Gestión Lanzarote’s level of knowledge and notoriety, as well as the respondents’ generic evaluation of the service. Progress from the last five fiscal years is shown below.



Energy efficiency on the islands of Lanzarote and La Graciosa

Many of the investments included in Canal's Investment Plan were aimed at improving **energy efficiency**, directly reducing CO₂ emissions per cubic metre of water produced in the atmosphere, most recently the start-up of the Janubio SDP and the Zonzamas DWPS. These investments, carried out since 2014, have involved **technological modernisation** and the installation of new **energy efficiency systems** that have made it possible to reduce WWTP energy consumption by more



than 20.6 million kWh, despite the fact that the production of drinking water has increased by more than 500,000 cubic metres.

Canal Gestión Lanzarote has managed to reduce by **29.5 % the carbon footprint** corresponding to the production of one cubic metre of drinking water between 2014 and 2018, representing more than 60 thousand tonnes of CO₂. All the desalination plants have been subjected to technological and energy efficiency improvements, which has made it possible to reduce energy consumption in the drinking water production process. Furthermore, **36 of the 100 electric cars** that make up the fleet have been incorporated, allowing the carbon footprint due to fuel consumption to be an average of 425 t- of CO₂ per year, 240 tonnes of CO₂ less than in previous years. It has also meant a 20 % reduction in the cost of fuel.





SDG 11 sustainable cities and communities: *building a “Smart City” region*

Canal de Isabel II's management model, in the segments of drinking water distribution and sewerage, which are municipally owned, is based on long-term agreements signed with **municipalities** for the operation of such infrastructures.

The supply networks, which were the origin of Canal more than a century and a half ago, are currently managed with excellent results. However, municipal **sewerage networks**, most of which have recently

fallen under our management, present great needs and require specific plans and an additional effort to reach the right conditions and, thus, prevent incidents that affect citizens and the environment.

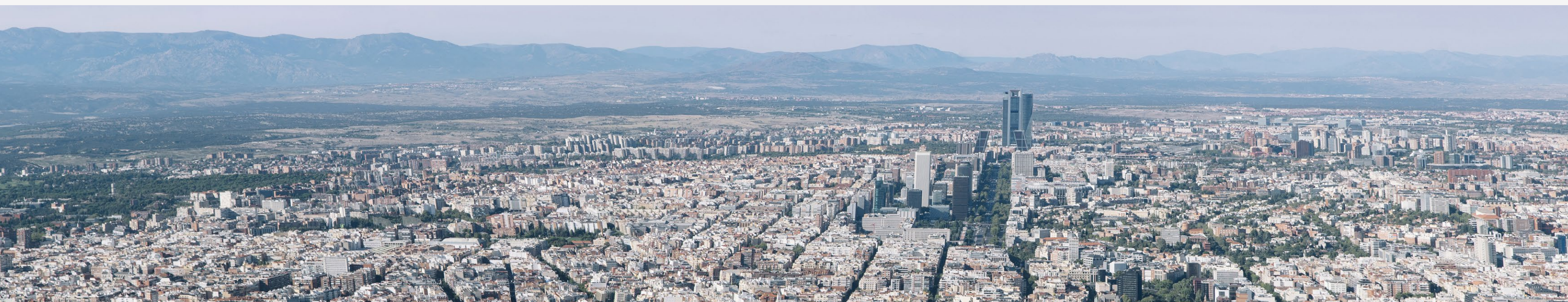
The assumption of these activities under a supramunicipal perspective generates economies of scale and synergies in the operation, which represent important advantages for municipalities.

Our relations with the municipalities of the Autonomous Community of Madrid

The **relationship with the municipalities** is a matter of special importance for Canal de Isabel II, as it facilitates the provision of an efficient and quality service to all citizens. For this reason, throughout 2019, Canal de Isabel II held many **meetings** with the different municipalities in the Autonomous Community of Madrid, mainly to improve their sewerage networks.

To provide different types of services, Canal establishes **management agreements** and other types of agreements with municipalities and large customers. All agreements and commitments are negotiated and signed individually with each municipality.

Through these agreements, Canal supplied water in 2019 to a total population of **6,442,547 inhabitants** in 174 of the 179 municipalities of the Autonomous



Community of Madrid. This population equals 96.69 % of the population registered in the region on 1 January 2019.

With regard to sanitation services, at the end of 2019 Canal managed the sewerage system for 135 towns in the Autonomous Community of Madrid, with a total population of **5,680,102 inhabitants**, which means that it has provided this service to 85.24 % of the region’s population. In water purification, Canal has served **6,654,752 inhabitants** in 179 municipalities, practically 100 % of the region’s population.

In addition, by late 2019 the Canal system supplied water to seven bordering municipalities belonging to **Castilla-La Mancha** (Valdesotos, Valdepeñas de la Sierra, Tortuero, Uceda, Pióz, Pozo de Guadalajara and Ontígola). The population supplied in the bordering municipalities in 2019 is **12,554 people**. In the case of Ontígola (Toledo), Canal has also provided wastewater treatment services to its 4,279 inhabitants.

The most common type of agreement signed by Canal with the municipalities of the Community is the **Integral Supply Management Agreement**. Through

this agreement, Canal performs the maintenance, operation and renovation of the distribution network, with the assignment of networks to the general supply system of the Autonomous Community of Madrid. There are also other types of agreements such as the **Commercial Management** agreements, in which Canal performs this management (contracting, metering, invoicing and collection management), as well as **the adaptation and maintenance of connections**. Through technical-commercial supply agreements, Canal maintains and operates the municipal distribution network; this includes the **renovation of the distribution networks**, to which an **additional distribution fee**, paid by the end-customers, is applied.

Apart from the management agreements, Canal also signs other agreements with the town halls covering **specific issues**.



Services provided by Canal de Isabel II in the Autonomous Community of Madrid	Some service of Supply	Sewerage system	Purification
Number of municipalities served	174	135	179
Population served	6,442,547	5,680,102	6,654,752
Coverage in the Autonomous Community of Madrid	96.69 %	85.24 %	100 %



Canal de Isabel II in Cáceres

Since 2015, Canal de Isabel II also has a delegation in the city of **Cáceres**, in the Autonomous Community of Extremadura, where it provides services to 2 municipalities in the province of Cáceres, the city of Cáceres and Monroy. With a population supplied close to **98,000 people**, we have diverted a volume of water for consumption in 2019 of **19.55 million cubic metres**.

During 2019, we have worked on improving the **Montaña Deposit**, which, with a capacity of 10,000 m³, is the head of the entire supply to the population. Therefore, it is essential for supplying the city, given that the filling of another seven tanks, corresponding to the towns of Sierra de Fuentes and Malpartida de Cáceres, depends on it, maintaining that more than **100,000 inhabitants'** consumption depends on this deposit.

It is worth noting the very important progress that's been made these last two years for the **renovation of meters**. 16,000 units were acquired in 2019 in order to tackle future renovations. Thus, if in 2017 46 % of meters were over ten years old, at present only 21.45 % are.



Ensuring sewer management and urban drainage

Sanitation management is absolutely vital for the maintenance of **public health** in urban environments and to ensure **environmental protection** and the upkeep of the region's water bodies in good condition.

The objective of urban drainage networks is to collect wastewater, domestic, industrial and runoff water for subsequent transport to treatment plants. Canal is responsible for maintaining municipal networks in the **135 municipalities** with which it has signed agreements. By the end of 2019, these networks reached **14,441 kilometres**. This maintenance consists of inspecting and cleaning all the network elements, as well as carrying out emergency works and cartographic updating. In the same year, Canal managed **876 kilometres of supramunicipal sewers and outlets**.

As previously mentioned, Canal has **133 wastewater pumping stations (WWPSs)**, which raise the water to allow its transport to the WWTPs, and **65 storm tanks and laminators**, which aim to prevent flooding and





discharges into the riverbeds. Thanks to these facilities, up to **1.48 million cubic metres** of the first rainwater, which are the most polluting, are retained.

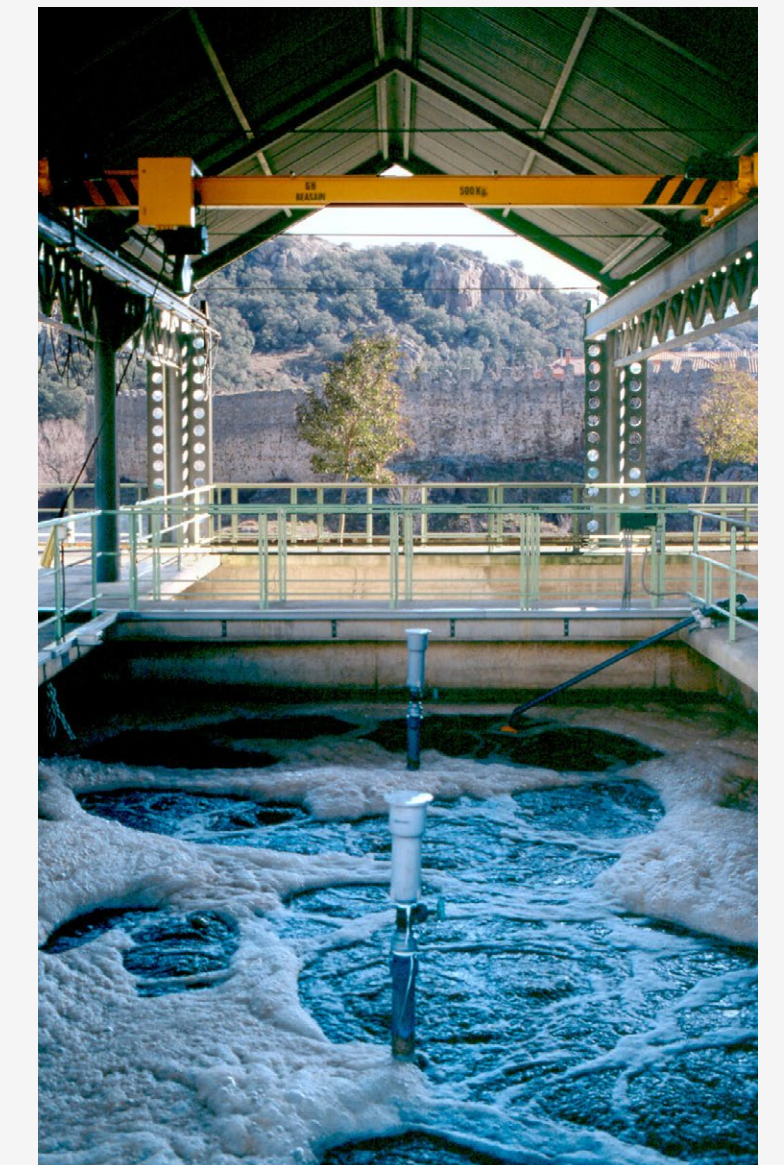
The maintenance work carried out by Canal consists of **monitoring** the networks, **inspecting** and **cleaning** the pipelines, cleaning the scuppers, cleaning the occasional spills, resolving each warning and incident in the network, and carrying out any required conservation and improvement works. In addition to this work, a cartographic update is performed and the network diagnostic studies are prepared; also, technical compliance files for requests for connections or network modifications are processed.

In recent years, and given the poor state of the network in some municipalities, Canal has promoted the preparation of **diagnostic studies** of the networks and the development of **Master Sanitation Plans** for these municipalities. Our goal is to ensure that all municipalities have their own specific Master Plan. In 2019 we've continued delivering sewerage plans to the municipalities. These actions will lead to an improvement in the network, a **significant reduction in discharges** and, in turn, an **improvement in the**

receiving waterways, while reducing the risk of flooding in the municipalities under management.

Regarding the renovation of sewerage networks, in 2019 a total of **20.32 kilometres** were renovated.

In addition, in the field of urban drainage, work continued on the **advanced system for urban drainage management**.



Monitoring in the Strategic Plan





LINE 5

Strategic objective

Promoting the management of the integrated water cycle in all municipalities in the Autonomous Community of Madrid.

It is focused on all the municipalities of the Autonomous Community of Madrid, (shareholders and non-shareholders) and is aimed not only at improving **relations with the municipalities** but also at making progress in the management of public services under municipal jurisdiction, (sewerage and distribution), in those aspects where, for historical reasons, there is still room for improvement. Most actions are aimed at the **sewerage service**, a service in which Canal de Isabel II's cooperation with the municipalities is more recent.

Better communication

In 2019 we sent **satisfaction surveys** on the services provided to all municipalities with a management agreement in place. Of the 173 proposed surveys, 135 were answered, providing information on aspects of Canal management with room for improvement. The mark received was higher than the goal we had set for ourselves.

In order to improve **communication** with the Municipalities:

- We have enabled a **single telephone** for the City Councils of the Autonomous Community Of Madrid.
- Developed the **Canal Municipal website**, that will have a restricted access information Portal for the Municipalities,
- Created the single e-mail **ayuntamientos@canal.madrid**

Historic housing developments

Within the Plan for the extension of services to the historic housing developments of the Autonomous Community of Madrid, we are trying to correct the **major deficiencies** in the distribution and sewage networks arising from various problems in the urbanisation processes, mainly from the land developers' management at the time or by the local entities themselves.

Once the municipalities have been identified, attention to these developments has been integrated into the city council **single window** and the descriptive sheets of the developments have been updated. A Preliminary Action Plan model has also been drawn up in order to regulate Canal's actions in the preparation of a diagnostic study and, where appropriate, a works project to adjust networks to Canal standards as a preliminary step to the integration of these population centres into Canal management.

Master Plans

Regarding the Master Plans for distribution to 100 % of the municipalities managed, technical assistance is already being contracted for the drafting of **Master Plans for supply, sanitation and purification** in three batches.

Of the 6 Master Plans for supplies anticipated in the first phase, those for Navas del Rey, Pelayos de la Presa and Soto del Real have already been drawn up and the remaining 3 are being drafted (Chinchón, Fuente el Saz and Paracuellos de Jarama).

Programme for the disconnection of clean water from the sewerage system

The connection of clean water to the sewerage system causes many malfunctions in purification service management, especially in the **biological treatments** of facilities that remove nitrogen. 10 new clean water input studies have been carried out at the WWTP and 12 permits have been processed in order to undertake the disconnections, which have been completed in 10 cases.

Sustainable urban drainage systems

Within the Plan for the extension of sustainable urban drainage systems in the Autonomous Community of Madrid, primarily aimed at avoiding the impact of great floodwater from **torrential rains** by using sustainable systems, is fully implemented in the specific objectives that had been set for this year. The project and the achievements of the **sustainable urban drainage techniques** have been disseminated in national and international forums.

Reservoir Management Plans (together with the Regional Ministry of the Environment)

This year, this action has focused on the **El Atazar reservoir**, on which a peripheral study of the reservoir has been conducted and a solution to the problem of waste on the banks of the river derived from the recreational and sporting use of the reservoir has been found. For them, together with the Public Entity, they have processed the subsidy included in the Strategic Plan for Subsidies for this purpose. The Association of Riparian Municipalities is the beneficiary of this subsidy. A preliminary study for the construction of a recreational area in this reservoir has already been completed and the process of preparing the **Recreational Area Project** is under way.

Our Star Plan: Sanea Plan

The text of the Sanea Plan and the Sanea Plan Model Agreements have already been drawn up with the Public Entity and have been favourably received by the Attorney General's Office of the Autonomous Community of Madrid.

Canal de Isabel II, S.A. and the Public Entity, collaboratively, are working with the Attorney General of the Autonomous Community of Madrid to find a solution to the **financing** of sewerage networks for municipalities with less than 2,500 inhabitants, as proposed (17 % from the additional quota and 83 % from Canal).

Sierra Norte Plan

Our Sierra Norte Plan includes a series of actions in the Sierra Norte de Madrid municipalities, with which during 2019 we have worked together through several actions, highlighting several technical studies to create **recreational areas** in Berrueco and Pinilla del Valle. Furthermore, we organised the **Sierra Norte Fair** in the municipality of Venturada.



Committed to our customers

Customer and user satisfaction is one of our company’s main objectives. Satisfaction is obtained by providing reliable, quality services at fair rates, but it is also very important to provide adequate attention to customers, meeting their **expectations and needs** in an swift, simple way To this end, our company has equipped itself with the means and resources that make our commercial work one of the best valued within the sector in Spain.

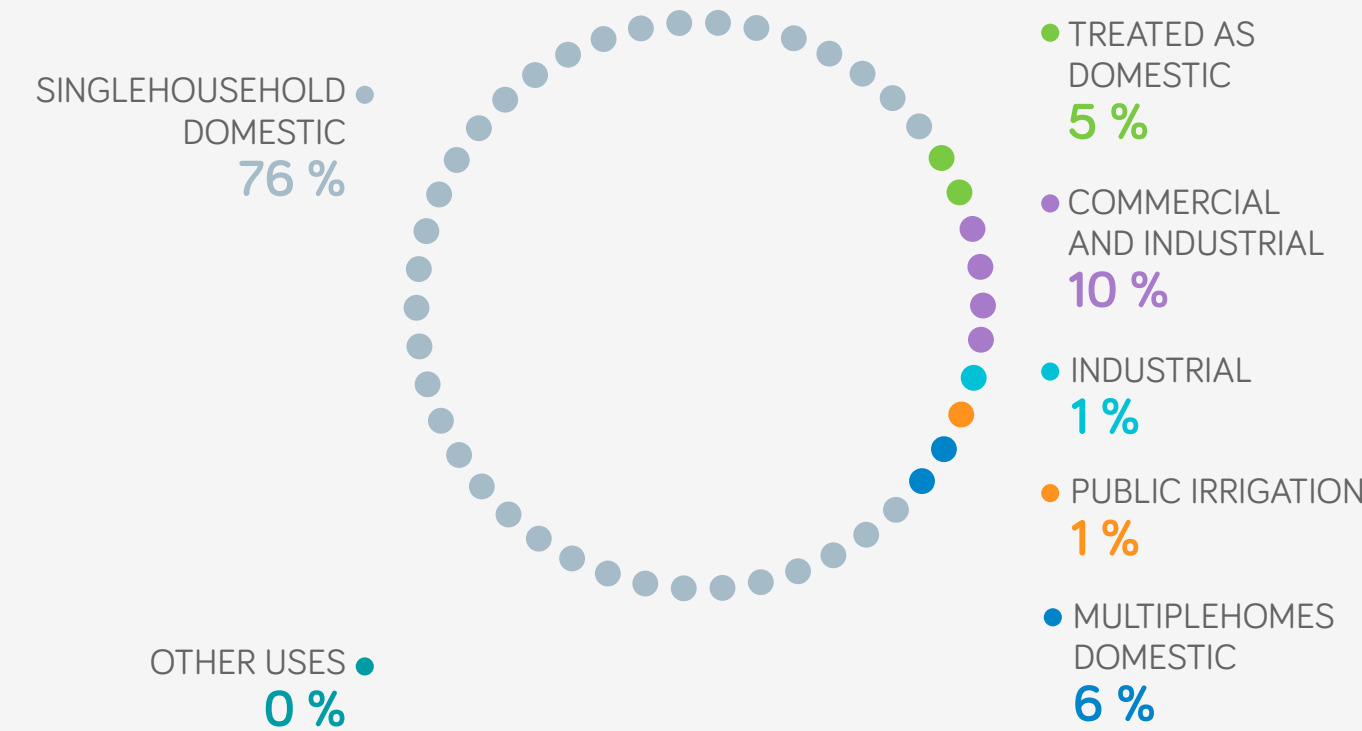
CUSTOMERS IN THE AUTONOMOUS COMMUNITY OF MADRID: CONTRACTS AND POPULATION SERVED

In 2019, Canal de Isabel II reached **1,504,792** active contracts with customers, a **1.4 %** increase compared to 2018.

Through these contracts, Canal supplied water in 2019 to a total population of **6.44 million inhabitants** in 174 of the 179 municipalities in the Autonomous Community, which, according to the National Statistics Institute (INE) is equivalent to 96.65 % of the population registered in the region on 1 January 2019.

With regard to **sanitation services**, at the end of 2019 Canal managed the sewerage system for 135 towns in the Autonomous Community, amounting to **5.68 million inhabitants**, which represents **85.24 %** of the region’s total population. In water purification, it has served **6.65 million inhabitants** in 179 municipalities, practically 100 % of the region’s population (99.87 %).

TYPES OF CONTRACTS WITH CUSTOMERS IN 2019



TARIFFS AND INVOICING TO CUSTOMERS

Canal de Isabel II has established its water tariff based on a series of basic principles: transposing the Water Framework Directive, promoting its use and efficient consumption, and achieving a fair and equitable tariff system. In addition, we must remember that the citizens of Madrid enjoy water that is of the highest quality in Europe. Thus, our tariff is:

- **Progressive and subsidised:** adapting to the particular situations and needs of citizens.
- **Seasonal:** encouraging rational use in periods of scarcity and high consumption.
- **Committed to the environment:** consolidating a reusable water tariff, which is an essential component of integrated water resource management in line with environmental sustainability.

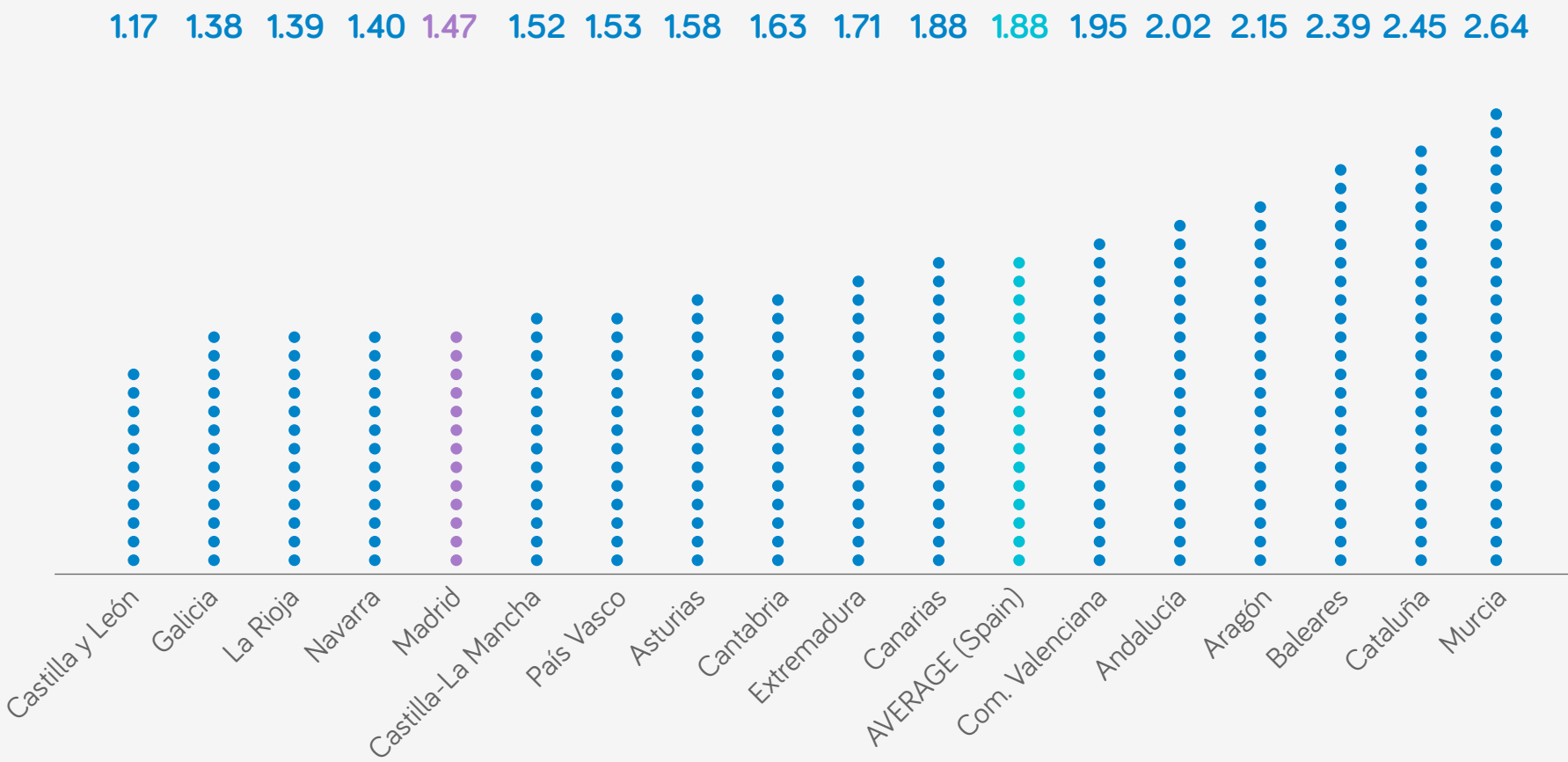
In order to ensure better **communication** and a better understanding of the tariffs by customers, every year Canal carries out a campaign with explanatory documents that are made available to the public in commercial offices and on the website (www.canaldeisabelsegunda.es). Specifically,

a **tariff document** that includes information on the general tariff for domestic use, as well as the one applied to commercial and industrial use, is published for distribution in commercial offices.

In recent years, Canal’s tariff policy has been characterised by its moderation; tariffs have been **frozen** since 2015. However, the cumulative increase of the Consumer Price Index (CPI) in the period of 2015-2019 was 6.5 %.

Affordable rates in Spain...

PRICE OF WATER IN SPAIN BY AUTONOMOUS COMMUNITIES IN 2019
(EUROS PER CUBIC METER INCLUDING SUPPLY AND SANITATION)



Source: AEAS (2019) for a client with a 13 mm meter and consumption of 25 m³ per two months.

TARIFFS THAT IMPROVE SERVICE EVERY DAY

- 1

Bimonthly invoice that allows users to adapt the payment to the rest of the utilities (electricity, gas, etc.), to facilitate full control of consumption and, therefore, to react more quickly and with greater efficiency in the event of any leaks or breakdowns.
- 2

A fairer and more equitable tariff that promotes rational and efficient use, highlighting the progressive equality of all users regardless of their use of water.
- 3

A tariff that grants **allowances to large families and households**, rewards **saving** and maintains a **social exemption** of up to 25 m³/bimester to alleviate situations of extreme need. From 2019 it gives discounts to **widow's pension** beneficiaries.
- 4

Tariff that **encourages efficient water consumption** by linking tariff categories to the family's real consumption capacity.
- 5

Tariff that **includes the use of regenerated wastewater** for irrigation of public green areas and golf courses, among others, for street cleaning and industrial uses.
- 6

Tariff that ensures the sustainability and value of the service, **including all costs incurred** in providing it.

ACTIONS TO GUARANTEE CORRECT BILLING TO THE CUSTOMER

Canal always seeks to guarantee the highest **accuracy** of the bills issued to its customers, based on their actual consumption. For this reason, it has carried out the following actions in 2019:

- **Metre reading:** Canal made more than 8.93 million readings on 1.57 million meters. The percentage of estimated bills issued when obtaining the meter reading is possible was only 2.89 %.
- **Audit and analysis of consumption:** Canal has a **quality control system** for reading and invoicing in order to guarantee the correct billing of actual

consumption. The consumption audit, as part of the system mentioned above, is a tool to help in reviewing consumption that presents a significant variation. When significant variations are detected, customers are alerted in order to avoid any possible internal leaks in their property.

- **Maintenance and verification of metering equipment:** as an essential support for billing, actions are carried out to improve the accuracy of metering equipment, mainly focused on the maintenance and constant renewal of metres.

In order to ensure its correct operation, we have a **Volume Meter Verification Laboratory** that meets all

the requirements to ensure that its verifications and certificates have the required quality and recognition by national and international authorities. It is accredited by ENAC as a test laboratory for meter verification and, since 2011, for flow meter verification.

The meters are checked at the following levels:

- Control of **new meters**.
- Customer **complaints**.
- Conducting of **studies** to learn more about the operation of meters: verification of meters in use, evaluation of new technologies, influence of installation conditions, verification of devices that measure water rerouted to the network, among others.

A total of **6,960 meters** were analysed in the metrology laboratory in 2019. Moreover, the **59,998 ones renovated by maintenance and campaigns** stand out.



CUSTOMER AND USER SUPPORT

Canal’s main objective is to provide the **best possible service** to its users, the citizens of the Autonomous Community of Madrid. The company has an ISO 9001 certified quality system, and as part of our policy of maintaining the quality of the services we provide, specific commitments have been made to customers that Canal published in 2019 in its first **Charter of Commitments** to its customers with the aim of adapting to their needs and requirements and which extends and improves its previous letter of service. The public company assumes a total of **10 commitments** to offer solutions to user needs clearly and transparently. Failure to comply with any of them may result in automatic compensation ranging from 30 to 420 euros.

Regarding the supply, Canal will communicate, **at least 24 hours in advance**, its intention to carry out a work involving interruptions of the same with a possible impact on the population. It will also communicate the fortuitous or programmed cuts in a personalised way to the users who request it. To address with the lack of water in the event of incidents, alternative means of drinking water (carafes and cisterns) will be provided within a maximum of 4 hours.

Regarding the aspects of **contracting the service**, the period for installing new connections will be a maximum of 10 working days from the time the necessary permits are obtained. This period will be 3 working days when buildings already have the necessary installations for the supply.



Invoices issued when there is a significant consumption increase due to breakdowns in customers’ internal installations will also be reviewed, provided that proof of repair is given.

On the other hand, the **social tariff** will be actively distributed so that it reaches all citizens who need to take advantage of it. Furthermore, all requests for **payment deferral** will be attended to within 10 working days.



Excellence



Sustainability



Proximity



Transparency



Commitment

CUSTOMER COMMUNICATION CHANNELS

We are a company committed to its environment and sensitive to the demands of its users. Over the last few years, a major effort has been made to improve **accessibility** to the different contact channels available for quick and efficient handling of claims in order to meet the needs of our customers.

The company has four main communication channels available to its customers and users. These channels are:

- **Telephone assistance.** The channel that is most used by customers, who can choose to be attended by specialised agents or use automatic solutions to handle their inquiries or claims. In 2019, Canal handled more than **1,010,653 customer calls**.
- **Customer service centres.** We have a network of 11 customer service centres strategically distributed throughout the Community, where users can resolve any issue related to commercial management. These centres continue to be a basic channel that generates confidence in certain customer groups. In 2019, these centres served **92,742 people**.



- **Website, virtual office and the new Canal app for mobiles and tablets.** Within the framework of new information technologies, and for greater convenience and simplicity in self-service management, Canal has an online office that is available 24 hours a day. In 2019, this platform logged **6.22 million interactions**.

- **Written assistance.** Canal offers its customers a special written assistance service (via letter or fax), where any issue can be handled without waiting or traveling.

AAA DOMINICANA: adapting to the customer

AAA Dominicana began its operation in the Dominican Republic with the contract for **commercial management and installation of metres** in the western area of the city of Santo Domingo to serve a population of almost 5 million inhabitants currently in the municipalities of Santo Domingo and Puerto Plata. In recent years it has achieved significant growth by expanding its services in the commercial management of water services. It is also responsible for the supply and installation of meters, as well as their preventative maintenance.



In 2019 AAA Dominicana has implemented new formulas to improve its customer service:

- **A customised customer service system** was implemented using the WhatsApp Business platform. This communication system is used by 13 % of customers who use telephones to contact management, and has led to a significant improvement in customer interaction.
- **Opening of commercial offices** according to the needs of recurring customers, becoming an “express” management and self-management model characterised by a flexible service where the customer can also directly contact the call centre through a direct phone. This modality, in addition to its differentiation, has contributed to the reduction of rent and personnel costs, given that the location was provided by the area’s Ministry of Tourism.

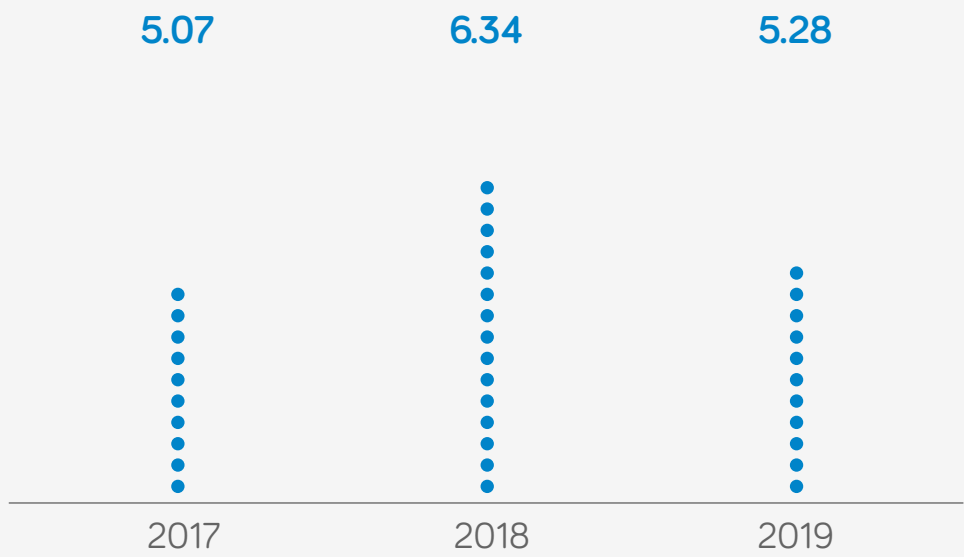


- **Collection management:** Under the slogan “La CAASD te monta en Navidad” the collection management area is planning the 2019 mega raffle to be held on 30 December 2019, which aims to increase payments as a way to positively promote the payment culture.

SUGGESTIONS AND CLAIMS HANDLING

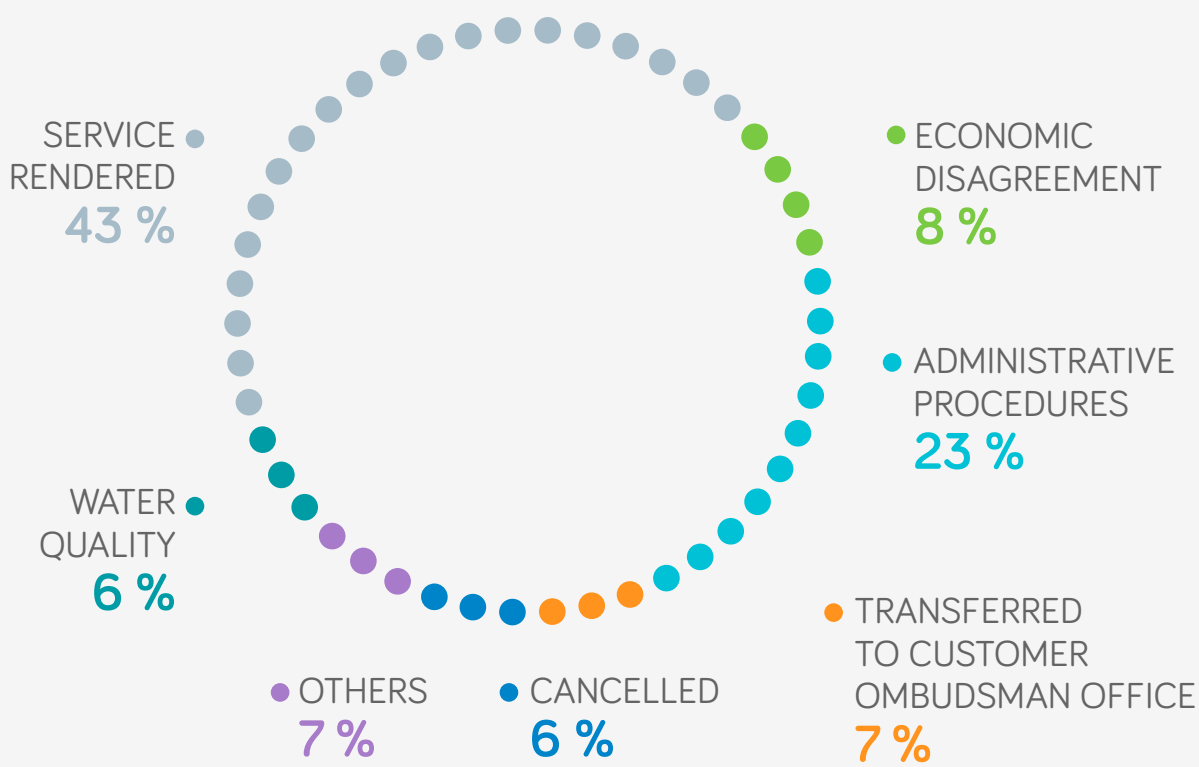
Canal de Isabel II has a complete **system for receiving and handling suggestions, complaints and claims regarding billing** from our customers. In the case of complaints received, in other words, those disagreements related to the service provided to the client, our **Complaints Office** is in charge of the personalised management of all of them. Through a statement number assigned to the complaint, the client can follow up on it throughout the process. A total of **7,938 complaints** were received in 2019, that is, **5.3 complaints per 1,000 Canal customers**. As can be seen in the chart, this value has decreased with respect to the previous year.

COMPLAINTS PER YEAR PER 1,000 CUSTOMERS



The causes of these complaints were distributed as follows:

REASONS FOR THE COMPLAINTS RECEIVED IN 2019

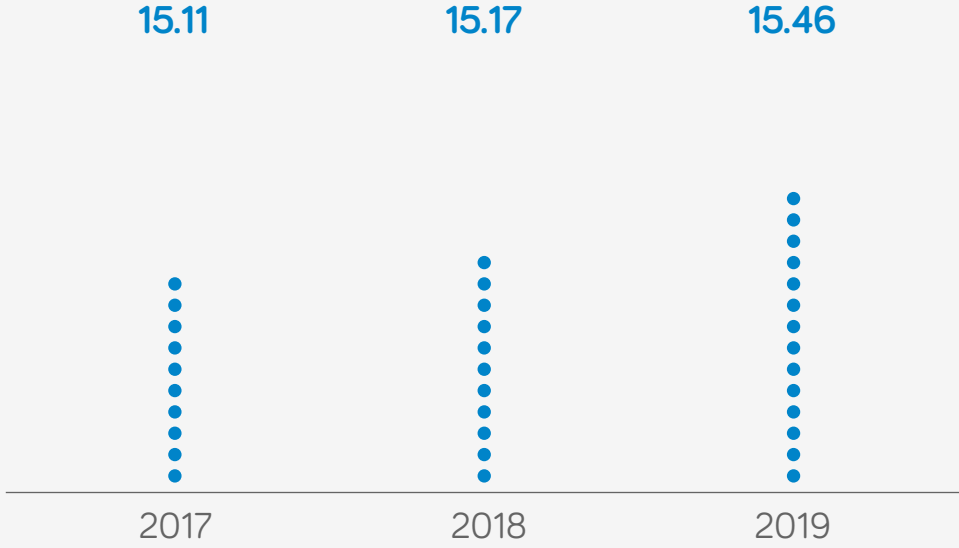


The number of **complaints received** regarding the invoice increased by 3 % compared to 2018, reaching 23,260. This amounts to 15.46 complaints per 1,000 customers, and only 0.26 % of invoices issued over the year (almost 9 million). **69 %** of the complaints were resolved favourably for the customer.

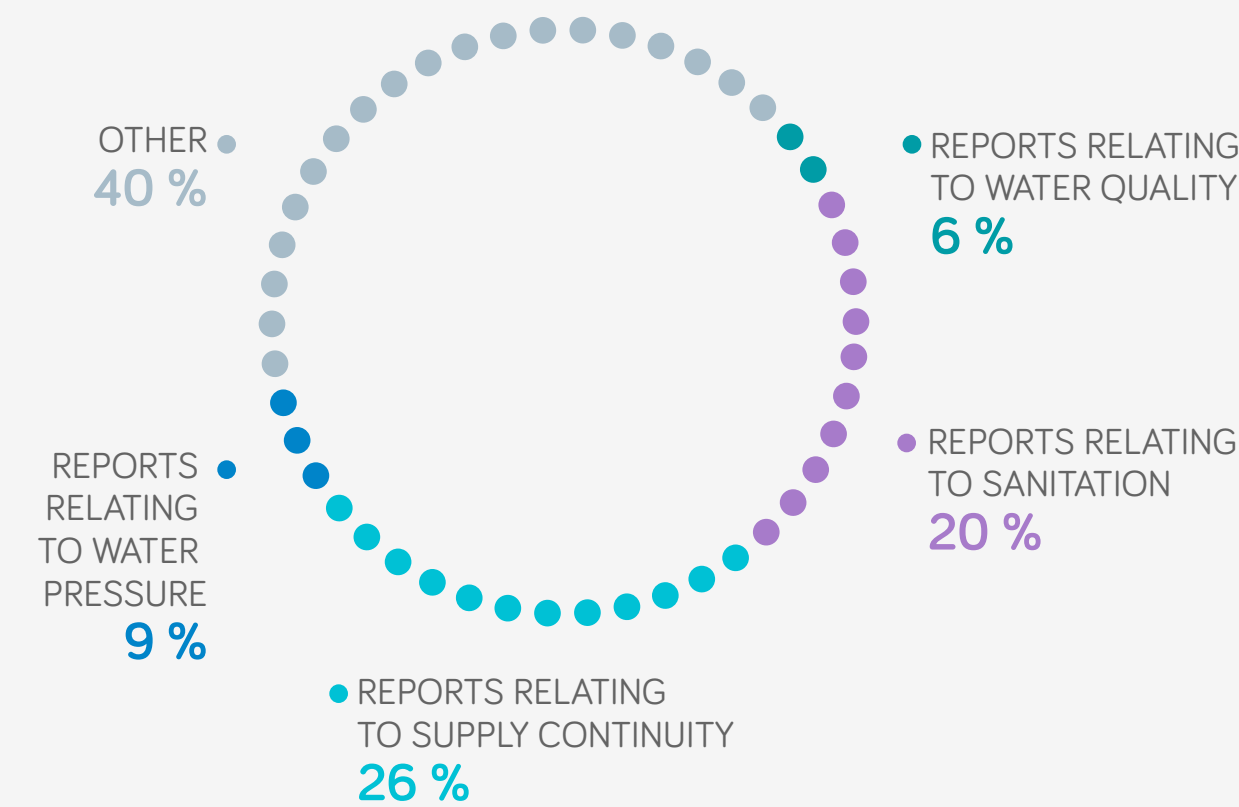
Both billing and general complaints have a **maximum processing time of 30 days**, with 94 % and 89 % compliance, respectively, in 2019.

In addition to the complaints received in the commercial circuit, Canal has a **service for dealing with incidents** related to the provision of the different services. In 2019, a total of **137,174 reports** related to different incidents (quality, sewerage, continuity of supply, pressure and other causes) were received. The number of incidents decreased by **2 %** compared to 2018.

CLAIMS RECEIVED PER YEAR PER 1,000 CUSTOMERS



DISTRIBUTION OF INCIDENT REPORTS BY TYPE
(PERCENTAGE OF TOTAL)



CUSTOMER OMBUDSMAN

Canal de Isabel II’s **Customer Ombudsman** is an independent figure who does not form part of the company’s management line. It was created voluntarily in 2001 as a **pioneering** tool in the public services sector. Since then, more than 18,000 claims have been processed.

The institution’s main mission is to defend and protect the **rights of Canal de Isabel II’s customers**. It handles customers and users who have filed a complaint with the Company’s Customer Service Department and are not satisfied with the response received or have not received an answer to their complaint within two

months after filing it. It is a **last resort** mechanism that is governed by the principles of autonomy, equity and justice.

The activity of the Customer Ombudsman’s Office focuses on handling the complaints it receives. In 2019 it received 1,784 complaints, 80 % of which were accepted for processing (1,338) as they were deemed to meet the requirements of the Customer Ombudsman Statute. Of these, 706 (53 %) were fully or partially resolved in favour of the customer. Of the total number of complaints accepted for processing in 2019, 74 % were filed by individuals, 11 % by owners associations, 7 % by companies and 8 % by other entities.



GESTUS:

efficient management



GESTUS is a Canal Group company that provides services to the Canal Group companies in Latin America. It deals with **business advice** and **management, design** and **construction** of civil

works, commercial management of services management, updating and assembly of **databases** and software, **contact human centre** services, **document management** and **messaging** services.

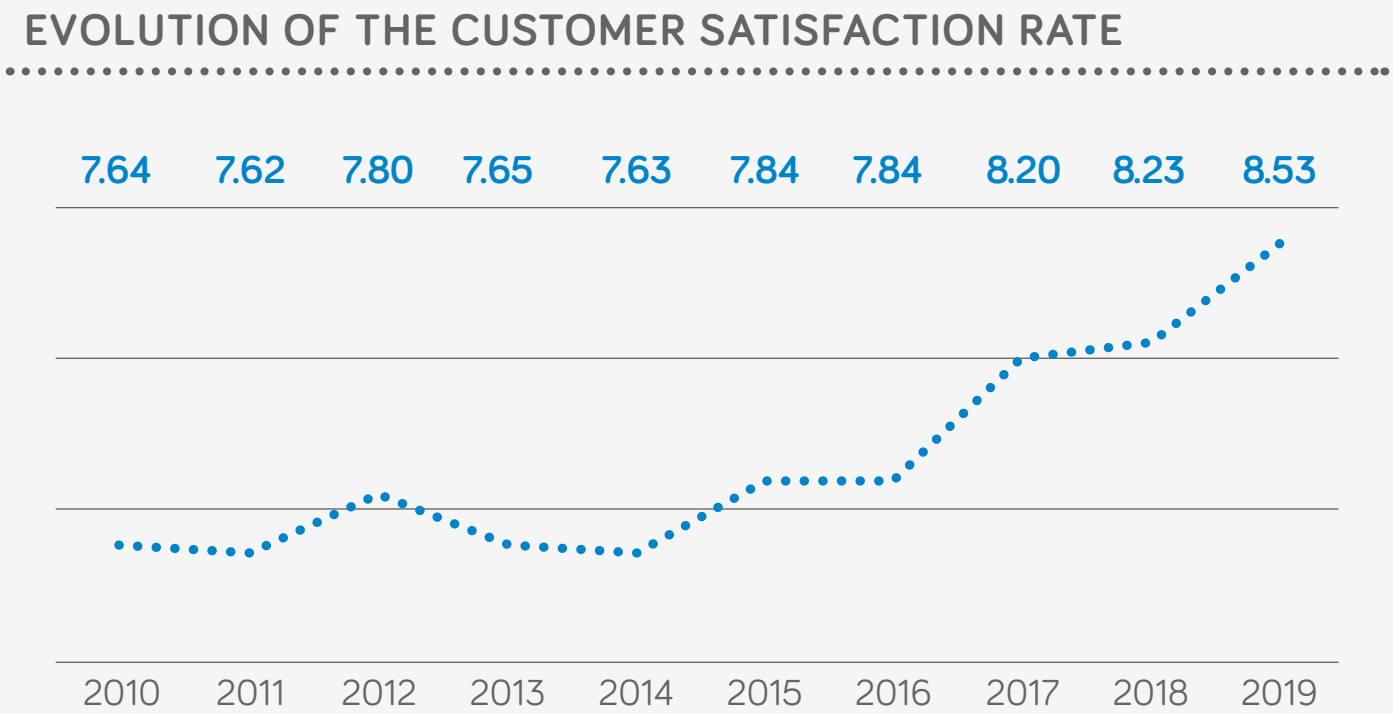
As a result of the **Improvement Plan** strategy for commercial management with Triple A in Barranquilla implemented in 2018, substantial improvements have been noted in revenue ratios.

During 2019, the development of the training programme “**Strengthening the Leader in You**” targeting company supervisors, with a view to strengthening and reinforcing appropriate values and behaviours in order to positively influence their work team, achieving commitment and cooperation in the fulfilment of objectives and goals, stands out.



CUSTOMER AND USER SATISFACTION

Canal de Isabel II has positioned itself among the companies that recognise their customers and users' needs so that our actions meet their expectations. The **customer experience** is the sum of all personal experiences, whether emotional or rational, that an individual has when dealing with Canal de Isabel II at any time in their life as a customer or user. The aim of placing the customer at the **centre of the organisation**, to get to know and involve them in the design of our processes and services, is already a reality. This culture seeks to provide desired



experiences, in accordance with the brand promise and to generate memorable emotional impacts on customers that will improve their perception of Canal de Isabel II.

Canal's customer satisfaction and expectations model based in the **Customer Experience** makes it possible to evaluate the quality of service from an internal and external perspective. However, the satisfaction scores have been higher than expected: if we had intended to go up to 8.28 in 2019, the projections have been significantly exceeded, as we ended the year with **8.53** out of 10.

Some actions during 2019 we can highlight:

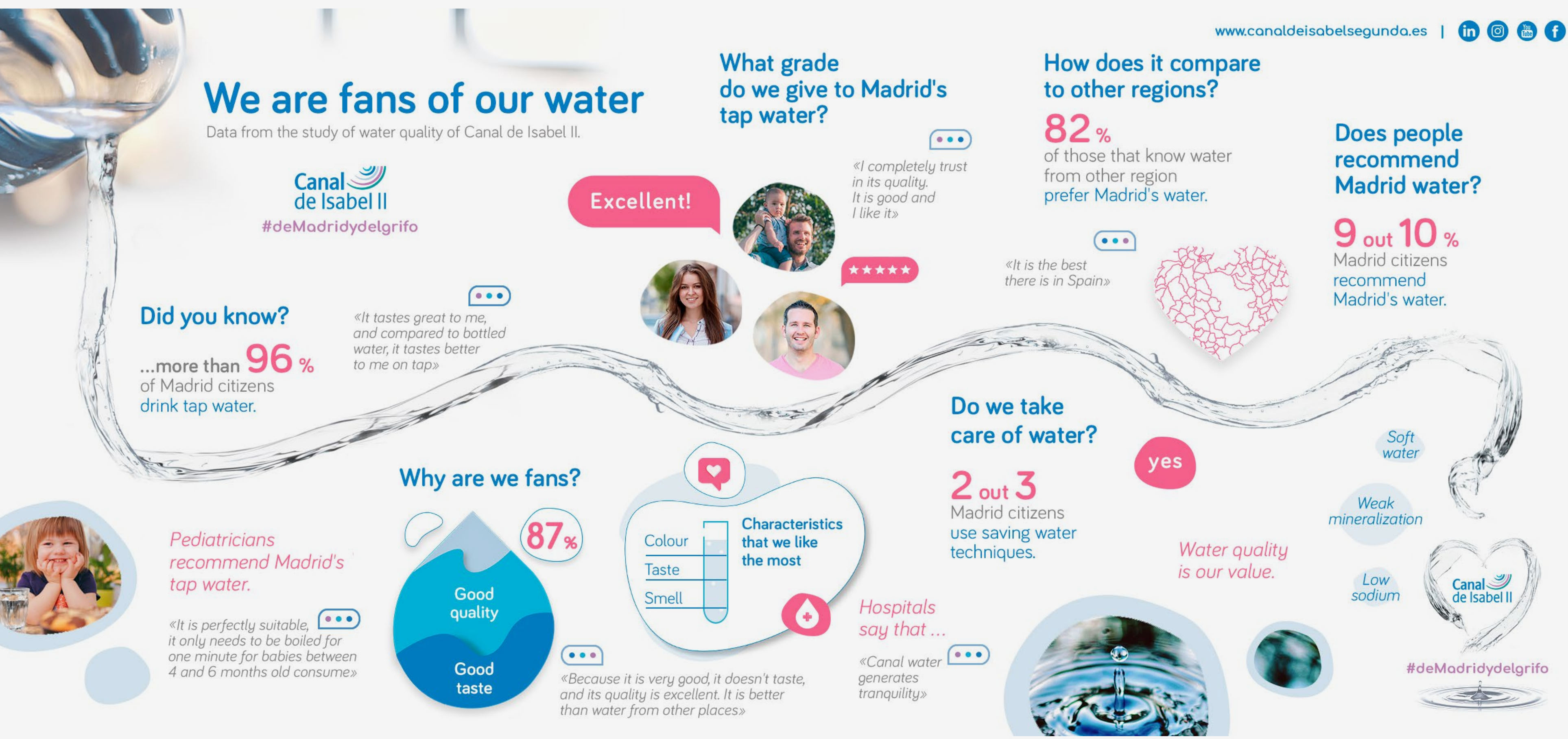
- The **“customer voice”** measurement project.
- Employee **training** so they can easily empathise with customers.

With the aim of having information continuously available, the **measurement** project continues expanding, so that we know more and better understand what our customers are demanding. All this information is analysed to carry out different

actions; ranging from small gestures to procedural changes, because we are convinced that everything adds up, even the simple fact of asking the client about this company, about how we do things, contributes to improving the result or the view they have of us.

The information provided by **relational studies** is constant, and although its fundamental objective is to measure the trend, the interviewed client is always given the opportunity to verbalise what he or she believes. Focusing already on certain more important transactions, the opinion associated with a specific customer **experience** makes us focus on improving these moments of more impact or closeness. And, finally, **in-depth studies**, which allow us to ratify or establish future strategies or to better understand matters of interest that are being assessed, also to set in motion the levers that allow us to improve in our work and in the perception that the whole supplied population has of it.

During this year we have developed several training actions for employees aimed at extending, throughout the organisation, a culture in which the customer is essential. Workshops have already been held



with more than 100 employees selected as “**ambassadors**” or experts who can be called upon by their immediate colleagues to rethink how to approach a given issue from the customer’s perspective. On the other hand, different training sessions have also been carried out with more than 325 employees who undertake their work in the street, in an effort to provide them with tools that allow them to better manage complicated moments.

Amagua: a “premium” service in Samborondón and Daule

Amagua C.E.M operates in Samborondón and Daule, municipalities in Ecuador close to Guayaquil, providing drinking water distribution services, sewerage management, wastewater treatment and reuse of regenerated wastewater to a total population of over 200,000 inhabitants. More than 50,000 families enjoy first-class service thanks to **personalised management** that includes home assistance for plumbing repairs, cleaning and disinfection of wells, glass repair, electricians or even locksmiths.

In 2019, Amagua worked on the **automation of field processes**, managing to execute work orders in real

time through the use of mobile devices.


This application also allows online results reporting with the commercial management system and collection institutions.


Furthermore, work has begun on **installing antennas on meters** and configuring software for reading meters located in restricted access areas.

Also noteworthy is the start of the **geographic information system (GIS)** project for drinking water and sewerage infrastructure.



Monitoring in the Strategic Plan





LINE 6

Strategic objective

Maximizar la «experiencia cliente» en todos los contactos con nuestros usuarios, mejorando la eficiencia en los procesos comerciales y operacionales.

SL 06 - Client satisfaction rate

8.53
out of 10
Obj.: 8.28
Compliance: >100 %



SP 6.1 - Overall Image of the Company

7.96
out of 10
Obj.: 7.62
Compliance: >100 %



SP 6.3 - Satisfaction rate for the resolution of a claim

5.91
out of 10
Obj.: 5.40
Compliance: >100 %



NUESTRO PLAN *SMART-REGION*

Our objective is to provide our customers with a more “hands-on” management. The implementation of **smart meters** that incorporate the latest technologies will allow us to obtain new services for our clients and new utilities for Canal, based on the advanced processing of meter data.

We want to install in the **entire Autonomous Community of Madrid**, meters with the last technology, in both the accuracy of the water consumption measurements and communications of the information provided by the same.

The **technological revolution**, as well as the evolution of the Internet of Things (IoT) in the future, taking place in communications will change our relation to the services and companies that provide them.

Applications are being designed and developed which will help to improve our quality of life, and which in the majority of cases we are not yet able to visualise.

What is clear is that this revolution in the our sector will revolve around the use of **smart meters** (smart metering) and the massive analysis of the information they make possible. This plan will place us at the European forefront of our sector in exploiting information on water consumption.

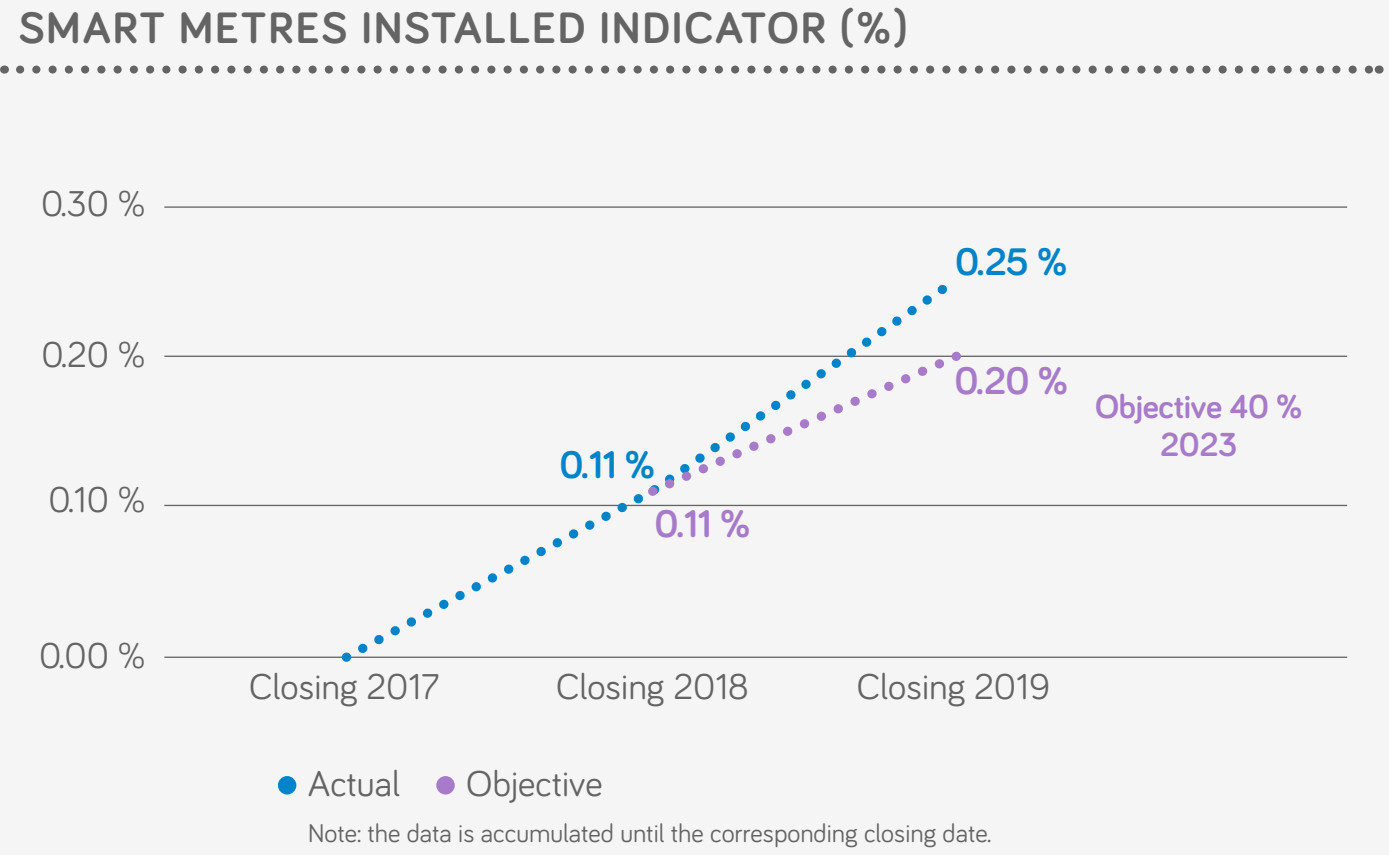
Sufficient studies and **pilot tests** have been completed in 2019 to enable Canal de Isabel II to make a firm

commitment to Narrow Band communications technology, NB-IoT, for the remote water meter reading.


Field installations, connecting nearly 4,000 meters, and laboratory studies have validated the promising characteristics of **NB-IoT communications technology**, in relation to signal penetration, coverage and communication energy consumption.


Likewise, the capabilities of the YRIA technology platform have evolved to allow for the **management of data** generated by communication equipment and data captured by smart meters.

During 2019 Canal de Isabel II has consolidated its position as an **innovation lever** in the world of **M2M** communications, and specifically in NB-IoT as a technology for water meter communications. The sector that must provide the connectivity products and services is prepared to meet the demands of the water companies.



Monitoring in the Strategic Plan





LINE 6

Strategic objective


Maximizar la «experiencia cliente» en todos los contactos con nuestros usuarios, mejorando la eficiencia en los procesos comerciales y operacionales.

SP 06 - Smart metres of the total metres

0.25 % of the total metre park

Obj.: 0.20 %

Compliance: >100 %





Hispanagua: essential support

Hispanagua, S.A.U is a Canal Group company whose main purpose is the **construction, maintenance** and **operation** of infrastructures related to water management supporting Canal de Isabel II's management.

In 2019 it launched the **INCO computer application**. Thanks to this software, it will be possible to dump the data of the work orders assigned by Canal through its commercial management application. Once organised by the managers, they are distributed both by date of execution and by zones and type of action, to employees via their smartphones.

In order to comply with the **Metrology Law**, which establishes that meters must not be more than 12 years old, Hispanagua is undertaking **meter**

replacement campaigns that are expected to intensify over the next two years.

Poles have also been built for sewerage network inspections, which it carries out by improving both the cost and the performance with respect to those purchased from third parties.

The collaboration of Hispanagua in the **Centre for Advanced Studies in Water** should be highlighted, having built a water facility in the IES Virgen de la Paloma secondary school in Madrid for the Dual Vocational Training courses given by Canal.





SDG 16 peace, justice and strong institutions: *the company of all Madrid's residents*

By virtue of being a **public company** and **providing an essential public service**, Canal de Isabel II has the obligation to be excellent and rigorous in corporate governance and the behaviour of its employees. In addition, it is duty-bound to the citizens and must be absolutely transparent in management and, in the area of **Corporate Social Responsibility**, must develop open and participatory activities for all the groups with which we interact.

The corporate organisation and governing bodies of Canal de Isabel II respond, on the one hand, to the requirements deriving from its legal nature as a corporation and, on the other, to the objective of achieving a level of **excellence** in terms of transparency and good governance.

In this regard, we are working on the progressive incorporation of best practices in **good governance and transparency** that exceed the standards required of unlisted companies, as is Canal's case, and the company has an Internal Control System for Financial Information (SCIIF, which we have been working on since 2013) and an Internal Audit, Risk Management and Internal Control Branch since January 2019, it has a Compliance Sub-directorate, together with the creation in 2015 of an Audit and Control Committee (today referred to as the Audit Committee following the reform of the Spanish Companies Law of 2014), a Risk Management System, submission to the CNMV of an Annual Corporate Governance Report (submitted and registered since 2014), an Appointments and Remuneration Committee,

an Internal Code of Conduct on Securities Market Issues and a Code of Conduct approved by the Board of Directors at its meeting on 8 January 2015, among others.

Relations with Public Administrations and management transparency

In general, Canal must deal with the Administration on three levels:

- **City councils** of the municipalities in which we provide our services.
- **Autonomous Communities** where we operate the service, especially the Autonomous Community of Madrid.
- **General State Administration** (central government) in the countries where we operate the service.

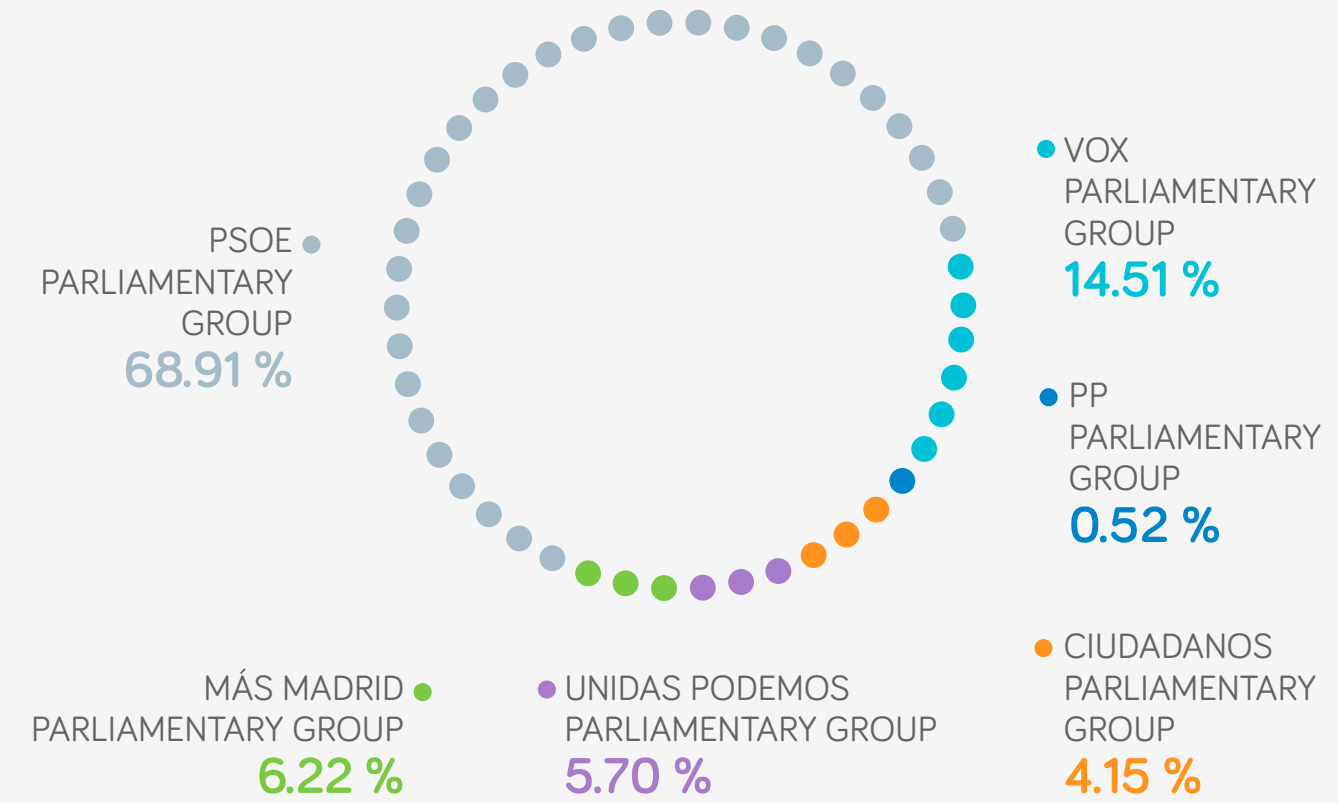
Furthermore, as a public company, we are obliged to respond to requests for information and inspection

by all political groups represented in the **Madrid Assembly**. These requests reflect the issues that are important to **stakeholders**, covering all aspects (economic, environmental and social) and, in addition to serving as a means of rendering accounts for the performance of the company and its Group, they help us to understand the main concerns regarding responsibility, solvency and sustainability.

The response to these requests is made through the Executive Vice Chairperson to the Vice Presidency, Council of the Presidency, and Government Spokesperson of the Autonomous Community of Madrid, from which they are forwarded to the Assembly of Madrid.

In addition, we have established an electronic communication channel through the Canal website for receiving and answering queries from the public. On this platform, and in compliance with the provisions in Law 10/2019, of 10 April, on Transparency and Participation of the Autonomous Community of Madrid and in Law 19/2013 of 9 December on Transparency, Access to Public Information and Good Governance, our **Transparency Portal** was created on this platform in 2015, containing all the information required by the law on active advertising, as well as the means to guarantee the exercise of the right of access to public information (Transparency Mailbox). From its implementation on 28 October 2015 and until 2019

REQUESTS FOR INFORMATION BY THE ASSEMBLY OF MADRID TO CANAL DE ISABEL II (2019)



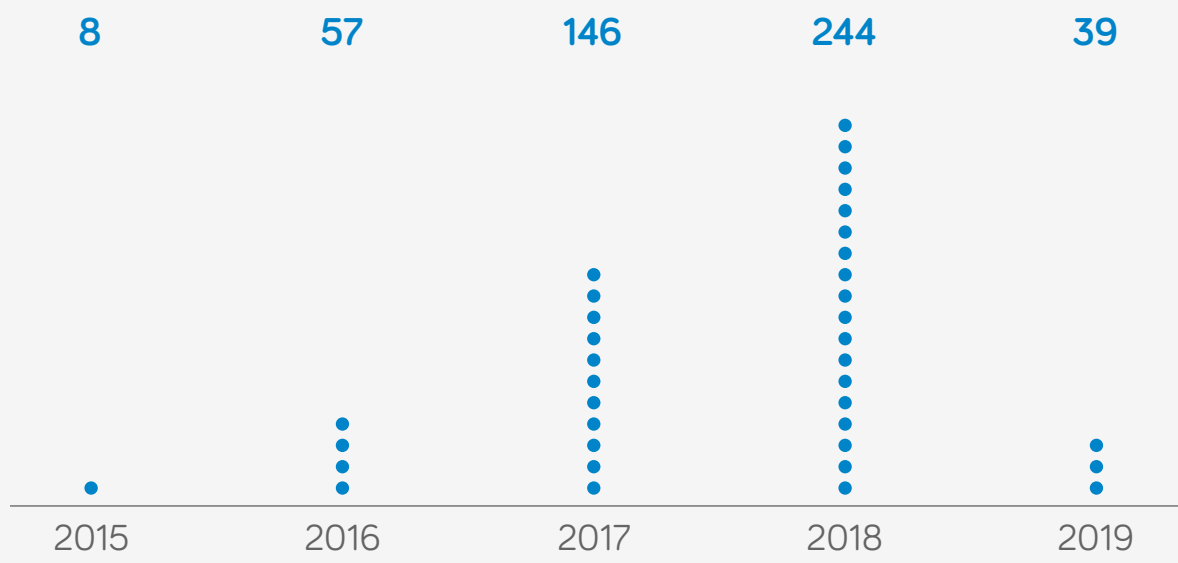
the inbox of Canal’s Transparency Portal has handled a total of **494 requests**.

Of all of them, 97.77 % were **accepted for processing**, only rejecting 11, primarily because they were clearly repetitive, they compromised security, they were not applicable or they were of an unjustified abusive nature with the purposes of transparency of the laws (only 2.23 % of the total).

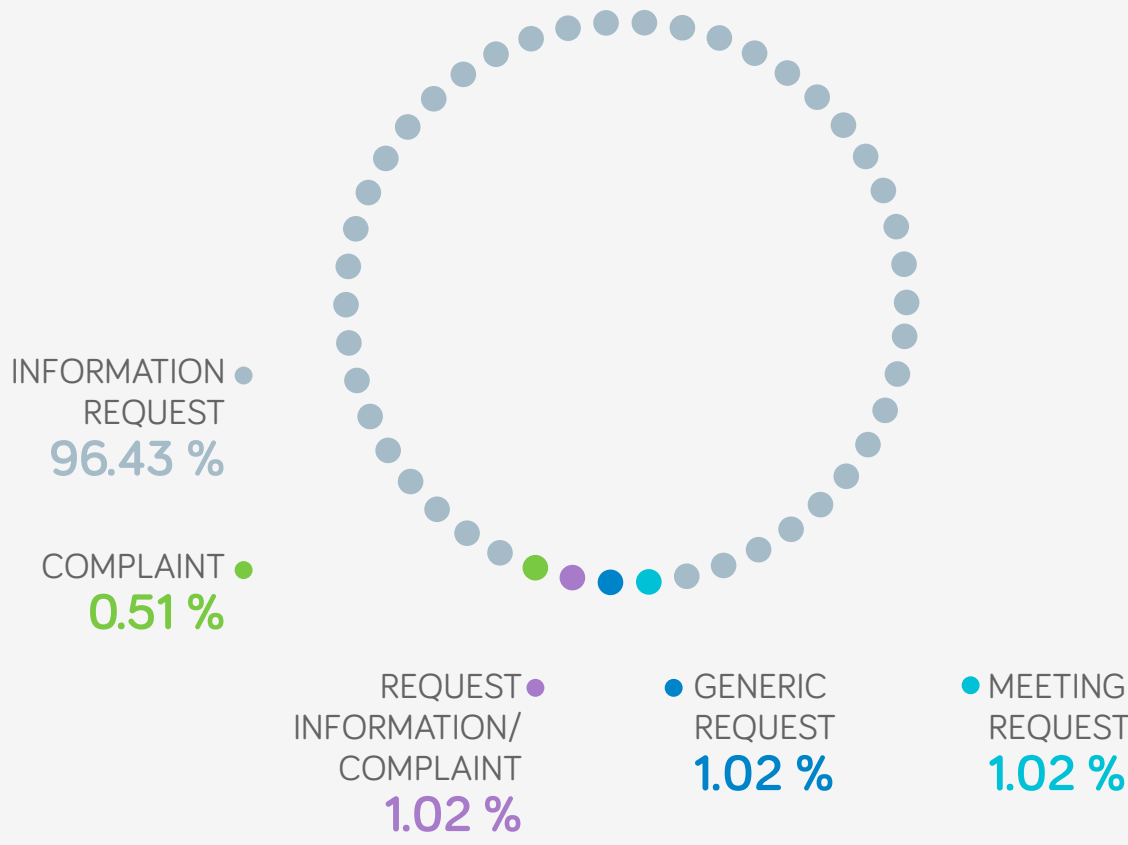
TYPE OF REQUEST AND ACRONYM									
	Request for Information	Question with written reply	Oral question in Committee	Oral question in Plenary Session	Appearance Examination	Questioning	Non-Legislative Proposal	Legislative Proposal	Annual Sum
	PI	PE	PCOC	PCOP	C	I	PNL	PROL	
2016	237	21	2	12	13	1	3	0	289
2017	361	59	0	16	12	0	2	1	451
2018	224	52	2	11	6	0	1	1	297
2019	145	40	1	2	2	0	3	0	193

Of the accepted 58.39 % are communications that, given that they are complaints, claims, requests for meetings, acknowledgments, comments or invitations, among others. All of them have other channels for their resolution, such as the virtual office for customers, and they do not comply with transparency laws and for this reason they are rejected. However, Canal has answered all of them one by one, informing the interested party of its dismissal, the cause and what were the possible available avenues to process them through other channels of communication with our company.

NUMBER OF REQUESTS RECEIVED PER YEAR IN THE TRANSPARENCY MAILBOX



ESTIMATED REQUEST CATEGORIES (2015-2019)

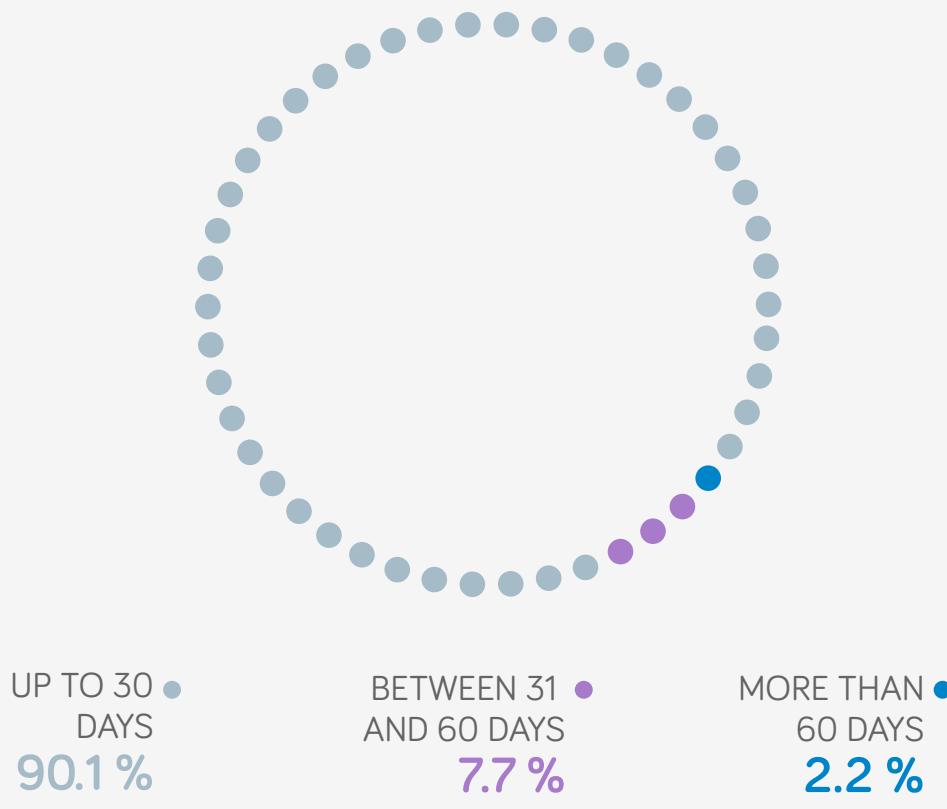


There were 201 estimated requests (41.61 % of accepted ones) and were mainly **requests for information**.

Regarding response time, 90 % of the requests were answered in **under a month**, almost 70 % in under 5 days.

At the same time, Canal and its group of companies have an obligation to **render accounts** and are subject

TRANSPARENCY PORTAL REQUEST RESPONSE TIME (2015-2019)



to the **economic and budgetary control** of the Chamber of Accounts of the Autonomous Community of Madrid, as well as to **audits** by the Court of Auditors, such bodies being responsible for ensuring that management complies with the principles of legality, effectiveness, efficiency and economy.

Other audits of our management

In addition to the transparency actions mentioned above, Canal de Isabel II has numerous **internal and external audit and control mechanisms**.

The company's external control mechanisms include:

- **Chamber of Accounts:** Audits the economic-financial activity of the Public Sector of the Autonomous Community of Madrid.
- External auditor (**AUREN auditores**): Issues a report on the true and fair view of the financial statements.
- Deposition of accounts in the **Trade and Companies Register**, making such accounts public.
- The **Spanish National Securities Market Commission (CNMV)** requires that we increase the control and transparency of our activities.

- The **Administrative Contracting Court** of the Autonomous Community of Madrid.
- The **Court of Auditors, the Spanish Inland Revenue Service and the European Court of Auditors** in funded projects, among others.
- All tenders and minor contracts are made public on the company's **transparency portal** and the contracting portal of the Autonomous Community of Madrid.

The internal control mechanisms include:

- The **Internal Audit, Risk Management and Internal Control Branch** carries out specific analyses on company practices.

- The **Compliance Branch** that analyzes **compliance risks**, in particular those that have to do with the criminal liability of legal persons.
- We have a **Risk Management** system and **corporate controls**.
- Our **Procurement Subdivision** ensures the correct application of tendering procedures.
- We have a mandatory internal **Code of Conduct**, a **Compliance Policy** and a **Crime Prevention Policy**.
- **ISO-14000/9000 quality control and certification system**, among others.
- We have an **Audit Committee**, which reports to the Board of Directors.
- There is a hierarchical system in place for **contract and payment authorisations**.
- The **SAP R3** system has automated controls on payment authorisations.
- Implementation of the **Internal Control System on Financial Information (SCIIF)**.



LEZO CASE

In the Board of Directors Meeting held by Canal de Isabel II, S.A. on 30 June 2016, in view of the proposal put forward by the Audit Committee, it was agreed to immediately inform the relevant bodies of the Crown Prosecution Service of the events known in relation to the transaction for the purchase of Emissão, S.A., which was carried out on 13 July 2016, notwithstanding that the analysis procedure of said operation will continue and be completed by the Company’s Internal Audit Department and that the Company may commission a legal review of said operation. Once both actions are completed, the Prosecution Service would be informed of the conclusions thereof. The relevant Internal Audit Department informed the Prosecution Service on 3 February 2017.

Furthermore, the Company, in 2016, hired the consultancy services of an independent third party with the aim of assessing the due diligence in terms of criminal liability of the legal entity and the possible effect thereof on the annual accounts of Canal de Isabel II, S.A. and its group of companies for the year ended on 31 December 2016, with the conclusion being reached that the Company cannot

be declared criminally liable for the events regarding the acquisition of Emissão, S.A. and that it would not affect the annual accounts of Canal de Isabel II, S.A. and its group of companies for 2016.

Throughout 2017, the Preliminary Investigation 91/2016 was conducted before Central Court No. 6

of the National Court, based, among others, on the information provided by Canal de Isabel II, S.A. to the Crown Prosecution Service. Canal de Isabel II, S.A. hired the services, via a public tender process, of a prestigious law firm and appeared in the proceedings as private prosecutor on 2 October 2017, pursuant to article 110 of the Code of Criminal Procedure and was



accepted by the Court as such. Therefore, in principle, the Company cannot be considered criminally or civilly liable for the acts being investigated and rather, it would appear that its position as injured party seems to be consolidated as the investigation progresses.

The procedure, which is still partly secret, was divided, together with the root cause, into six separate parts, to our knowledge to date. The first, second and fifth parts refer, respectively, to the Company's expansion in Latin America (Inassa and Emissão), the Canal Golf Course, and to money laundering in the various transactions under investigation. The third parts (Navalcarnero tram) and fourth (illegal financing of the Spanish party Partido Popular) are unrelated, in principle, to the interests of Canal de Isabel II, S.A. The sixth part (Mercasa), also unrelated to the Company, was referred to another Court investigating related criminal offences.

In 2019, the processing of Preliminary Investigation 91/2016 continued, and on 29 May a separate ruling was issued to purge the criminal liabilities for "possible irregularities committed in 2001 and 2002 in the process of acquisition by the public entity Canal de Isabel II - CYII - of the Colombian company

Interamericana De Aguas Y Servicios S.A. -INASSA-" piece that was broken down from the so-called "Main Procedure and Part 1" originally referring to the expansion of Canal in South America and the possible diversion of public money in the acquisitions of Inassa and Emissão and the award of a public contract in La Pintada; procedure-piece that would remain in the investigation phase and would be reduced to the investigation of the operations of Emissão and La Pintada.

The Judicial Decree of 29 May 2019 stipulated the dismissal of fifteen of the people under investigation and ordered an expedited procedure be opened against another twenty-two accused of acquiring 75 % of the Colombian company Inassa and 51 % of the Dominican company Watco by Canal Extensia, S.A.U. between 2001 and 2002, an acquisition that is considered fraudulent due to the fact that, according to the Order, an undue overcharge was made with public funds, and due to the unauthorised intervention of the Panamanian company Sociedad de Aguas de América S.A. In the case there is a report from the General Intervention of the State Administration that corroborates the fraudulent nature of the commercial operation and the cause of multimillionaire damage

to the public treasury, the Community's Advocate General's Office formulated its accusation claiming the penalties that it has deemed appropriate against eight defendants, as well as a civil liability of 29 million euros in favour of the Community and the Public Entity.

As a result of this initiative, the exercise of criminal and civil actions by Canal de Isabel II, S.A. and Canal Extensia, S.A.U. became unnecessary, since the public interest of the punitive action as well as that of the assets of the Autonomous Community of Madrid were already protected in the accusation presented. For this reason, the Boards of Directors of Canal de Isabel II, S.A. and Canal Extensia, S.A.U. agreed not to make a provisional qualification in this procedure, both companies reserving the possibility of exercising the accusation and/or the civil action at the beginning of the oral trial.

On 18 November 2019, the Central Court of Instruction No. 6 issued an Order within the framework of Part 1 to dismiss fourteen of the people under investigation and ordered the initiation of an expedited procedure against seven people under investigation, who were accused of participating in the process of purchasing EMISSÃO, carried out between 2012 and 2014, stating

that it “was plagued with illegality and involved an undue outflow of public funds to the detriment of the regional administration for an amount of between 6.4 and 9.6 million euros, due to the overpricing paid for its acquisition”.

On 8 January 2020, an indictment was filed on behalf of Canal de Isabel II, S.A. and Canal Extensia, S.A.U. against the persons against whom the Order was

directed, for the events carried out constituting a crime of fraud against the Public Administrations, as defined in Article 436, in concurrence with Article 77, with a crime of aggravated misappropriation of public funds, undue appropriation and unfair administration, as provided for and punished in Article 432. 2, 252, 295 and 8.4^a, all of them from the Criminal Code, in its current wording at the time of the events. With regard to public liability, the indictment stated that the amount

of said liability should be determined by expert opinion, announcing that an expert report would be provided to the case, once it was vacated, detailing and breaking down the amounts that would be demanded from the defendants as ex delicto compensation.

No negative financial impacts resulting from the procedure are expected. However, the relevant Sentence that is imposed, will probably determine relevant amounts to be paid as compensation in favour of Canal de Isabel II, S.A. by those who are sentenced. In this regard, it is important to highlight, given the importance thereof and the sum of the verified provisional deposits in the consignment accounts of the Court made by the parties being investigated Mr Edmundo Rodríguez Sobrino for the sum of USD 2,739,004 and Mr Diego Fernando García Arias, for the sum of USD 828,547, both in relation to the Emissão, S.A transactions being investigated. The treatment of these amounts in the Company’s accounts will depend on the criminal rating of the conducts that have led to such repayments, therefore an assignment cannot be made at this time.



Corporate Governance in Canal de Isabel II

INTERNAL CODE OF CONDUCT AND ETHICS
& COMPLIANCE COMMITTEE

Canal de Isabel II’s **Code of Conduct**, approved by the Board of Directors, is aimed at each and every one of the company’s employees, suppliers and contractors and sets out the standards of conduct of the company’s employees in the exercise of their professional obligations. The principles included in this Code are mandatory for all.

The commitments set out in the Code of Conduct are as follows:

- 1

Commitment to people: The commitment to people is based on respect, whether they are employees, users, suppliers, contractors, or any citizen.
- 2

Commitment to the responsible use of information: The information we have access to in the exercise of our professional responsibilities is confidential and must be treated as such.

- 3

Commitment to integrity: In our relationship with third parties, including public administrations, we cannot offer or accept gifts or entertainment that go beyond social uses and that could be interpreted as an attempt to exert undue influence.
- 4

Commitment to the safety of people: We make sure to protect our own safety, as well as that of the rest of the people in the company and that of third parties.
- 5

Commitment in the event of conflicts of interest: We must avoid situations or decisions in which it may be understood that there is a conflict between our personal interest, or that of people close to us, and that of the company.
- 6

Commitment to clarity: We do not use false or misleading information for the purpose of obtaining subsidies, tax breaks or other aids or advantages.

- 7

Commitment to reliability: We conduct ourselves in accordance with the principles of clarity and transparency and ensure that none of our actions can be interpreted as deception.
- 8

Commitment to the responsible use of company assets: Canal de Isabel II’s people use the resources that the company makes available to them in a prudent and diligent manner. They limit their use, generally, to professional purposes and always in accordance with the established rules.
- 9

Commitment to environmental protection: Canal de Isabel II’s people must minimise the environmental impact of their actions. If environmental impacts occur, they ensure that protocols are activated quickly so that they can be corrected immediately.

Canal set up the **Ethics and Compliance Committee** to promote dissemination, awareness and compliance with the Code of Conduct. In addition, as established

in the Code of Conduct, the Committee assumes various responsibilities related to the development and implementation of the Code in the company.

During 2019, the parent company’s Ethics and Compliance Committee has modified its composition and operation, establishing itself as a **supervisory and control body** within the crime prevention model implemented in the company, as a result of the reform of the Criminal Code regarding the criminal liability of legal entities. Similarly, the main companies located in Spain are working on the implementation of the crime prevention model.

The composition of the members of the Ethics and Compliance Committee is established in its Operating Regulations, which were approved by the Board of Directors of Canal de Isabel II, S.A. on May 8, 2019. The members of the Committee are as follows:

ETHICS AND COMPLIANCE COMMITTEE	
Member and President:	The Director of Resources
Vocal:	The Director of Operations
Member	Financial Director and business development
Member	Deputy Director of Heritage
Member and Secretary:	Deputy Director of Compliance



THE CANAL CODE OF CONDUCT IS AVAILABLE [AT THIS LINK](#)

Any Canal de Isabel II employee, supplier or contractor may contact the Committee with questions regarding the interpretation or practical application of the Code's principles, to submit suggestions, or to report, in good faith, violations that they may have observed. Reports are treated with the necessary confidentiality, as established in the protocol governing the operation of the Committee.

Periodically, the company reviews the contents of the Code and develops the policies, processes and controls that are necessary to respond to ethics and compliance matters, including those of a criminal nature or relating to other external regulations, such as the **Transparency Law** or the **Securities Market Law**, which are relevant and facilitate compliance with the control and supervision obligations in these matters of the Board of Directors and the company's executives.

COMPLIANCE AND CRIME PREVENTION POLICIES

In 2015, the Board of Directors **Audit Committee** assessed the appropriateness of having a compliance function as a reinforcement of the three lines of defence (risk management, audit and internal control) with which the company already had. As a result, Canal implemented the Compliance Policy in February 2018.

The **Compliance Policy** is designed to detect and manage the compliance risk with applicable regulations (legal and voluntary) and internal procedures. Under the supervision and responsibility of the Board of Directors and senior management, the objective of the Compliance Policy is to define the basic principles and general framework for action in the Company.

Furthermore, since 2015, the Group has been gradually implementing the **Internal Control over Financial Reporting (ICFR)**. This financial risk identification and management tool is fully implemented in the

Group's main companies. During 2019, the number of processes covered by this tool has expanded in Emissão and implementation began in AAA Dominicana, which is expected to be completed in 2020. Therefore, this system would already be implemented in Hispanagua, Lanzarote, Hidráulica Santillana, Inassa, Triple A Barranquilla, Emissão.

Regarding the **Crime Prevention Policy**, which was implemented as a result of the changes to the Criminal Code in 2015, which incorporates the criminal liability of legal entities. This policy's purpose is to demonstrate to all executives and employees of the company, as well as to affiliated third parties, the unequivocal commitment to oppose the commission of any criminal offense and the will to combat them and prevent any eventual deterioration of the Company's image and reputation. Accordingly, the applicable **criminal risks** to the Company were identified and the controls that mitigate them were established. Likewise, the **oversight and control body** referenced in the Criminal Code reform was defined.



COMPLIANCE AND CRIME PREVENTION POLICIES OF CANAL ARE AVAILABLE [AT THIS LINK](#)

INASSA: our seat in Latin America

INASSA is the company engaged in providing services related to the integrated water cycle in Colombia and other Latin American countries. Inassa offers **consulting services** in public utilities processes and **comprehensive and innovative IT solutions** to drinking water and sanitation utilities in Latin America.

Throughout 2019, INASSA with the support of Canal, has implemented the **Internal Control over Financial Reporting (ICFR) System** in closing of accounts and reporting and treasury processes, in order to define ethical standards of conduct and transparency with respect to the activities carried out by the company, ensuring that the processes are properly coordinated, and that all of them operate jointly to prevent, detect, mitigate and correct errors with material impact or fraud in the financial information. It also highlights:

- Dissemination, adoption and implementation of the **Code of Ethics** in the companies Amagua, AAA Dominicana, ASAA, Gestus and Amerika T.I.



- Development of the **compliance program**.
- Review and update of the **crime** matrix and **risk** matrix for Inassa Group.
- Dissemination, adoption and implementation of the administration and risk management system for **money laundering** and **funding of terrorism**.



COMPENSATION & INCENTIVES POLICY

By resolution of the General Shareholders Meeting, the **members of the Board of Directors** of Canal do not receive any remuneration other than per diems for attending Board meetings and their committees for those directors who do not appear to be incompatible due to Law 14/1995 of 21 April on Incompatibilities of Senior Officials of the Autonomous Community of Madrid. These per diem fees were set by the Shareholders’ Meeting at 600 euros per meeting.

The Chairman of the Board and the other Board members who are shareholders representing the majority shareholder (Autonomous Community of Madrid) do not receive any remuneration for their position in the Company.

As with the rest of the workforce, the salaries of Senior Management and their annual increments are regulated by the regulations of the Autonomous Community of Madrid, which requires approval by its **Department of Economy and Finance**. These regulations expressly forbid the agreement of indemnity clauses of any kind for termination of the employment relationship.

Furthermore, as an incentive policy, we have defined a **variable remuneration system** linked mainly to the annual fulfilment of the objectives corresponding to the Canal Strategic Plan 2018-2030. This system of variable remuneration is established for all personnel with management responsibility in some field of action, including employees with recognised higher education qualifications.

In 2019, the remuneration corresponding to Canal’s Senior Management is published in the **Annual Corporate Governance Report** that is available on the National Securities Market Commission (CNMV) website.

Similarly, **pension commitments** to senior management are developed under the same terms and conditions as those that apply to other employees. In 2018, the company did not make any contributions in accordance with the provisions of Law 3/2014 of 22 December on the General Budgets of the Autonomous Community of Madrid for the year 2015.

The remuneration of Canal de Isabel II’s highest-paid person, in accordance with the requirements and responsibilities of the position, was five times

the average compensation of the workforce. Remuneration for both the highest-paid person and for the rest of the company’s workforce grew by 2 % in accordance with the **General Budgets** of the Autonomous Community of Madrid for 2019.

CORPORATE RISK MANAGEMENT, AUDIT AND INTERNAL CONTROL

Canal de Isabel II has an Internal Audit, Risk Management and Internal Control Sub-directorate, under the auspices of the Executive and functional Vice-presidency of the Audit Committee. The functions it performs include audit, internal control and risk management.

The Internal Audit Sub-directorate, Risk Management and Internal Control conducts its affairs in line with the **International Standards** on Auditing and has on its in-house audit staff a **Certified Internal Auditor (CIA)** who can attest to the excellence of the internal Audit services provided, and also the **Risk Management Certificates (CRMA)**, granted by the Global Institute



MORE INFORMATION ABOUT THE CORPORATE GOVERNANCE OF THE COMPANY [AT THIS LINK](#)

of Internal Audit and Internal Control of **COSO** (Committee of Sponsoring Organization of the Treadway Commission).

International Standards require that internal audit functions have a quality assurance programme and that it is assessed by an independent third party at

least every five years. In November 2018 Internal Audit obtained the renewal of the Quality Assessment (QA), with the highest rating of “GENERALLY COMPLIANT”, granted by the Institute of Internal Auditors of Spain, confirming the monitoring of the Standards, being one of the only two public sector companies that have this certificate, the other being the CNMV.

INTERNAL AUDIT ACTIVITY

During 2019, internal audit activity at Canal de Isabel II continued as an **independent and objective** assurance and consulting activity, designed to add value and improve the organisation’s operations, which constitute a benchmark among Spanish public companies.

On 25 February 2019, the Audit Committee approved the Internal **Audit Plan 2019-2021**, which determines the projects to be carried out in the coming years. The Plan is based on the company’s risks, strategic objectives, the Audit Committee’s requests, the interests of the stakeholders and the processes detected by the Internal Audit Department itself, as well as the follow-up of the recommendations arising from the audits carried out.

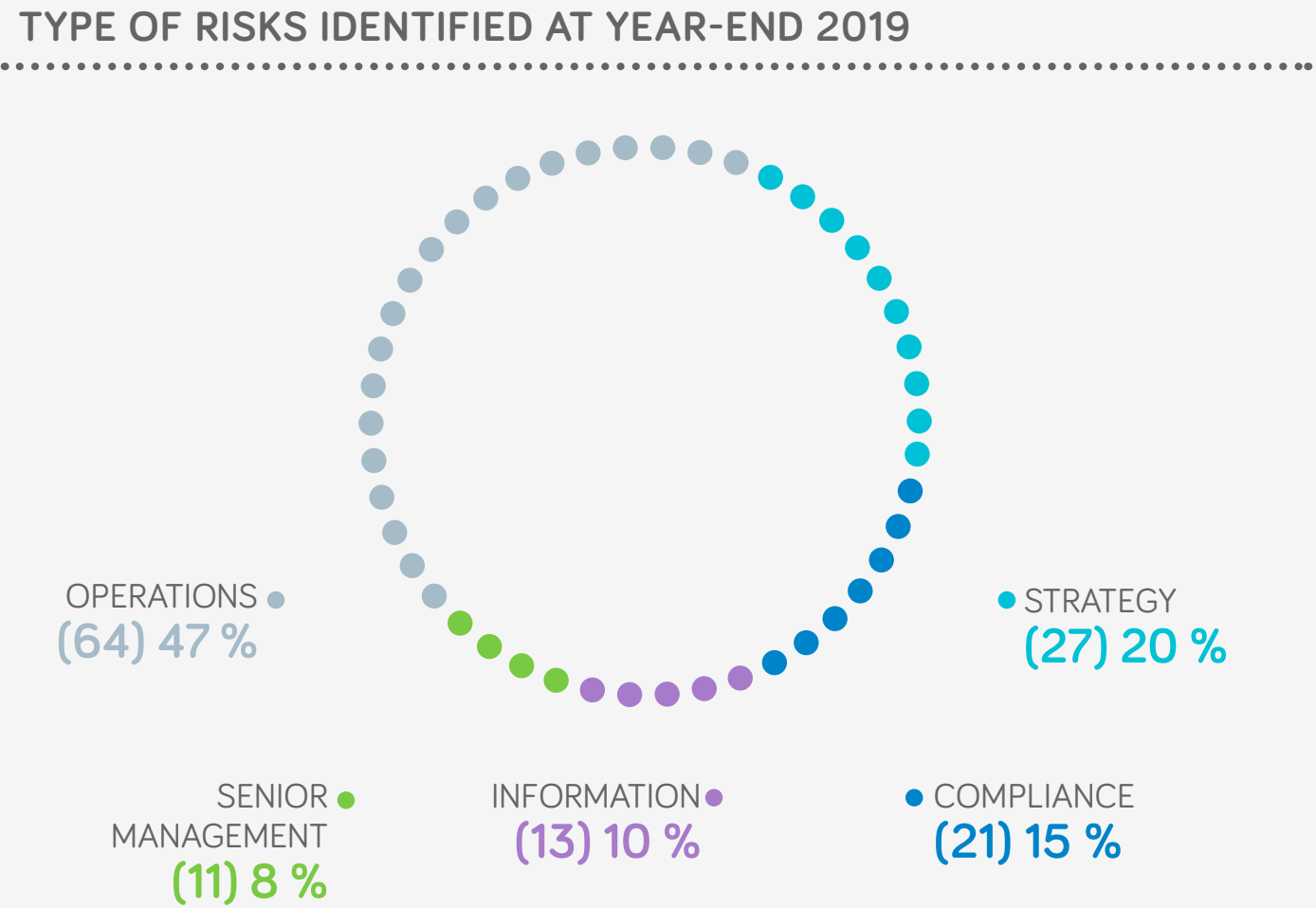
192 improvement recommendations were issued in total. Of these, 157 finalised by the end of 2019.



CORPORATE RISK MANAGEMENT

Risk Management is a monitoring activity that seeks to keep permanently abreast of any risks that may have a bearing on the strategic targets to be met by the organisation.

Canal de Isabel II’s **Risk Management Policy** is published and all the Company’s personnel are responsible for its correct application.



Canal de Isabel II conducts its risk management based on the internationally recognised **COSO** (Committee of Sponsoring Organization of the Treadway Commission) framework, adapted to suit the organisation’s characteristics.

The risks that may affect the fulfilment of the Company’s goals are classified based on the categories used in COSO:

- **Information Risks.** Those pertaining to information of a financial, non-financial, internal and external nature at the company.
- **Risks of Compliance.** Those pertaining to regulatory compliance. These risks relate to the aim of ensuring that the regulator and society as a whole have the utmost trust in the company’s activity.
- **Operational Risks.** Those pertaining to operational processes at the organisation. They relate to processes, persons and services rendered.
- **Strategy Risks.** Those pertaining to the set of decisions taken by the Company in order to fulfil its remit.

These risks have been assessed by the sub-directors, directors and Executive Vice-Chairperson on two occasions in 2019, although good practices mention, such as the CNMV Guide 3/2017, “at least once a year”.

The main risks for the company, in terms of impact and probability, are managed by monitoring the **Key Risk Indicators (KRIs)** and the effectiveness and design of the controls that mitigate them is maintained by the company’s risk managers.

At the end of 2019, 61 risks associated with 207 indicators and 83 controls are managed.

There is an **Operational Risk Map** showing the three levels of consolidation (Deputy Managers, Senior Management and Company) and a High-Level Risk Map showing a breakdown of management-related risks.

Categoría	Nº Riesgos	% sobre el total
Information	13	10 %
Compliance	21	15 %
Strategy	27	20 %
Operations	64	47 %
Senior Management	11	8 %

INTERNAL CONTROL

Internal Control is, according to COSO, a process carried out by the management and other personnel of an entity, designed to provide a **reasonable degree of assurance** regarding the achievement of objectives.

In this united line, connected to Risk Management, controls and/or measures are used to mitigate these risks and improve their management, of which their design and effectiveness is evaluated according to the periodicity established with the person in charge.

By the end of 2019, risk managers had defined controls with 111 design analyses and 117 effectiveness analyses.

The Sub-directorate of Internal Audit, Risk Management and Internal Control has only assumed the role of facilitator of the loading and launching controls process in the **SAP GRC** tool, of the Internal Control over Financial Reporting (ICFR) System and of the Crime Prevention Model (CPM).

A task entrusted by the Audit Committee to undertake the burden of controls by a single unit.

REPORTING OF SIGNIFICANT EVENTS


The **disclosure of significant events and facts** is based on the principle of complete information, as well as on the obligation to provide truthful and updated information publicly, in accordance with Stock Exchange regulations. The publication of this information allows investors to obtain an informed value judgement on the actual situation of the company and to maintain the proper functioning and transparency of the stock market.


During 2019, Canal de Isabel II notified the CNMV of **16 significant events**, which can be viewed on the company's website at the following link.



YOU MAY CONSULT ALL THE SIGNIFICANT EVENTS REPORTED BY CANAL DE ISABEL II TO THE CNMV IN 2019, WHICH CAN BE VIEWED ON THE COMPANY'S WEBSITE [AT THIS LINK](#)

Monitoring in the Strategic Plan





LINE 7

Strategic objective

To guarantee transparency, good governance and commitment to society as a public company that provides a basic essential service.

Regarding good governance, 62 % of the voluntary good governance recommendations in the **CNMV's code** have been implemented (we have met 103 % of the target for 2019). Furthermore, the composition of the Board of Directors has been renewed and a Board of Directors' Regulation has been drafted and will be approved in 2020.

SP 7.1 - Plan to advance the good governance of the company and strengthen internal control

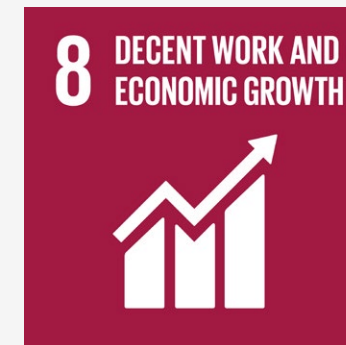
SP 7.1 - Implementation of non-compulsory good governance recommendations from the CNMV

Recommendations implemented 62 %

Obj.: 60 %

Compliance: >100 %





Human resources management is a strategic aspect of our processes, as it deals with one of Canal's greatest assets: our people.

SDG 8 decent work: *empowering our people*

Canal is aware that achieving excellence in service quality and customer satisfaction within a framework of responsible and efficient management of water resources are objectives that can only be achieved through the cooperation and qualification of each and every one of the company's **employees**.

Structure of the workforce

Canal's workforce **has grown 11 %** in the past three years (since 2016) despite the restrictions on hiring established in the general budget laws of the Autonomous Community of Madrid, which prevent indefinite hiring. In 2019, the total workforce of the company (Autonomous Community of Madrid and Cáceres) was **2,879 people**.

Although the various regulatory restrictions have limited the Company's management capacity in terms of human resources in recent years, in 2019 Canal has managed to incorporate **423 people** from the

selective processes in public employment offers that were published in 2018 and which aim to incorporate more than 1,000 positions in what is the largest public employment offer in the company's history.

In these calls for permanent employment, the company will boost the socio-occupational integration of people with functional diversity or at risk of exclusion, for whom a higher than the legally established (2 %) quota will be reserved.

The actions relating to the **reduction of temporary contracts** and talent retention are included in strategic line 8 of the company's new Strategic Plan, specifically in the "Plan to increase the commitment and sense of belonging of the employees". The objectives of this plan are: **facilitating participation and recognising the achievements** of all employees, achieving greater employment stability and wage harmonisation.

In 2019, the **average age** of the Canal's workforce with the latest additions was 39 years, significantly lower

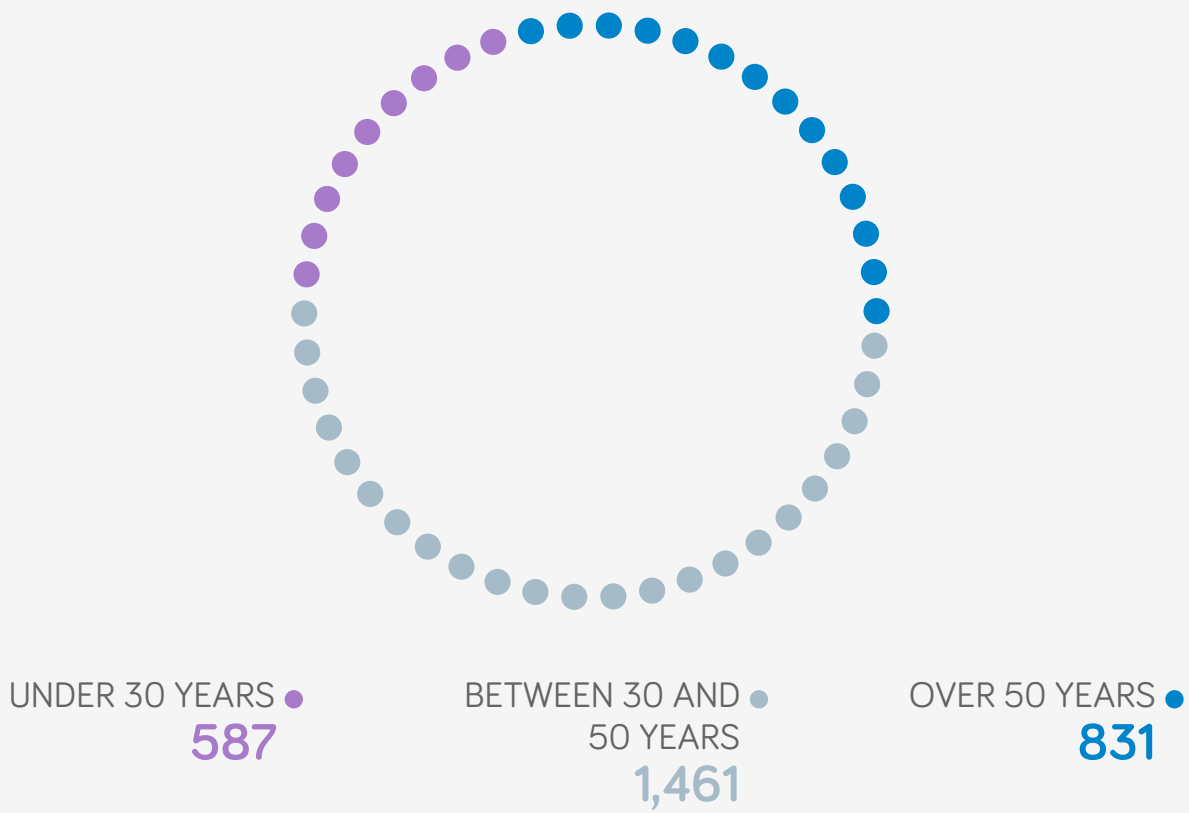


than in previous years. The average seniority in 2019 was 13.9 years, and more than half of the workforce was between 30 and 50 years old.

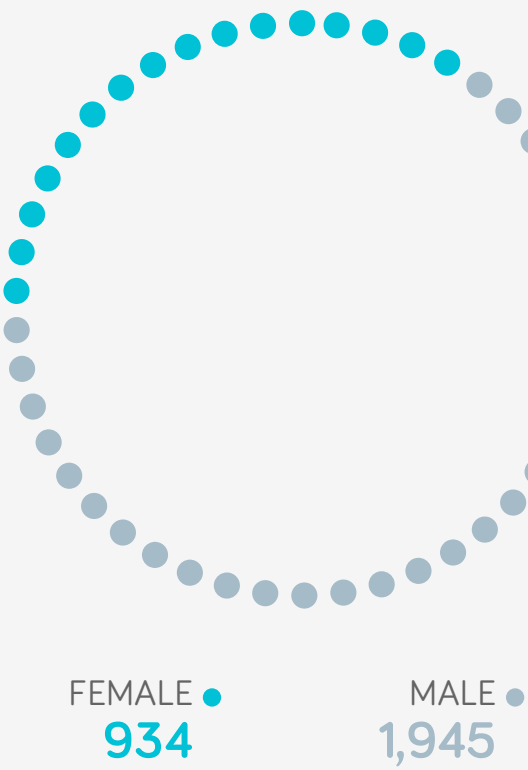
Throughout 2019, the company has had a net increase of **150 employees**, with a turnover rate of 5.2 % of employees.

DISTRIBUTION OF WORKFORCE							
Total	Male	Female	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Nationals	Foreign nationals
453	306	147	212	223	18	443	10
303	189	114	163	128	12	301	2
38	25	13	21	17		36	2

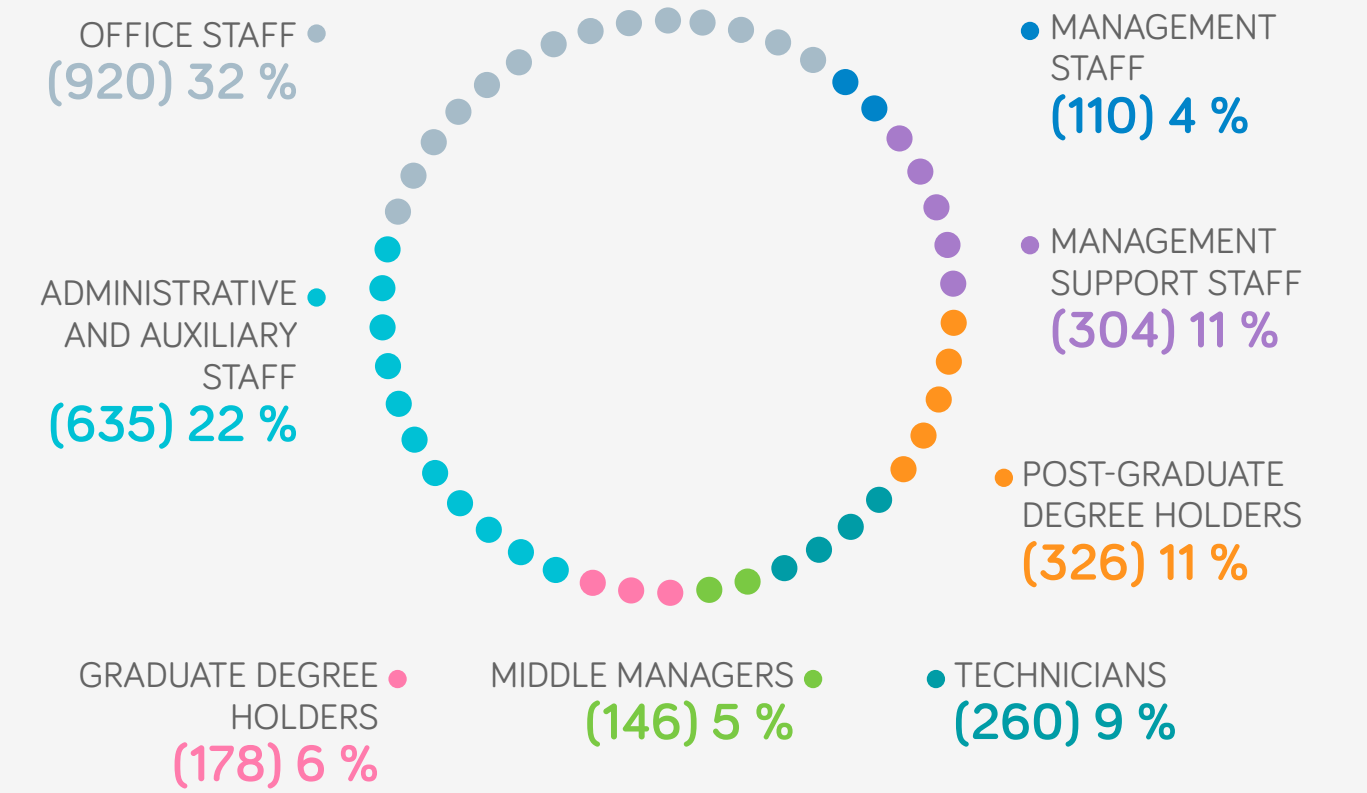
DISTRIBUTION OF WORKFORCE BY AGE (PEOPLE)



DISTRIBUTION OF WORKFORCE BY GENDER (PEOPLE)




DISTRIBUTION OF CANAL DE ISABEL II EMPLOYEES BY FUNCTION IN 2019 (NUMBER OF EMPLOYEES/PERCENTAGE OF TOTAL)



Monitoring in the Strategic Plan

✓

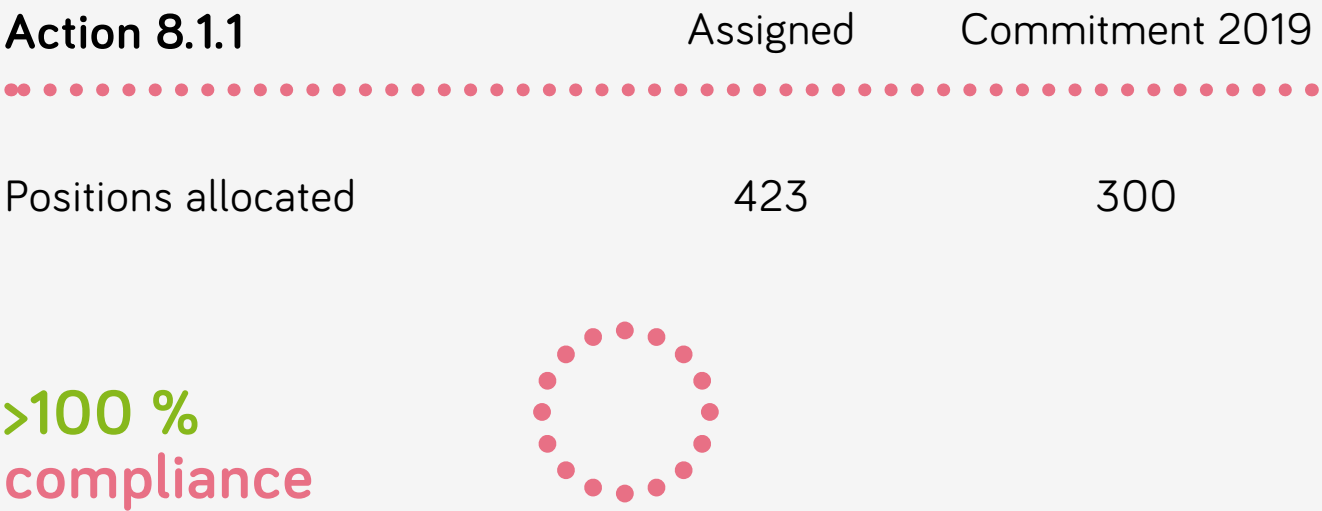


LINE 8

Strategic objective

To support our professionals by attracting, retaining and encouraging talent and knowledge, in order to be the best company in our sector in which to pursue a professional career.

For the purpose of **reducing temporality**, in 2019 we achieved the approval and implementation of selective processes in public employment, ending the year with the incorporation of 423 indefinite employees, after having made the transfers and promotions required by agreement to reach this point.





SDG 3 health and wellbeing: *we care about people*

Ensuring health and safety for all

Making Canal a **safe environment** and doing it together is the goal we have set for ourselves. To achieve this, we are counting on the collaboration not only of the areas most exposed to risk, such as the Operations or Innovation and Engineering departments-, but also of all Canal employees coordinated from the Prevention area.

In the period between 2016 and 2019, there was a **significant decrease** in the frequency and incidence rates. With regard to lost working days, the average length of time lost and the severity index declined in the last year due to the fact that the type of accidents and injuries produced led to a reduction in the duration of leave. It is also worth noting that no fatal accidents occurred.

Absenteeism increased slightly, reaching **4.67 %** of hours lost in the total workforce. The procedure for reporting workplace accidents is carried out in

accordance with current legislation on the **prevention of occupational risks**. All accidents are analysed and, if necessary, prompt the adoption of corrective or preventive measures. Workers’ representatives are also informed about the accidents that take place.

ACCIDENT INDICATORS	2017	2018	2019
Accidents at work <i>in labore</i> (excluding <i>in itinere</i>)	111	114	96
Accidents with leave (excl. <i>in itinere</i>)	54	56	43
Average length of leave (days)	14.78	17.75	23.40
Days lost	798	994	1,006
Accident Frequency Index with time off (excl. <i>in itinere</i>)	13.29	13.29	9.66
Frequency rate of total accidents (excluding <i>in itinere</i>)	27.32	27.06	21.56
Severity rate (excluding <i>in itinere</i>)	0.20	0.24	0.23
Incidence rate of accidents with leave (excluding <i>in itinere</i>)	21.52	21.48	15.68
Fatalities (number)	0	0	0



To date, Canal has not recorded the existence of any **occupational diseases** associated with its facilities or the company's activities.


Within the scope of the **Occupational Risk Prevention Plan**, annual safety inspections are carried out at the facilities, aimed at detecting possible deviations in the fields of safety, industrial hygiene and ergonomics.


Canal's prevention service addresses the most important characteristics of the elements to be considered in preventive activity, such as training and information, emergency measures, health surveillance, preventive resources and the coordination of business activities. In the area of Occupational Risk Prevention, a total of **17,295 hours of training** has been given in 2019 to newly recruited workers, promotions, transfers and top-level jobs. Also this year, first-aid training continued to be provided by different work centres.

Canal has its **own medical service** that carries out a multitude of actions in the company in terms of health surveillance, including health examinations, medical protocols based on risk assessment, smoking control programmes and disease prevention programmes.



Monitoring in the Strategic Plan





LINE 8

Strategic objective

To support our professionals by attracting, retaining and encouraging talent and knowledge, in order to be the best company in our sector in which to pursue a professional career.

The indicator used to measure progress in the Strategic Plan, the **incidence rate with leave**, represents the number of accidents with leave per 1,000 employees, has fallen by 26 % to 15.94, with a 16 % reduction in the total number of *in labore* accidents.

This reduction is related to the effort of all units implementing improvements to make our workplaces safer. For example, the 150 measures undertaken to make pedestrian and vehicle **traffic** safer, one of the main causes of accidents in the company and the nearly 1,000 incidents analysed in the last 3 years in order to implement corrective measures to prevent future accidents.

On the other hand, throughout 2019, the degree of **preventive culture** at Canal de Isabel II has been evaluated by means of **participatory workshops**, in which 140 employees from different groups participated and which have served to determine how the members of the organisation perceive the importance given to occupational risk prevention within the company.

SP 8.4 - Ensure all Canal employees work in safe environments

SP 8.4 - Incidence Rate with leave (Work-related accidents *in labore* with leave, per 1,000 workers)

15.68

Obj.: 20.40

Compliance: >100 %



Canal Ocio y Deporte: sport equals



Canal Ocio y Deporte, S.L.U.'s purpose is the management of **sports facilities** by undertaking activities involving the enhancement or use of

networks or infrastructures in the management of which Canal de Isabel II SA participates and specifically the exercise of commercial and sports

use of infrastructure in the management of which Canal de Isabel II SA participates, and that they represent an added value for their users.

Since 2007, the **football and paddle sports activities** that are currently a reference in Madrid began, with more than 1,100 students in football and paddle schools, as well as many users who swing by our football pitches and paddle courts.

The sports facilities are located in the area known as the **Tercer Depósito (Islas Filipinas)** in Madrid, within the district of Chamberí, with a total surface area of approximately 118,000 m², where it is currently set up with an underground water tank with a capacity of 450,000 m³, and its corresponding annexed buildings, as well as an **open green space**, separated from the tank by the corresponding enclosure.



SDG 5 gender equality and
SDG 10 reducing inequality: *committed to equality*

Equal opportunities for all

Non-discrimination is one of the fundamental policies in the management of the company’s human resources. Furthermore, Canal de Isabel II’s recruitment and admission rules ensure that there is no discrimination of any kind, as they expressly reflect the principles of equality, merit and capacity.

The percentage of **women** in the workforce has increased in recent years and now represents **32 %** of the total. The percentage is slightly higher at the management level, with women accounting for **35 %** of the total, a figure that has been increasing in recent years.

With regard to wages, our agreement ensures equality between men and women, with the same wage items for both of them and in the same amounts in all professional categories. Thus, at the end of 2019, the **company’s minimum wage** was 173 % higher than the interprofessional minimum wage and the

minimum wage for internships was 155 %. These percentages have improved considerably after the application of the new company collective bargaining agreement, starting in 2017, which includes a process of homogenising the salaries of permanent and temporary staff.

The company’s **Equality Plan** was incorporated into the company’s new agreement with a committee for its preparation and monitoring. The goal of this Committee is to establish the measures and action plan for each objective set out in the Collective Bargaining Agreement in each of the following seven areas: personnel selection, classification and professional promotion, training, remuneration, reconciliation of work and family life, sexual and gender-based harassment and information and communication. In addition, the new agreement includes an anti-harassment protocol.

According to Spanish law, all Canal employees are entitled to take **maternity or paternity** leave. Likewise,



the levels of return to work and retention after maternity or paternity leave are 100 % for both sexes. The number of Canal employees who enjoyed this right in 2019 was **57** (15 women and 42 men).

Trade union representation

The **1st Collective Agreement** agreed upon by the company and the workers' representatives in 2016 establishes a framework of stable labour relations seeking to achieve the optimum level of productivity in the company, based on the best use of its human and material resources and the mutual collaboration of the parties in all aspects that may impact an improved provision of service facilitated by development.

The **Works Council** is the Canal workers' representative body and possesses the functions and powers established by the Workers' Statute, among which those related to monitoring occupational health and safety stand out.

At the end of 2019 it covered **95.38 %** of the workforce, only excluding company management and the company's workforce in Cáceres, which is subject to the sector agreement.

Additionally, a total of 520 workers were affiliated with the company's **union groups**, which represent 18 % of the total workforce.

Internal communication

At Canal we care about facilitating the development of an **inclusive communication culture** within the organisation. For this reason, we publish a magazine that is distributed to all employees (through the Intranet, *Canal&tú*) and which reflects the news of the company and its employees.

Canal uses the promotion of sport not only to protect employees' health, but also to strengthen their relationship with each other and to spread the company's values. We have teams of employees in different sports and coordinate their participation in races, trophies and championships. Every year, the employees of Canal and its subsidiaries located in the Autonomous Community of Madrid participate in **Canal Deporte**, a sports and meeting day for all employees, family members and retirees of the company, in the eighteen sports disciplines.

Canal and its employees participate in numerous **charity or commemorative events** such as solidarity cafés in favour of the Spanish Association Against Cancer or the Red Cross, where the total revenue obtained from employees is doubled by the company and donated



in its entirety to the beneficiary entities. Among the activities carried out with employees in 2019, the celebration of **International Women’s Day** with an event at our headquarters is particularly noteworthy.

Canal also organises a children’s drawing contest for the children of employees. The winning drawings are awarded by including them in the following year’s annual company calendar. Also aimed at children, the Christmas party is organised and a Christmas cinema or circus session is also organised for children and family members of employees. Lastly, Canal commemorates its retirees with an annual tribute ceremony.



Social benefits for employees

In accordance with the budgetary regulations in force in the Autonomous Community of Madrid, the social benefits of Canal employees and subsidiaries in Spain are suspended, including the company’s contribution to the employee pension fund. However, a financing system is maintained for **transport costs** and, in particular, for

the acquisition of the Transport Pass in Canal and in the Madrid-based companies of Canal Group.

Employees have the option of taking out a **collective medical and dental policy** for themselves and their families in advantageous terms, as well as some discounts and benefits on access to certain sports and recreational facilities.



SDG 4 quality education: *training the professionals of the future*

Training and development of our employees

At Canal, we believe that **employee training** is a strategic element that demands optimum management to achieve the greatest efficiency in the service we provide. In 2019 we implemented the **70/20/10 methodology**, in which 70 % of training time takes place in the day to day, 20 % consists of social learning that uses the rest of peers and 10 % from specific in-person or online training courses.

When planning training, we usually work with a time horizon of one year. A **Training Plan** is drawn up that includes the actions that can be foreseen and all those actions that are necessary for the optimum exercise of the workers' functions, as well as the actions that can be useful in other positions in the company. These so-called development courses are voluntary, open to all employees and take place outside working hours.

The subjects that make up the plan cover all the technical needs of the employees and the methodology that they follow is adapted to the target groups and is heterogeneous. Notably, **online training** is experiencing significant growth due to the flexibility and other advantages it offers.

Together with the training, Canal also designs and implements **professional development programmes** aimed at strengthening management skills and competences. These programmes combine face-to-face sessions outside the working day with inter-session work and conclude with an action plan carried out by each of the attendees defining how to apply the competences worked on a day-to-day basis.

In 2019, a total of **124,505 hours** were taught in the company (an average of 46.79 hours per employee, including interns) and 2,661 employees and interns received training. 49 % of these hours were given during working hours, 33 % outside working hours, and the remaining 18 % correspond to internships.

Theme-based training	N. of hours	%
Languages	23,071.57	19 %
Administration and management of computer systems	6,251.38	5 %
Quality	5,713.30	5 %
Sales and customer relations	5,068.00	4 %
Skills/competence development	5,829.63	5 %
Technical training	21,919.80	18 %
Legal-economic	4,523.94	4 %
Office automation and software applications	9,627.71	8 %
Occupational Risk Prevention	17,295.48	14 %
Fight against human rights corruption	435.53	0 %
Others + on-the-job training	24,768.86	20 %

Regarding the average hours of training received according to the **professional category** of our employees:

Average hours of training	2019	
	Male	Female
Management	53.683	65.178
Management support staff	68.625	64.768
Post-graduate degree holders	62.446	58.507
Graduate degree holders	62.387	73.200
Middle managers	32.332	23.558
Technicians	53.603	57.033
Administrative and auxiliary staff	34.770	38.400
Office staff	35.235	24.723

In Canal during 2019 there were 435 total hours of specific training imparted on the **fight against corruption** (273 men and 162 women participated).



Centre for Advanced Studies in Water

As in previous years, Canal continues with its policy of **collaboration with academic-training institutions** to enable young professionals and students to access the business world. To that end, cooperation agreements are encouraged, as well as scholarships so that these people may complete their academic training.

Likewise, with the new Strategic Plan, Canal has wanted to provide a solution to a growing concern:

there is a shortage of professionals with expertise in water management, both with respect to **Intermediate and Advanced Vocational Training** and to university postgraduates of all types (engineers, scientists, lawyers and economists). Therefore, the company is developing a **Centre for Advanced Studies in Water** to provide specialised training for future water professionals in Spain and other countries.

In 2019, we have continued with the agreement reached between the Regional Ministry of Education and Research, IES Virgen de la Paloma secondary school and Canal, materialised in the **School of Water** where a total of **95 students** have studied the two Dual Vocational Training degrees of the Integrated Water Cycle at IES Virgen de la Paloma.



Raising awareness among future generations: Canal Educa

The **Canal Educa** programme, currently managed by Fundación Canal and which celebrated 25 years in 2016, has as its main objective to promote **responsible water consumption** and transmit **environmental sustainability values**.

To this end, from the outset we have set ourselves the goal of offering schools attractive activities and resources that facilitate the important task of educating, implementing an **action-oriented** methodology in which students not only learn new content and skills, but also acquire fundamental values such as **solidarity, respect** and **coexistence**.

Our challenge is to get our message across to more people each year. For this reason, year after year, Canal Educa adapts its programme of activities and expands its educational offer. Our most recent additions are **languages and digital technology**: we offer a large part of our educational programme in English; if a centre is committed to technology,

Canal Educa has a complete **web portal** where you can access a virtual classroom with online activities, which permits online participation to the activities of the program to educational centres outside the Autonomous Community of Madrid. Furthermore, if the centre is committed to the sustainability of the planet, the “Eco-audit of water” can be carried out, in which students, teachers and non-teaching staff work together to improve the use of water in the educational area.

In the 2018-2019 school year, our educational programme had a total of **45,893 in-person participants**, having allocated 200,749 euros for all of the activities organised.

In order to stay up to date on all the activities that we propose throughout the course, we encourage the educational community to subscribe to the programme newsletter or follow us through our social networks.



YOU CAN FIND MORE INFORMATION ABOUT OUR EDUCATIONAL PROGRAMMES IN [THIS LINK](#)

Monitoring in the Strategic Plan





LINE 8

Strategic objective

To support our professionals by attracting, retaining and encouraging talent and knowledge, in order to be the best company in our sector in which to pursue a professional career.

In 2019 we have pursued our continuous training strategy for employees as a key element in building their loyalty and preparing them, while reinforcing the **70:20:10 learning model**, so that this also takes place socially and in the workplace. In this sense we have achieved our intended goal with **47 hours of formal training**, in addition to the implementation and consolidation of social learning programs such as **mentoring** or **coaching**.

On the other hand, and in order to ensure an adequate workforce for the company’s needs, in 2019 we completed the **development of a functions manual**, which we will validate in 2020.

Similarly, throughout this year we have had our first experience with individualised development plans, reaching 48.52 % of plans established through the **AVANZA performance management** system, which also allows us to know the professional concerns of our employees and their areas of interest in their professional career development.

Work has also been done to **promote collective intelligence and a collaborative culture** through groups with 365 technology as well as the development of an **employee App**.

Regarding the **Centre for Advanced Studies in Water**, continuous contact has been maintained with sector companies so that all students, from both training cycles, could do an internship in the second year having met objective thanks to the high level of commitment shown by all parties.

SP 8.2 - Ensure a workforce that adapts to changing needs and is covered by the most appropriate professionals

SP 8.2 - Hours of training by participant

47 h/p

Obj.: 47 h/p

Compliance: 100 %

SP 8.3 - Develop and promote the exercise of managerial activities by professionals who manage teams

SP 8.3 - Students trained and interning in the CEA

95 students

Obj.: 40 students

Compliance: >100 %





SDG 9 industry, innovation and infrastructure: *towards water management 4.0*

We contribute to the development of R&D&i in our sector

Since its inception, Canal de Isabel II has been committed to **innovation and technological development** to meet the challenges posed by the management of the integrated water cycle. We were pioneers in many areas, including remote control, communications and information technology, and today we are one of the companies in our sector that invests most in innovation.

The company's innovation effort in recent years is evidenced by its portfolio of **47 R&D+i projects** initiated, under development or completed in 2019.

The **R&D+i expenditure budget** in 2019, associated with contracts, agreements and minor expenses, amounted to **1.03 million euros**. Adding the internal costs, derived from the dedication of the Canal personnel involved, and the activities and investments of other areas related to the projects, the total figure for R&D&i projects amounts to **6.92 million euros**.

The R&D+I projects and agreements can be broken down into the following main lines of work:

- Ensuring a **balance** between availability and demand.
- Ensuring **strategic continuity** of the service.
- Strategic management of **infrastructure**.
- Water for **consumption and health**.
- Environmental **integration and sustainability**.
- Management **efficiency**.

The active R&D+I projects during 2019, were the following:

..... Projects completed in 2019	
Planning the renovation of meters.	
Maximising the simulation speed of the strategic network with the EPANET model.	
Pilot study on the operational implementation of a hydraulic status estimator in the Canal de Isabel II strategic network.	
3D modelling and laser auscultation of the Canal de Isabel II reservoir dams.	
Study and applicability of power generation alternatives for energy optimisation in Canal de Isabel II.	
..... Projects under development at the end of 2019	
Technical assistance services for the implementation of an advanced system for the operation of the Manzanares System.	
Technical assistance for the study of water quality evolution in drinking water tanks through mathematical modelling.	
Technical assistance services for the characterisation of the discharges produced in the spillways managed by Canal de Isabel II located in Special Protection Areas.	
Development of a system for the identification and quantification of flood risk associated with urban drainage networks.	
Maintenance and updating of the early warning system for severe rainfall events	
Study of the efficiency of sustainable urban drainage techniques (SUDT) in the Canal de Isabel II pilot plant.	
Research and development services for an innovative system of inspection of galleries and collectors that can be visited by means of drones, through pre-commercial procurement.	

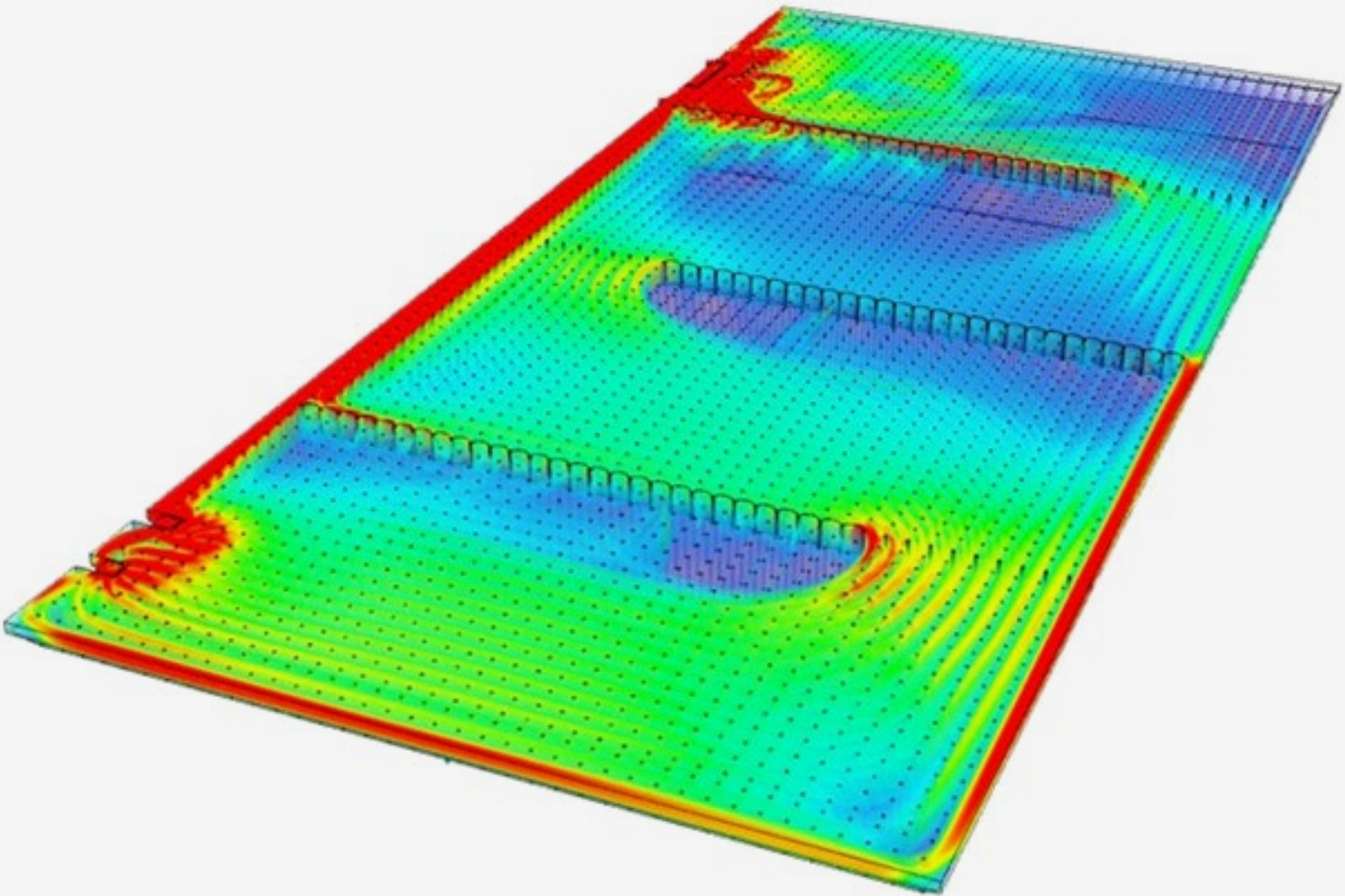
Revision of the method for calculating wastewater in the sanitation system.
Implementation of Infoworks Live.
3D Lattice-Boltzman hydrodynamic models Canal infrastructures Canal.
Genetic algorithms for optimal sensor placement.
Topological network analysis.
Update of the Renovation Plan including risk and life cycle criteria.
New early leak detection system based on pressure measure in pipelines.
Development of remote water meter reading pilots under the NB-IOT (Narrow Band-Internet of Things) standard.
Design and Implementation of a Technology Surveillance Service in Canal de Isabel II.
Centre of excellence (CEIC) in purification and reuse technologies.
Development of the 3D model of a sanitation network and “digital twin” of an associated infrastructure in a BIM environment.
Technical assistance for monitoring micro components of domestic consumption in a cross section of users.
Establishment of levels of municipal resilience to supply infrastructure failures (A.E. 3.4.1).
Update the hourly consumption models by sectors.
Expansion masterplan for regenerated water use.
Study of demands.
Update and maintenance of hydraulic models.
Update and monitoring of the Strategic Infrastructure Plan.
Analysis of the supply system to support R&D+i, Planning, Operations, Projects and Works.

Pre-feasibility studies and effects that the installation of floating photovoltaic panels could have in reservoirs.
Wastewater treatment with positive energy balance, combining wastewater treatment with organic waste.
New water treatment based on a natural polymer.
<i>Water Sensitive Region.</i>
Dynamic sectorisation.
Study of transients in lifting stations and networks.
GENYAL Meter + IoT.
Canal StartUp Pilot Edition.
Videos promoting R&D+i projects and activities (8 videos).

..... Projects pending at the end of 2019
Autonomous inspection drone for linear infrastructure safety.
Hydrodynamic and quality model of water bodies in reservoirs.
System for optimal location of quality sensors.
Health risk analysis (QMRA, Quantitative Microbial Risk Assessment) in Canal de Isabel II DWTP.
Evaluation of the effects of irrigating with regenerated water on agricultural crops of economic interest in the Autonomous Community of Madrid.
Technological validation of Expanded Clays as filter media in DWTP.

The **dissemination** of the knowledge generated and the results of the most important research projects have led to the publication of titles from the collection of **R&D+i Workbooks**, supplementing those published in previous years with a total of 28 workbooks.

SPEEDS IN MAP OF HORIZONTAL CROSS-SECTION
(EL GOLOSO DEPOSIT)



Seeking to stimulate innovation in the company, at the end of 2010 the **R&D+i blog** was launched. The blog is an internal forum in which to publish articles, news and events related to research, development and innovation, encouraging workers to share opinions and generate debate on the subject.

We also have the **Canal Innovation Community**, made up of a large group of company employees interested in innovation. Any company employee with an interest in innovation may belong to that Community in which:

- They receive information about innovation, both from Canal de Isabel II and outside the company.
- They participate in visits to innovative facilities.
- The attendance of members to Conferences and Forums of innovative nature is facilitated.
- Priority is given to training related to innovation.
- Subscriptions to magazines and web pages related to innovation are provided.
- Experiences, knowledge and debates are shared with other innovators.



The best thing about belonging to the community is undoubtedly the opportunity to share, discuss, inspire and collaborate in order to identify and, why not, launch initiatives and innovative projects that have arisen in their midst.



ALL OF THE R&D+I WORKBOOKS PUBLISHED BY CANAL ARE AVAILABLE [AT THIS LINK](#)

Positioning as an innovative company

Throughout 2019, the Canal has had an active and outstanding presence in **international forums** on water management, research, development and innovation in the sector and new technologies applied to the different phases of the integrated water cycle. These include Canal's presence at the **annual SWAN – Smart Water Networks conference**, which took place in Miami; and at **IWA DIPCON 2019**, (International Conference on Diffuse Pollution and Eutrophication), which took place in Jiju, South Korea. Also noteworthy is our presence at the **Efficient 2019 – IWA Specialist Conference on Efficient Urban Water Management** in Manila (Philippines) where several papers were presented.

Furthermore, on a national level, the two major international events hosted by Madrid in 2019 were of particular importance: The **SIGA fair** and its concurrent events, the **International Water Conference and HydroSenSoft**, which took place in February, where

Canal explored its latest advances in innovation, development and digitalization, and the **XXXV AEAS CONFERENCE**, where several technical topics were presented, and in particular, the **UN Climate Change Conference - COP25**, in which Canal had an active and notable presence in the Blue and Green zones with presentations on climate change adaptation and mitigation, generation of clean energy and linking the SDG with our business activity.

Furthermore, this year we received **45 institutional visits** and attended **87 training visits** from universities, master's programmes and companies. The foreign delegations that visited us came from countries such as India, Algeria, Brazil, Denmark, Egypt, Japan, Montenegro, Mozambique, Mexico, Serbia and Tunisia, among others. The most commonly visited facilities continue to be the **El Atazar dam** and the **Majadahonda Control Centre** which, due to its cutting-edge technology, has become a benchmark both within and outside our sector.

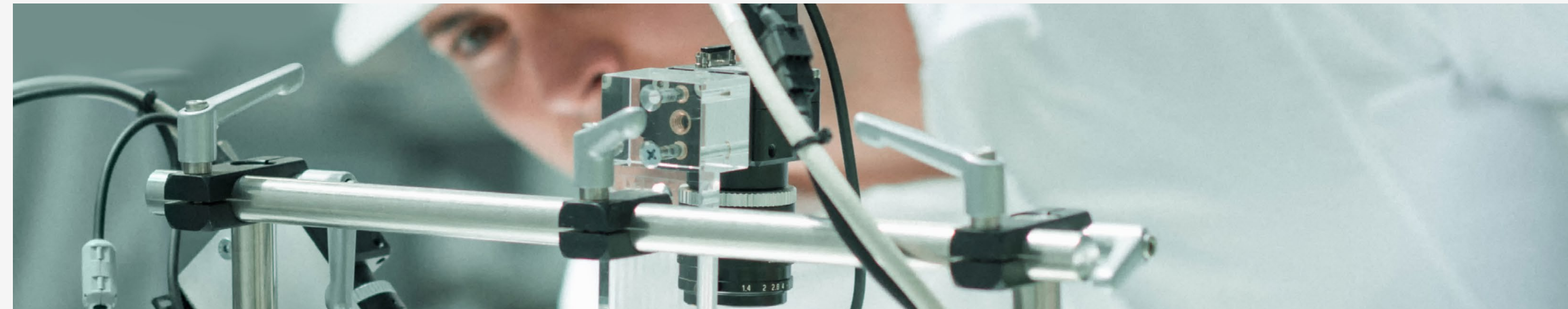


Technology at the internal and external customer's service

Canal de Isabel II applies technologies that promote the **efficient use and management of resources**, demands and infrastructures in all its processes. In this regard, the application of advanced information and communication systems technologies (ICT) is particularly noteworthy.

Operational actions in the field of technologies are focused on advancing **technological innovation** and boosting advanced information, communications and remote-control systems and technologies. Canal's ICT expenditure in 2019 amounted to **25.58 million euros**, and it made investments amounting to **8.26 million euros**. In 2019 the **most important ICT projects** completed were:

- Expansion by one additional base station and 200 Tetra network terminals for emergency services in the Autonomous Community of Madrid.
- Completion of the fibre optic extension to Rincón Suroeste.
- Contracting the extension fibre optics to the Pinilla Dam and other facilities.

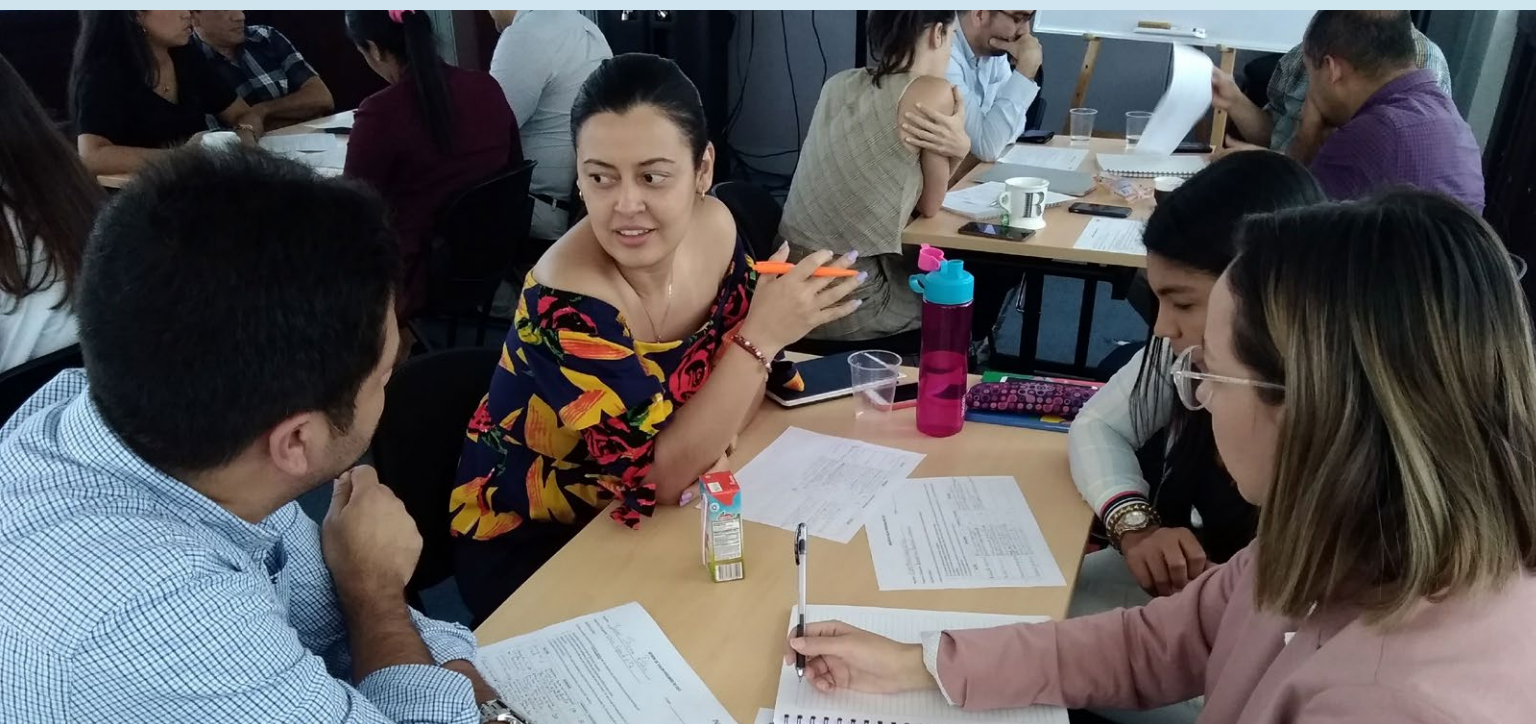


- Completion of the second phase of connecting WWTPs and other facilities to the telecommunications network.
- Implementation of a service for electronic tendering (LYCIT@).
- Incorporation of the sewerage system preventive maintenance in the management system of warnings, incidents, works and actions in the networks (GAYT@).
- Implementation of the controls of the Charter of Commitments to users and customers in the commercial system.
- Implementation of the new consumption invoice concept and design for customers.
- Renovation of switches (58), routers (60) and extension of the WIFI network in Cantos Altos, Moratalaz, Galapagar WWTP and purifying laboratory.
- Installation of a probe from the National Cryptology Centre for monitoring security events.
- Implementation of the multi-factor access system for employee access to mail and Office 365 applications.
- Implementation of the flexible remuneration system for employees.

AMERIKA T.I:

technology at the customer's service

Amerika T.I. is the Canal Group company in charge of offering and supporting the integral software solution for the **public utilities** in the Latin American water sector. This software includes complementary services to keep it up to date in each of the client companies like development of requirements, incidences, consultancies or formation, among others.



In 2019 **Amerika, T.I.** has worked on several IT developments:

- **New servers** were acquired as part of the company's technological renovation process. These computers support operating activities for the provision of the Amerika hosting service of our clients located in the Datacenter in Bogota (Colombia).
- They completed the development and construction of AMERIKA's **georeferencing module** for the Operational Mobile module. A **web portal** was created through which users can execute the planning and monitoring of activities on the ground, assigned to operators using the AMERIKA Mobile tool. This includes the readings, cuts, reconnections and work order modules.
- The second phase of the migration project of the **administrative module** to the web was implemented, which included the accounting, contracts, suppliers, accounts payable, budget, fixed assets and advances modules.
- The **electronic invoicing module** was developed for the AMERIKA system. This module is used by companies that are required to report electronic invoicing to the Directorate of National Taxes and Customs (Dirección de Impuestos y Aduanas Nacionales - DIAN).
- The **COSMIC** estimation model was implemented, which positively impacted the requirements estimation process, in accordance with industry best practices.
- Development of the **EVA** application, for internal use, to manage the competency assessments and performance of officials.
- **Strategic alliances** were established with a payroll and human management solutions provider (Novasoft) and a telecommunications hardware and equipment wholesaler (BrightStar). This is expected to strengthen the products and services portfolio.
- **New products and services** in order to expand the offer and access new markets and customers.
 - > Electronic invoicing
 - > Professional services for virtualisation, operating systems, databases and application servers
 - > Office 365 licence
 - > Antivirus licence
 - > Oracle licence (this partnership ended at the end of 2019)
- Implementation of AMERIKA Mobile app, the **administrative module** (accounting, accounting interfaces and suppliers) and the **commercial module** in several clients.

Remote control and communications: the key to modern water management

In 1995 Canal de Isabel II was a pioneering company in the development of **remote-control systems** for integrated water cycle management. We currently have a complete remote-control system that allows us to know **in real time** the hydraulic situation of supply and sanitation infrastructures, the status of water quality, groundwater collection and other parameters. By the end of 2019, the remote-control network monitored a total of **2,480 remote stations** from our Main Control Centre (CPC) and managed a total of **29,911 measuring instruments**. In addition, we had **71 remote-controlled facilities** from which a large number of operations are performed in the facilities and networks. Our fibre optic network reaches **893 kilometres** and we have **152 radio links**.



CCU: Canal is always available

Canal de Comunicaciones Unidas, S.A.U. (CCU) is the Canal Group company dedicated to the communications and telecommunications technology sector. CCU's activities include the following:

- Integral technical manager of the **TETRA digital trunking system** in the Autonomous Community of Madrid, which includes the provision of maintenance services and the unified supervision of the telecommunications systems of Canal de Isabel II, S.A.
- Site management, consultancy and infrastructure maintenance in the area of **Automation and Remote Control** of Processes of Canal (more than 1,500 sites).
- Development of **information systems** and **M2M** in the field of telecommunications.

The implementation of the digital trunking system was commissioned by the Autonomous Community

of Madrid to Canal to guarantee and implement an agile, safe, coordinated and effective communication service both internally and between each of the security, emergency and rescue bodies in the region (fire brigade, local police and BESCAM, health emergency services, Civil Protection and road traffic). Currently there is **complete coverage** throughout the Community of Madrid and more than 4,000 terminals have been put into service. In 2019 Canal installed 264 new terminals and 14.

This year, due to the forest fires that broke out in the La Granja area in Segovia, outside the area covered by the TETRA network in the Autonomous Community of Madrid, the first operational deployment of the **Mobile Base Station** took place in order to extend the coverage area and support the extinguishing operations carried out by the Autonomous Community of Madrid fire brigade on the Segovia side of the Guadarrama National Park.



DISCOVER THE DETACHMENT OF THE ANTENNA [IN THIS VIDEO](#)

Monitoring in the Strategic Plan





LINE 9

Strategic objective

To innovate in our activities in order to be a leader in the water sector and develop technologies and services demanded by customers in the future.

The company has contributed actively to **research and innovation** to increase scientific and technical knowledge in the sector. Canal wants to responsibly promote innovative activity in the sector, and for that has decided to gradually increase its **Innovation budget** until it reaches the equivalent of 2 % of its turnover in 2022.

Investment in 2019 was **6,921,814.20 euros**, 74 % more than in 2018, leaving the R&D+I investment to business turnover ratio at 0.78 %, favouring the achievement of another major objective set out in the company’s strategy, the development of 100 research or innovation projects, established as the “Star Plan Innova100”, which reaches 40 in this 2019 fiscal year.

Among those developed this fiscal year, we can highlight the study of the **evolution of water quality in drinking water tanks** by means of mathematical modelling, the development of a system for the identification and quantification of the **risk of flooding** associated with urban drainage networks or the research and development of an innovative system for

the inspection of galleries and collectors that can be visited by means of **drones**, through pre-commercial procurement, as a **Public Procurement for Innovation** tool, enabling public administrations to use other forms of contracting to favour innovation.

Also noteworthy are other projects that, together with the implementation of digital solutions, contribute directly to the **digital transformation** of the company, **“Canal 4.0”**. Developing information technologies, communications and advanced automation drives Canal de Isabel II as a cutting-edge company in digitalisation and Industry 4.0 being a reference in water sector companies. Among them, we can cite **“Culebro 4. 0, The Water Treatment Plant of the Future”**, or the **“development of an AUV-ROV Robot for underwater inspection”**, and most significantly, the one that without a doubt is configured as a key element in this digital transformation of the Water Operators, “the design and massive deployment of a water meter tele-reading system over the NB-IoT communication technology”, also responding to another of the Strategic Plan’s Star Plans, **“Smart**

Region”, which is committed to having 100 % of our meter park in the Autonomous Community of Madrid readable by 2030, and will mean a radical change in the relationship between this type of company and its customers.

And others, with a **clear research focus**, position the company as a national and international leader, such as the establishment of the so-called CEIC, **Centres of Excellence and Research**, which there will be two of in 2019. One, the **CEIC TDUS**, focused on the study of

the efficiency of sustainable urban drainage techniques (SUDT) in the Canal de Isabel II pilot plant of the Meco WWTP, and another, the **CEIC Purification**, for experimenting with waters from different points of the purification process and different technologies.

SL 09 - SPEARHEAD INNOVATION AND DEVELOPMENT

SL 09 - Percentage of net turnover spent on innovation

0.78 %

Obj.: 0.64 %

Compliance: >100 %



SP 09 - Innovative projects developed

40 projects

Obj.: 40 projects

Compliance: 100 %



SP 9.1 - Innovative support plan for the strategy

SP 9.1 - Innovative projects developed

40 projects

Obj.: 40 projects

Compliance: 100 %



SP 9.2 - Internal innovation and development plan

SP 9.2 - Innovation culture assessment

2.77 average score

Obj.: 2.40

Compliance: >100 %



SP9.3 - Digital transformation of Canal de Isabel II

SP 9.3 - ICT initiatives and/or solutions promoted in order to improve processes

6 projects

Obj.: 6

Compliance: 100 %



SP 9.4 - Plan for positioning as an innovative company

SP 9.4 - Excellence centres and consulting packages prepared

4 works

Obj.: 4

Compliance: 100 %





SDG 17 partnerships to reach goals: *encouraging participation*

Getting everyone involved in efficient and responsible water use

Taking care of water and giving it the importance it deserves is everyone's job. For this, all citizens must take constant care of this scarce commodity. Our company has more than three decades of experience in developing communication campaigns for **saving water** and **protecting the environment**. These campaigns are recognised by communication professionals and the target audience.

Our **communication campaigns** are permanent and their high impact has made it possible to place Madrid among the regions that have most reduced water consumption in recent years.

Canal de Isabel II actively participates with **outside companies** related with the quality control of water. In recent years, it is worth noting the collaboration with:

- The Ministry of Health and Consumer Affairs
- AEC (*Spanish Association for Quality*)
- IMDEA Agua
- SWAN
- European Benchmarking Co-operation
- Spanish Network of the Global Compact
- IWA (*International Water Association*)
- The Department of Health and Consumer Affairs of the Autonomous Community of Madrid
- City Council of Madrid
- Associations of Chemists and Pharmacists
- AEAS (*Spanish Water Supply and Sanitation Association*)
- EUREAU (*European Water Suppliers Association*)
- FELAB (*Association of Testing, Calibration and Analysis Entities*)



CUIDAR EL AGUA ES UNA LABOR DE TODOS.

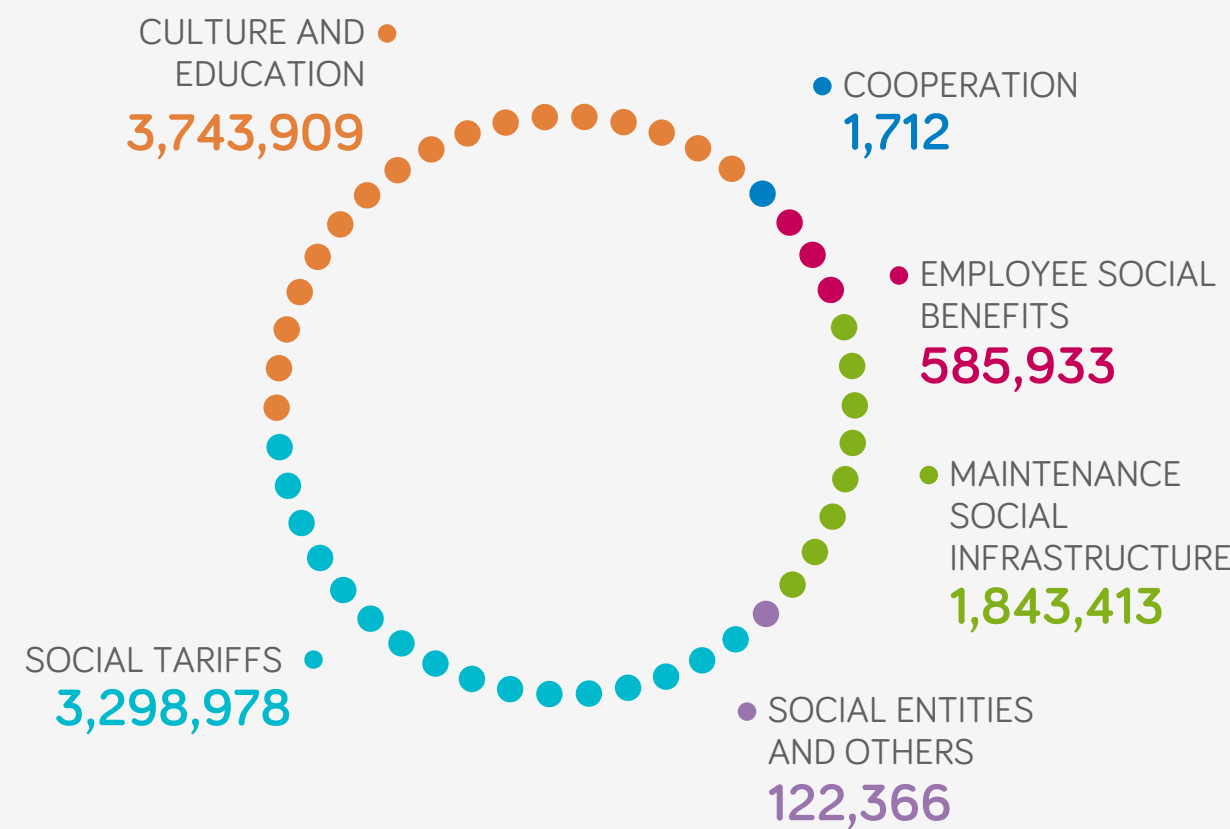


YOU MAY FIND MORE INFORMATION [AT THIS LINK](#) AND [AT THIS ONE](#)

Economic resources for society

In 2019, Canal de Isabel II earmarked a total of **8.43 million euros** for activities related to its social commitment to its employees, customers and society. In addition, **1.84 million euros** were allocated to the maintenance of **infrastructure** for social, cultural and sporting uses.

EXPENSES RELATED TO CANAL 'S SOCIAL COMMITMENT IN 2019



In addition to expenses, during the 2019 fiscal year we invested 812,923 euros in **infrastructure for social use**.

Value creation for our stakeholders:
our “social dividend”

As a public and socially committed company, Canal’s vocation is to provide stakeholders with whom we interact more than just the services we provide. Therefore, in many cases we **go beyond** what is established in the regulations to favour them.



Social commitment

Canal de Isabel II has for years been firmly committed to being a **reference** in the fields of culture, sport, leisure and support for social initiatives. For this reason, it develops numerous activities and makes its facilities and technical, human and economic resources available to society.

Our support of culture

Fundación Canal is especially active in the cultural sphere. Created in 2000, it focuses on organising cultural exhibitions, activities related to music and the performing arts, various competitions (literary, photography and video), debates on current affairs and research on water and the environment, among others.

As of 2017, by decision of the Canal Board of Directors, the Fundación Canal has taken over the **Canal Educa** and **Canal Voluntarios** programmes for managing of the **Arte Canal Exhibitions Centre**.

In 2019, the Fundación Canal organised 4 exhibitions and 92 cultural, scientific and social events, and has

received more than **167,000 people** in its exhibition hall and other facilities at the headquarters. In addition, **more than a million people** have visited its web page.

The three exhibitions organised by the Foundation stand out among the activities carried out:





MAN RAY. Dreamy objects

Exhibition whose works come from various private Spanish and European collections, brought together exclusively for this show, and which together offer an ambitious and complete overview of the thoughts of the master of surrealism, his extraordinary creativity and the themes he tackled and reflected in his work during his professional career. The exhibition, which includes more than a hundred pieces, has managed

to compile a careful selection of photographs and a great representation of objects, which will remarkably surprise the visitor. These objects were christened by the French poet Robert Ribemont-Dessaig-nes as “dreamy objects” because they stand halfway between memories, dreams and desires. This exhibition is precisely on this path, and this is reflected in its title.



MATISSE as Printmaker

The *Matisse as Printmaker*. Works from *The Pierre and Tana Matisse Foundation* exhibition reveals the least known facet of the work of Henri Matisse: his innovative and intense relationship with printmaking and the extremely important role that this technique played in his creative process and the ability of the master of colour to articulate his visual ideas in black and white as well. The exhibition includes 63 carefully selected prints from the collection that Matisse left to his son Pierre Matisse, an art dealer, following his

death. Organised by the *American Federation of Arts* and *The Pierre and Tana Matisse Foundation*, the exhibition highlights the importance of printmaking in the evolution of Matisse’s art, through 11 sections that didactically summarise the artist’s printmaking, his sources of composition and the origin of his master lines. Likewise, a complete review is done of the different printmaking techniques used by Matisse to create his prints: drypoint, etching, monotyping, xylography, lithography, linoengraving and aquatint.



FRANCESCA WOODMAN:
Ser un ángel / On being an angel

With an innate and precocious talent, Woodman created a photographic body steeped in symbolism. Her images are fundamentally focused on women’s bodies in general and on herself in particular. She took self-portraits naked, twisted, semi-hidden, disguised and blurred in abandoned, almost ghostly places. We find references to a fragile and ethereal beauty in her photographs, which is at the same time dark and, in

many cases, in bucolic and decadent settings. After her tragic suicide in 1981, Francesca Woodman became a cult photographer who, to this day, continues to generate debate and unanswered questions. All this forms part of the aura of mystery that surrounds her figure and which is present in each of the photographs in this exhibition, the title of which refers to one of the artist’s favourite themes: “being an angel”.



GAME ON:
The history of videogames

This is the largest international exhibition on the history and culture of video games. For the first time in Spain, and in collaboration with the Barbican Centre in London, the exhibition will be on display in Madrid from 29 November to 31 May in the exhibition hall at Paseo de la Castellana 214. Over 2,500 square metres of exhibition space and 15 thematic sections cover

the fascinating history of video games from the 1960s to the latest creations. *Game On* is also a ‘see and play’ exhibition, with over 150 playable titles, from Mario to Lara Croft and Pong to Street Fighter. With a spectacular exhibition design based on sustainability standards, *Game On* is designed for all audiences to enjoy: gamers, nostalgic and curious of all ages.

Fundación Canal statistics	2017	2018	2019
Number of exhibitions organised	3	3	4
Total number of other activities carried out	59	97	92
Total number of in-person visitors	153,159	195,047	167,274
Number of exhibition visitors - Mateo Inurria 2	134,752	139,726	92,316
Sala Arte Canal - Castellana 214	48,738	442,424	72,279
Number of in-person visitors of other activities	18,407	55,321	55,511
Website (visits)	1,427,053	1,106,978	1,167,384
Social media (users)		105,753	115,480

In addition to the Foundation’s exhibition facilities, Canal also runs the **Arte Canal Exhibition Centre**, located in the fourth underground water deposit, with a structure dating from the first half of the 20th century and covering an exhibition space of 2,000 square metres. This venue has hosted 14 major thematic exhibitions since 2004, with more than 3.5 million visitors, making it one of the city’s key cultural landmarks in recent years.

In February 2019 the **Auschwitz exhibition** ended after more than half a million visits (543,994 visitors). Furthermore, 13 seminars with 2,000 participants and visits from up to 15 embassies, political parties,

religious associations and the most relevant Spanish Jewish and Roma communities were organised. It had a programme of free school visits attended by 76,935 students.

The **Canal de Isabel II Exhibition Hall** is also located in the city of Madrid (First Raised Deposit). Built in 1911, it is now a unique space that houses exhibitions of contemporary photographic and audio-visual creation, managed by the Department of Culture of the Autonomous Community of Madrid. Every year it collaborates with the ARCO and PhotoEspaña competitions. In 2019, there have been outstanding exhibitions: *“Tanit Plana. It is what it is”* (Tanit Plana.



Es lo que es, in Spanish) one of the most remarkable collections in the contemporary history of Spanish photography; *“David Jimenez. Universes”* (David Jimenez. Universos), dedicated to his creative career of over 25 years. In autumn, the Catalan photographer Francisco Ontañón presented his work *Craft and Creation (Oficio y Creación)*, a journey through the different fields and specialities he portrayed, such as tourism or animals, between the sixties and seventies.

Canal de Isabel II and the Fundación Canal have an **editorial line**. The Fundación Canal focuses its publishing work on the publication of its exhibition catalogues and other activities, while Canal has a broader editorial collection, compiled over the course of its years of existence, ranging from technical studies to more informative editions, whose central theme is water.



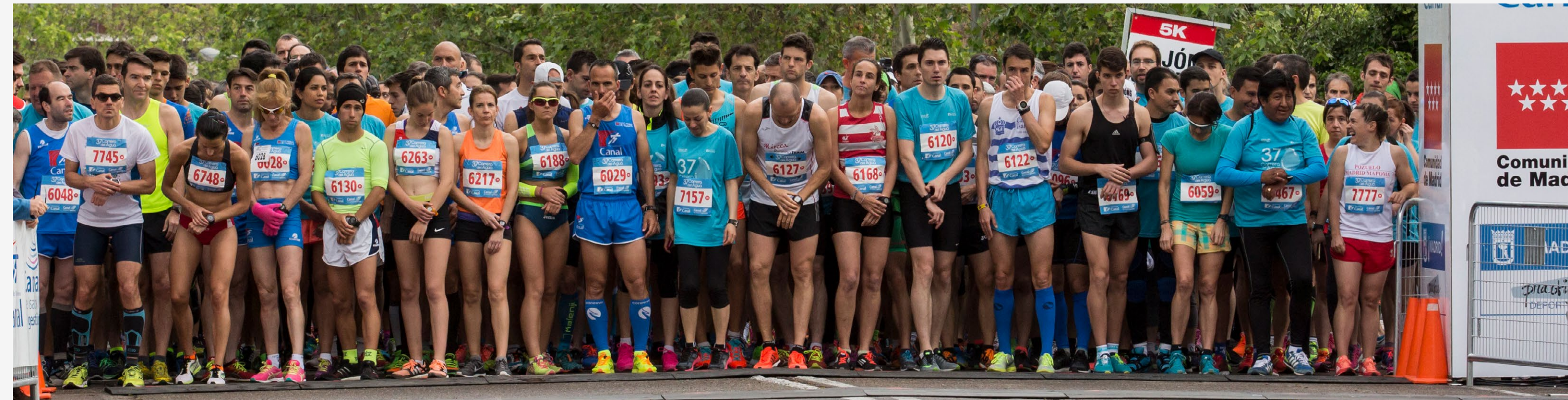
YOU CAN FIND OUT MORE ABOUT FUNDACIÓN CANAL ACTIVITIES BY VISITING THEIR WEBSITE [AT THIS LINK](#)

We promote sport

Canal offers Madrid residents various recreational facilities and sports areas in the Autonomous Community of Madrid.

In the city centre of Madrid, it has twelve hectares located on the **roof of the Third Water Deposit** dedicated to football, paddle tennis and jogging, as well as for recreation and leisure time. Other noteworthy facilities in urban areas include the swimming pools and various sports facilities at the **Campo de Guardias deposit** and the **Fourth Deposit**, located near Plaza de Castilla.

A highlight in 2019 was beginning the works of the **new Bravo Murillo park**, located in the vicinity of the Canal de Isabel II central offices. This construction is located in the western area of its headquarters, adjacent to Calle Bravo Murillo, and will have an area of **3,745 square metres**. The public company will allocate 1,183,296.30 euros for the construction of this new outdoor space for walking and green areas for children and sports.



To these will be added the remodelling and conditioning of the area occupied by the golf facilities at the **Centro de Ocio y Deporte del Tercer Depósito** on Avenida Filipinas, the works of which will be put up for tender in 2019.

These three facilities will make over **123,000 m²** of Canal de Isabel II spaces available for the public to use and enjoy and some **18 million euros** will be invested. To these another park, **IV Depósito de Plaza de Castilla** would be added with more than

45,000 m². These new actions are framed within the Strategic Plan 2018-2030 to foster transparency, good governance and commitment to society.

In addition, Canal also has three non-urban recreational areas, two in the reservoirs of Valmayor and El Atazar, focusing on sailing, rowing and canoeing, as well as a third in the Riosequillo reservoir, which has one of the largest swimming pools in the Autonomous Community. These areas received almost **104,000 visitors** in 2019.



Cooperation in water and sanitation and other social initiatives

On 28 July 2010, the **United Nations General Assembly** explicitly recognised the human right to water and sanitation through Resolution 64/292. This resolution calls upon States and international organisations to provide financial resources, to facilitate training and technology transfer in order to assist developing countries, and to provide a clean, accessible and affordable supply of safe drinking

water and sanitation for all. In this area, Canal supports the provisions of the **Sustainable Development Goals** on water and sanitation, approved by the United Nations General Assembly in September 2015. We are aware of the importance of achieving these goals, and for this reason we carry out **development aid and cooperation projects** in other places.


Canal ‘s most significant initiative in the area of cooperation is **Canal Voluntarios**, a corporate volunteer program aimed at carrying out development aid projects for water and sanitation, with the objective of providing safe drinking water and sanitation in areas of the world where the population suffers from serious shortages of both services.


Since 2007, Canal Voluntarios has carried out **65 projects** in 29 countries with **1.7 million beneficiaries**.



YOU CAN FIND MORE INFORMATION ABOUT CANAL VOLUNTARIOS [AT THIS LINK](#)

Monitoring in the Strategic Plan





LINE 7

Strategic objective

To guarantee transparency, good governance and commitment to society as a public company that provides a basic essential service.

The objective regarding the transparency index has been fulfilled 100 % and the contents of our transparency portal have been adapted to the requirements of the new Law 10/2019 on Transparency of the Autonomous Community of Madrid.


SL 07 - FOSTER TRANSPARENCY

SL 07 - Rate of corporate transparency

70 %

Obj.: 70 %

Compliance: 100 %





SDG 1 ending poverty and SDG 2 zero hunger: *doing our part*

Poverty goes beyond a lack of income and resources to ensure sustainable livelihoods. Poverty is a human rights issue. The various manifestations of poverty include hunger, malnutrition, lack of adequate housing and limited access to other basic services such as education or healthcare. At Canal de Isabel II we are aware of this problem, and therefore in the past few years we have created new formulas to give **bonuses at a rate** that can affect the most sensitive groups.

Allowance: our social tariffs

Canal has the responsibility to adapt to the needs of each person, nuclear family or household, especially if they are going through hardship or are large families or households. That is why we have established **five different types** of discounts:

- **Large family** discount.
- **Large household** discount (5 or more members).
- **Social exemption** discount (in situations of direct need).
- **Widow's pension** discount.
- Discount for **consumption savings**.

The first four discounts fall under the category of **social tariff**.

Canal de Isabel II

Bajamos la factura del agua

NUEVA BONIFICACIÓN PENSIÓN DE VIUEDAD

Perceptores de una pensión por viudedad con renta total inferior a 14.000 euros anuales.

¿Qué se bonifica?
La bonificación será del 50 % del importe de la cuota de servicio fija.

Ejemplo
Para un consumo de 7 m³/bimestre con un contador de 15 mm

24€ IMPORTE FACTURA SIN BONIFICACIÓN

15€ IMPORTE FACTURA CON BONIFICACIÓN

Ampliamos nuestra tarifa social a las personas en situación de viudedad

¿QUÉ OTRAS BONIFICACIONES SOCIALES OFRECE CANAL?

- ✓ Familias o viviendas numerosas
- ✓ Entidades sin ánimo de lucro
- ✓ Beneficiarios de una pensión no contributiva
- ✓ Beneficiarios de la Renta Mínima de Inserción
- ✓ Beneficiarios de la Renta Activa de Inserción

Y, por supuesto, todas las personas en situación de especial exclusión que cuenten con un certificado del trabajador social.

Llámanos al teléfono gratuito **900 365 365**
www.canaldeisabelsegunda.es

Cuidamos el agua, cuidamos de ti



[CLICK HERE](#) FOR MORE INFORMATION

Social exemption stands out, with which the user will only pay 50 % of the fixed service fee amount. As for the variable part, up to 25 cubic metres per two-month period will be completely discounted, in other words, 417 litres per day will be free. This means that, by applying this discount to an invoice of 40.87 euros per two-month period, the amount to be paid will be 8.71 euros.

In 2019 we have included the new discount for recipients of **widows' pensions** with annual incomes of less than 14,000 euros, which includes a discount of 50 % of the fixed part of the tariff or service fee. This means lowering the water invoice by an average of almost 9 euros per two-month period.

In 2019, we applied discounts to a total of **56,167 contracts**, 14 % more than in 2018 (49,625 contracts). This means that until 2019 approximately **244,738 people** have benefited from our social tariffs.

All this social effort is led by the Canal de Isabel II group of social workers, which is part of the

commercial area, seeking proximity with the users. It is made up of four workers, one of them coordinates the team.

50 visits have been made since the Canal Colabora team was created, holding joint meetings with

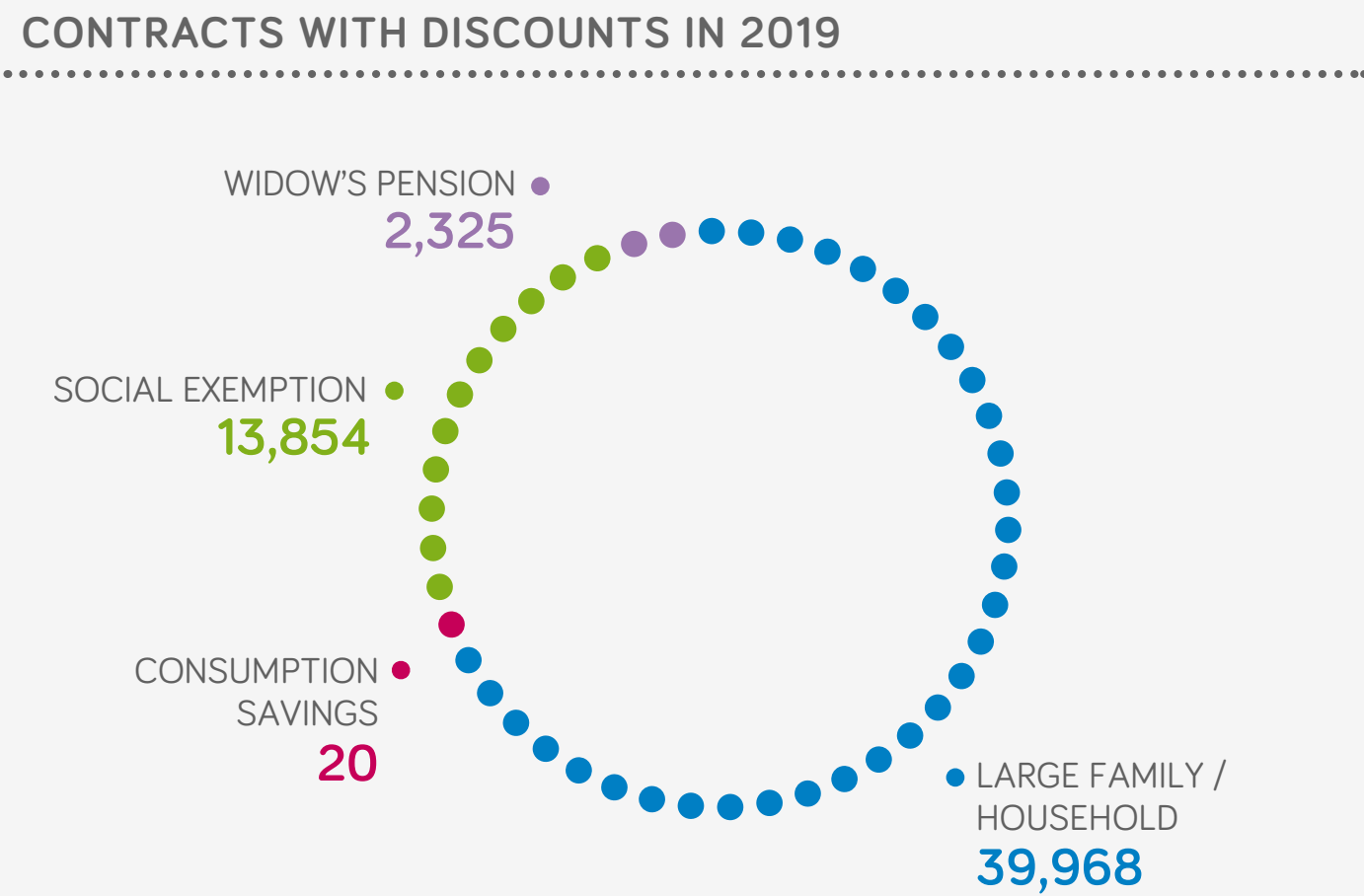
professionals from 45 Social Services Centres, 105 municipalities and 9 Associations, as well as the Municipal Housing and Land Company of Madrid (EMVS) and Social Housing Agency (AVS).

On the one hand, the aim is to disseminate and explain the **social tariff** among the professionals who work directly with the most vulnerable groups and, on the other hand, to establish two-way coordination channels for the most complicated cases.

During the visits carried out, **discounts** are explained in detail, and any doubts that may arise are clarified. The Canal de Isabel II initiative has been very well received and since the visit, coordination and communication has been ongoing.


Canal has also promoted alternative means to **minimise the supply cut-off** due to non-payment.


In no instance was water cut-off to families in economic difficulties.



FOR MORE INFORMATION ON ALLOWANCES AND HOW TO APPLY FOR THEM, [VISIT THIS LINK](#)

Monitoring in the Strategic Plan





LINE 7

Strategic objective

To guarantee transparency, good governance and commitment to society as a public company that provides a basic essential service.

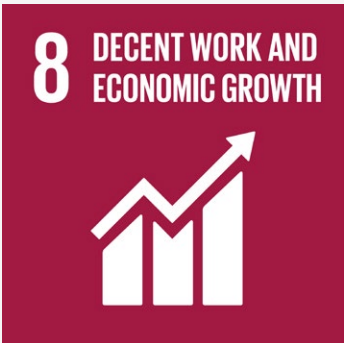
Within our Strategic Plan to increase the commitment to society this year, the beneficiaries of the social tariff have grown by 10.2 %, reaching 245,000 people. The **new allowance** for widow’s pensions was also launched (almost 2,500 beneficiary families). Moreover, the **integration into the workplace** of people with disabilities has continued, and by the end of 2019 they accounted for 2.7 % of the total number of employees.

SP 7.3 - Plan to strengthen our commitment to society

SP7.3 - Beneficiaries of tariff allowances

244,738 people subsidized
Obj.: 250,000
Compliance: 81 %





The economic and social sustainability of public organisations is becoming increasingly more important to our **growth** and **welfare** model.

SDG 8 economic growth: *a sustainable company in the long term*

Canal de Isabel II, as a leading and 100 % public company, is obligated to guarantee its **economic sustainability**, in order to support confidence in economic recovery and to encourage economic growth and job creation. We must be an efficient company in all our actions and provide society with social and environmental returns.

Our economic performance

The **economic sustainability** of Canal de Isabel II, as a 100 % public “benchmark” company, allows us to guarantee all our customers and users the provision of quality services at an **affordable cost**.

Furthermore, our strategy based on the **efficient management** of economic resources allows us to face the important levels of investment required in an infrastructure management company while we seek to establish reference limits in the **level of indebtedness**

BUSINESS TURNOVER			
Business turnover (millions of Euros)	2019	2018	2017
Net sales	887.01	854.14	885.74
EBITDA	346.44	338.15	365.72
Net income	241.91	209.97	261.89
Other financial indicators	2019	2018	2017
Other net financial debt (millions of Euros)	467.48	459.45	752.11
EBITDA / Business turnover	39.06 %	39.59 %	41.29 %
Net financial debt / EBITDA	1.35	1.36	2.06

in order to ensure the economic-financial balance in the future and to ensure, simultaneously, that the company is able to fulfil all its commitments.

In 2019 the tariffs were **frozen** for the fourth consecutive year and will continue to be frozen in 2020.

Business turnover increased by 3.85 % compared to the previous year due to a 4.75 % increase in the volume of water invoiced as a result of weather factors (lower rainfall) and a 1.36 % increase in the number of customers, as tariffs have been frozen for the fourth consecutive year.

Weather, especially rainfall, directly affects water consumption, causing greater increases in the consumption of blocks 2 and 3 of invoicing, those with the highest unit price, associated in many cases with more irrigation in public and private areas. In this respect, 2019 has been rather dry until November, while 2018 was the year with the lowest drinking water consumption in the Autonomous Community of Madrid in 20 years, mainly due to heavy rainfall.

EBITDA increased by 8.3 million euros with respect to 2018 as a result of the increase in business turnover, which was higher than the increase in associated activity costs.

However, **operating profitability** in percentage terms has decreased slightly, from 39.59 % in 2018 to 39.06 % in 2019, as a result of the implementation of new activities and other improvements in process quality, within the framework of the Strategic Plan, the increase in personnel costs, as well as adaptation to new regulations, Canal has the capacity to absorb these costs, guaranteeing not only coverage of these costs, but also the generation of a margin that allows it to carry out its investment plans and the expected return to its shareholders.



Furthermore, following significant **relevant facts** occurred during the 2018 and 2019 fiscal years that directly affect the Company's operating profit and its comparison between years:

- **New Collective Agreement:** in 2017 the implementation began of the 1st Collective Agreement for Canal, which standardises salaries and conditions of the various groups within the company. It is gradually being implemented during 2017, 2018 and 2019 and increases the Company's personnel costs.
- **Taxes provisions reversal:** as a result of the entry into force of Law 6/2018, of 3 July, of the General State Budgets for 2018, as well as the assessment of the Company in relation to the claims raised by the treatment plant operators regarding the biogas tax regime, 6.2 million euros have been reverted in 2018.
- **Cáceres concession impairment:** in 2019 2.4 million euros of the impairment associated with the Cáceres concession was reversed as a result of the updating of the discount rate, whereas in the 2018 fiscal year, an impairment of 9.2 million euros was recorded associated with the Cáceres concession following the concession business plan updating.

Regarding the **financial result**, it significantly improved compared to the previous fiscal year, owing to several factors:

In 2018, an impairment loss of 6.4 million euros was recorded for the holding in Hispanagua, while the updated projections have led to a reversal of this impairment by 734,000 in 2019.

On the other hand, **debt interest expenses** decreased due to the gradual reduction of debt throughout the year, while income from loans to group companies increased slightly.

Lastly, the **financial revaluations** to maintain asset or liability accounts at their present value, as well as other financial assets arising from the application of the accounting standards for infrastructure concession operators, resulted in a positive balance in 2019 that was 4 million euros higher than in 2018.

Net income, therefore, improved by 31.9 million euros compared with 2018 as a result of the foregoing.

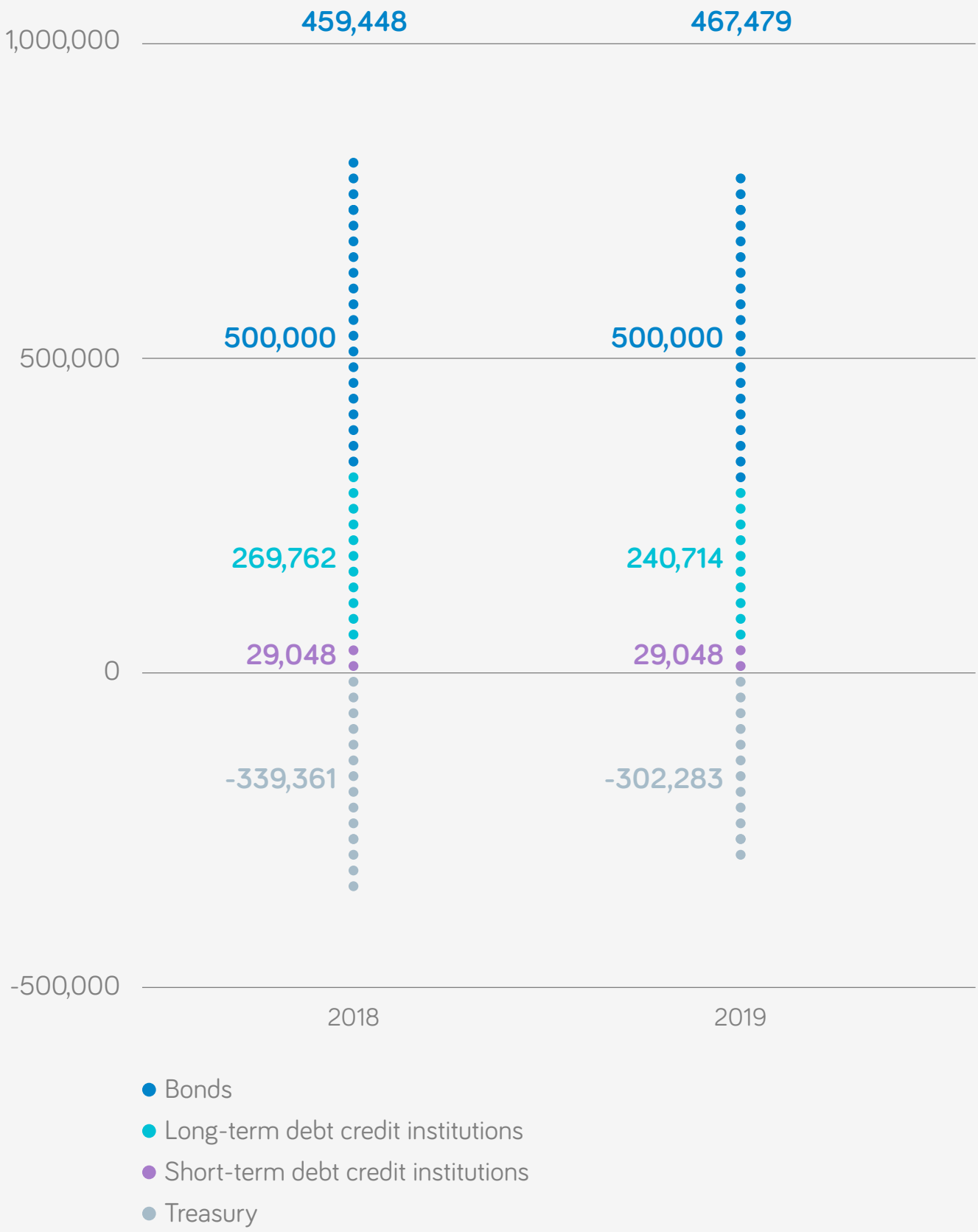
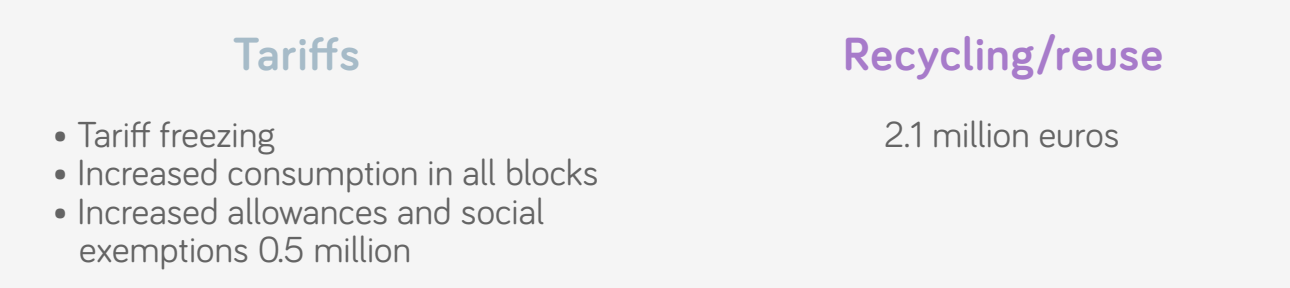
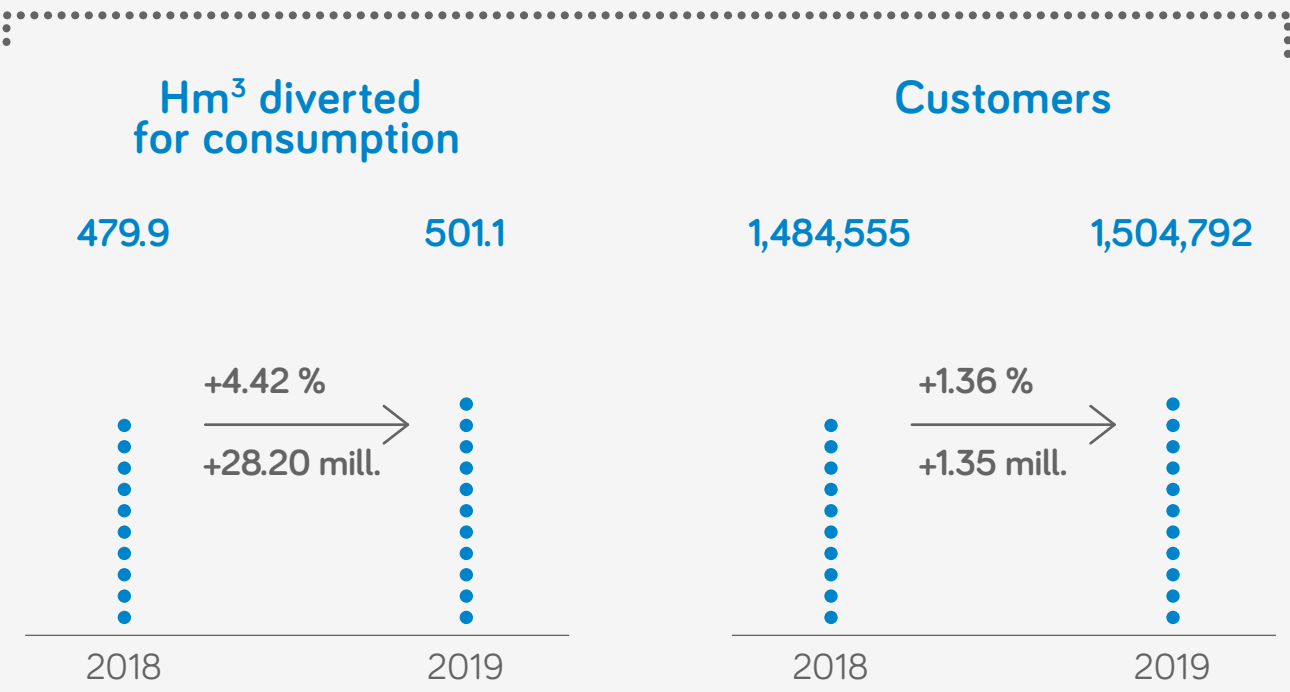
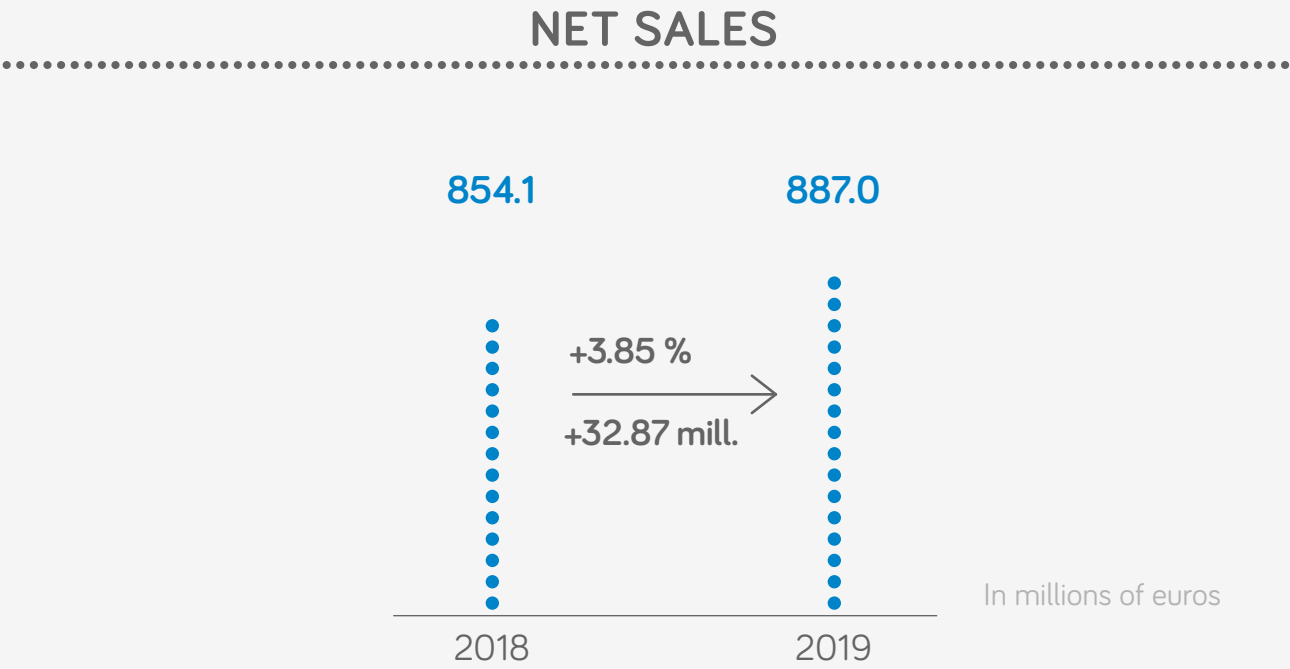
NET FINANCIAL DEBT

Financial debt continued to be reduced in accordance with its maturities in 2019. In addition to the 500 million-euro Bonds issue, the average debt to financial institutions through the Mirror Debt with Canal de Isabel II during the year was 286 million euros, more than 17 % less than the 346 million in 2018.

No new debt was taken on in 2019, but the total debt was reduced by 29 million euros, the amount that was due to be repaid in the fiscal year (81 million euros in 2018).

With regard to the **Treasury**, the business's high cash generation capacity, as well as some delays in the start of investment projects envisaged in the Strategic Plan, enabled it to meet all its commitments during the year, ending the fiscal year with a balance on the balance sheet of 302 million euros, bringing Net Financial Debt to 467 million euros.

To understand its evolution with respect to the previous year, it is necessary to bear in mind that, given that the 2017 **annual accounts** were delayed to January 2019, both the final dividend for the 2017



fiscal year and the account dividend for the 2018 fiscal year will be distributed in 2019, in addition to the final dividend for 2018 and the interim dividend for 2019. Accordingly, dividends have been distributed in 2019 for a total amount of 306.6 million euros, as the distribution corresponding to two years accumulates. For this reason, Net Financial Debt has increased by 8 million euros with respect to the end of 2018. The net financial debt/EBITDA ratio is 1.35 at the end of 2019 compared to 1.36 at the end of 2018.

DEBT RATES	2019	2018	% Evolución 2019-2018
Net Financial Debt (NFD)	467,479	459,448	1.75
EBITDA	346,430	338,150	2.45
Annualised DFN / EBITDA	1.35	1.36	(0.68)
Average financial cost	1.88 %	1.86 %	1.08

INVESTMENTS: WE BET ON OUR REGION

The cashflow generated in operating activities were mainly used to address the **volume of investment carried out** in 2019, which amounts to **131.5 million euros** in construction works and projects (compared with 128.03 million euros in 2018), placing the company among the companies with the highest investment made in the Autonomous Community of Madrid.

It should be pointed out that this figure includes investments considered replacement investments, pursuant to the standard to adapt to the **General Accounting Plan** for public infrastructure concessionaire companies and that pursuant to this standard, they have not been activated by the Company as a greater value of Assets, instead, they have been applied to the provision for **replacement actions** for a sum of 68.5 million euros (60.2 million euros in 2018).

Additionally, Canal carries out **renovation and improvement works** in distribution and sewerage networks that are not owned by the company. The amount associated with these works is recovered through a **supplementary fee** on the users’ invoice

and therefore they are classified as a financial asset for accounting purposes. During the 2019 fiscal year, this type of works have been carried out for an amount of 15.91 million euros (18.55 million in 2018).

The most significant investments made by the Company are the result of the aforementioned targets of guaranteeing a **satisfactory level of operation**, maintaining the levels of productive efficiency and competitiveness, the extension and improvement of the **transport and distribution network** and the storage capacity, the upgrading and modernisation of the **sewerage treatment system** and the expansion of **recycling infrastructures**. The following table illustrates the volume of investment for each of the different categories:

The total amount of investments made in 2018 and 2019 was less than the budget and the company’s historical average. From 9 March 2018 the **new Public Procurement Law** began to apply, which increased the average terms for the awarding of contracts, having a significant impact on the 2018 and 2019 execution of investments. Furthermore, on the occasion of the Strategic Plan’s implementation, many projects are in an initial phase of study and pilot testing.

INVESTMENT BY CATEGORIES (Millions of euros)	2019	2018	2017
Supply guarantee	52.20	47.85	55.65
Quality assurance	3.59	5.52	3.60
Environmental commitment	40.17	45.80	56.67
Technological innovation	13.44	10.65	18.39
Upgrading the general services of Canal	6.50	4.83	12.03
Other investments	15.60	13.38	7.19
TOTAL INVESTMENTS	131.50	128.03	153.54
Works on distribution and sewerage networks owned by third parties	15.91	18.55	14.49
TOTAL INVESTMENTS AND WORKS OWNED BY THIRD PARTIES	147.41	146.58	168.03

The **Strategic Plan** requires a significant investment effort in the first years, which is why high-value contracts are being tendered with long lead times. In the coming years, the volume of construction work and investments made by the Company will grow significantly, with an estimated investment of close to 1.5 billion euros over the next five years.

Among the Strategic Plan actions, the following stand out: The aforementioned **Sanea Plan** to modernise and improve the sewerage networks, the **Network Plan** to standardise the materials in the distribution networks and thus improve the quality of water and the **Smart-Region Plan** whose objective is to achieve 100 % smart meters by 2030.

As part of the investments made in 2019 aimed at guaranteeing the supply, particularly noteworthy are investments aimed at the renovation of the distribution network. In terms of those aimed at environmental commitments, the most significant investments are related to the “**Improvement Plan for the sewerage treatment system and the extension of the supply of reusable water**”. Other investments mainly include technical compliances.

INVESTMENTS FINALISED IN 2019

Among the most significant additions of the investment registered for December 2019, we highlight the network extensions and renovations of pipelines in the various municipalities of Autonomous Community of Madrid, within the **network pipeline renovation plan**, together with **metering devices and connections** in new contracts.

In **supply**, we note the connection of the distribution network of the municipalities in the districts of Majadahonda and Boadilla with the conduction of the 2nd supply ring to improve its supply; the completion of the reinforcement of the Villanuevas Branch (sections II and III) by the municipalities of Brunete, Villaviciosa de Odón, Sevilla la Nueva and Navalcarnero; and the connection of Pelayos de la Presa and San Martín de Valdeiglesias with the Pelayos DWTP. To guarantee supply to the municipalities of Galapagar and Colmenarejo, the Dehesa Vieja regulation tank in Galapagar was built, as was a tank in San Martín de Valdeiglesias to supply the municipalities of Pelayos, Rozas de Puerto Real, Cadalso and Cenicientos.

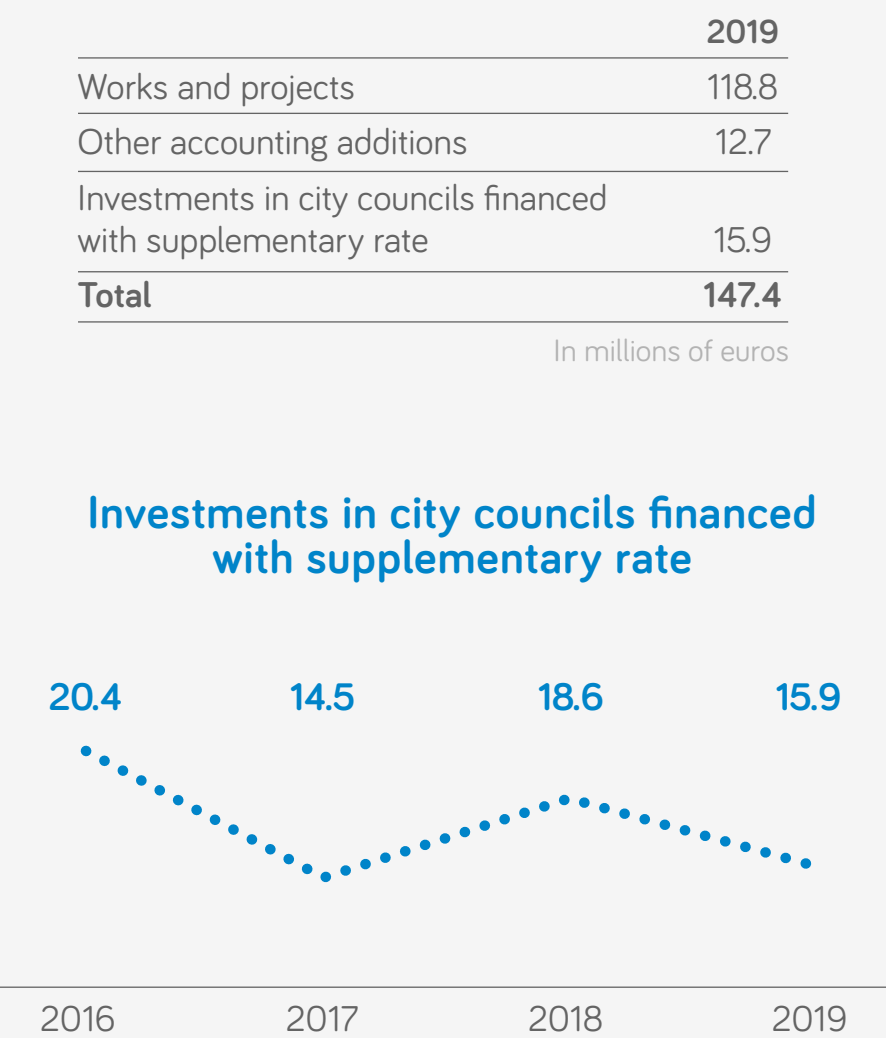
In terms of **treatment**, it is worth highlighting the actions carried out at the Valmayor DWTP to improve the facilities resulting from its expansion, at the Colmenar bottling plant with a semi-automatic bottled water storage system and equipment to ensure the traceability of the plant's product. A water quality laboratory has also been installed in the Santa Lucía complex in Torrelaguna.

In the area of **purification**, adaptation and improvement works of various WWTPs have continued in compliance with the national purified water quality plan and to meet urban growth forecasts.

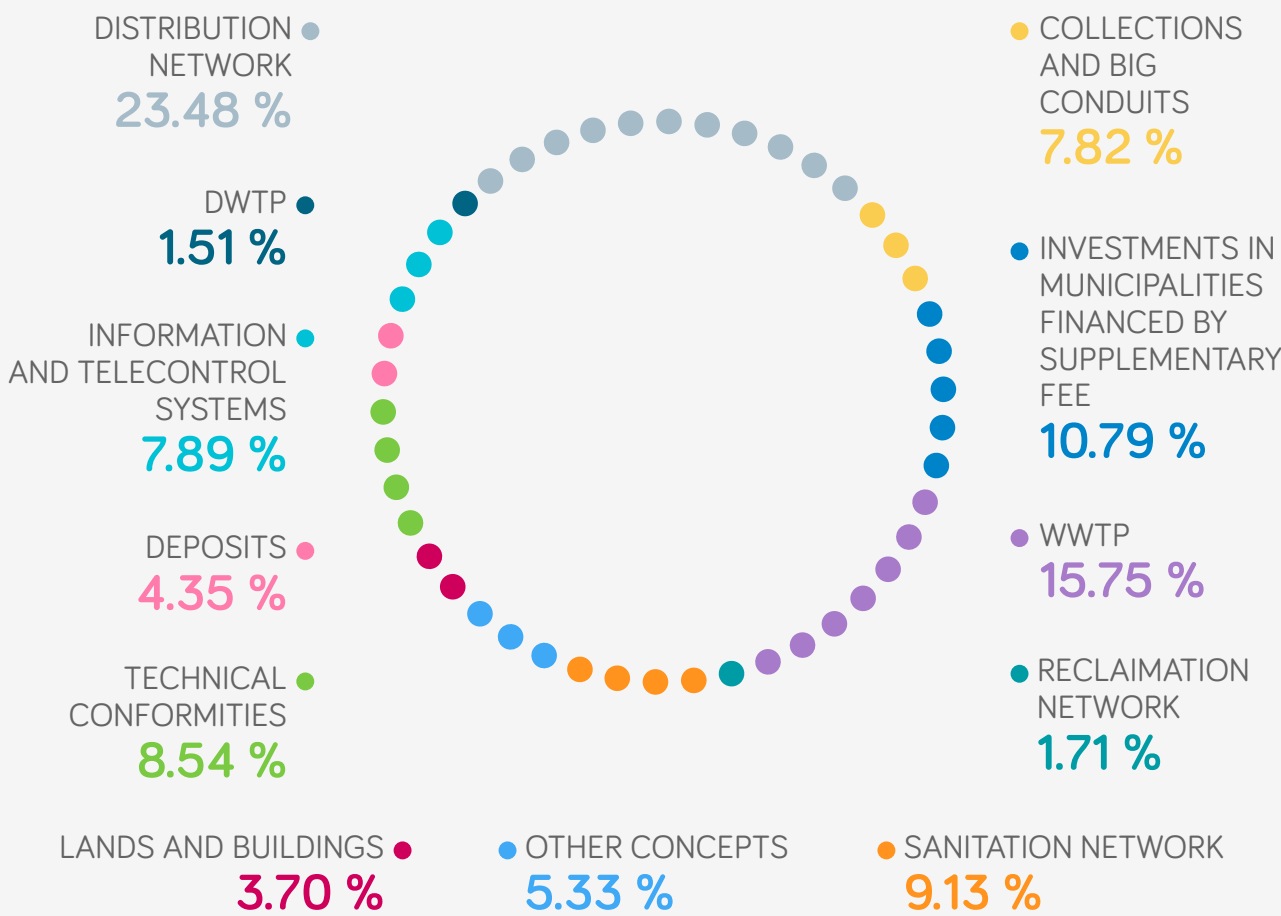
Regarding the actions carried out with regenerated water we developed the necessary infrastructure for the supply of **reusable water** to the municipalities of Rivas Vaciamadrid, Pinto, Torrejón de Ardoz, Arroyomolinos, Valdemoro and Ciempozuelos.

In terms of **energy generation**, we specify the installation of a cogeneration system at the Soto-Gutiérrez WWTP and the biogas drying system at the Arroyo Culebro Cuenca Media-Alta WWTP.

INVESTMENTS

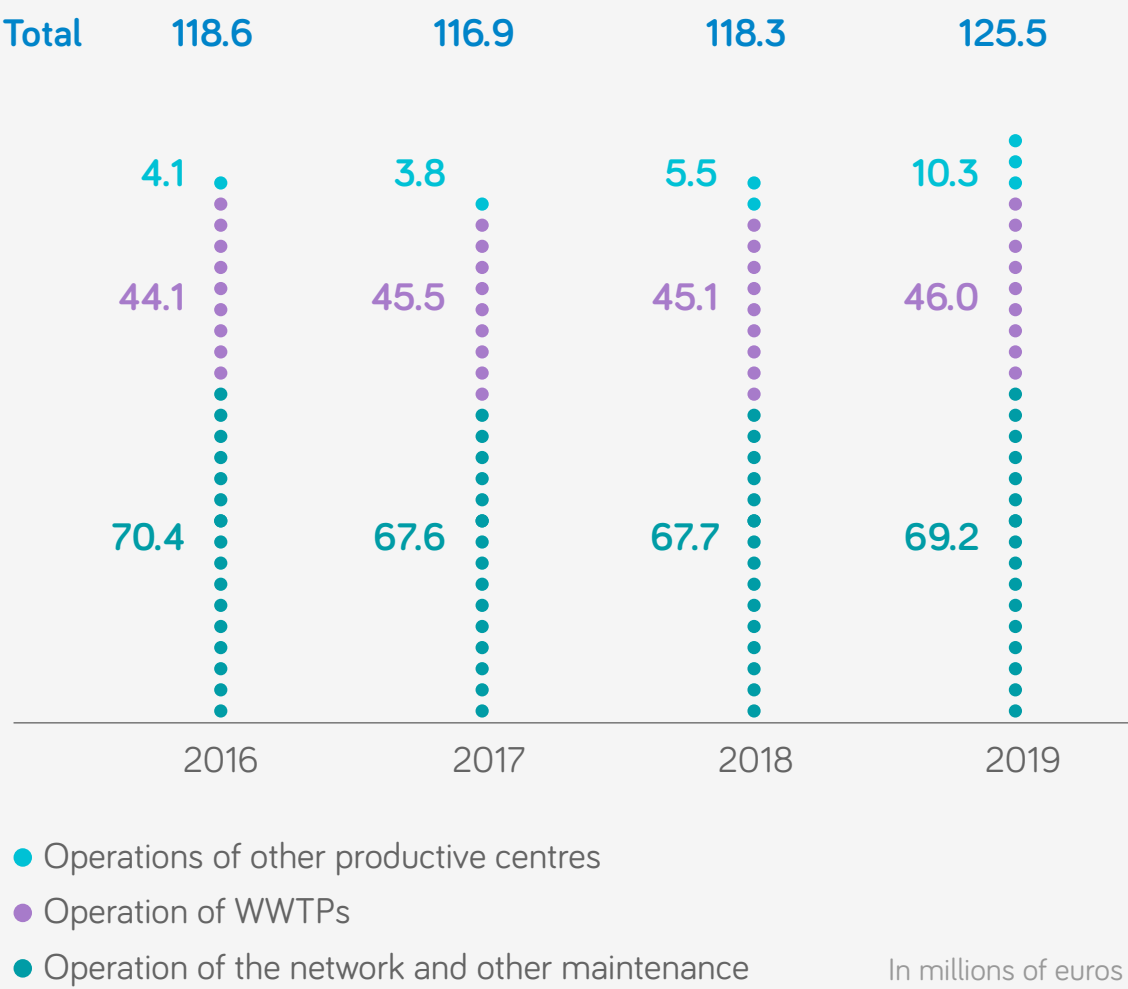


In 2019, the Company has continued with the actions to automate the operation, increase the security of the computer systems and the assembly of equipment and infrastructures in the telecommunications network.



Pursuant to the **agreement entrusting the management** of the sewerage services between the City Council of Madrid, the Autonomous Community of Madrid and Canal, improvements have been made to several areas of the municipality of Madrid, including the construction

OPERATING WORK AND INFRASTRUCTURE MAINTENANCE



of the collector open to the visitors from Plaza de Cibeles to Plaza de Cánovas del Castillo, deodorisation, enclosure and screening work at the China WWTP, and in the Sur Oriental WWTP, a solar thermal installation and the integration of the control SCADA.

ONGOING INVESTMENTS

The most relevant actions that were underway at the end of 2019 are: new regulation tanks at Villanueva de Perales and Villamantilla, the supply works at Talamanca del Jarama, the remodelling of the Majadahonda lifting station, the renovation of the network in the Ronda de Toledo gallery, the network for the supply of irrigation water with reusable water in the municipality of Algete, the improvement works at the Villanueva de la Cañada WWTP and the adaptation works to the PNCA of the Arroyo de la Vega WWTP in San Sebastián de los Reyes.



INVESTMENTS IN R&D+I

The Company has also contributed actively to **innovative research** and studies to increase scientific and technical knowledge in the sector. Canal wants to responsibly promote innovative activity in the sector, and for that has decided to gradually increase its Innovation budget until it reaches the equivalent of 2 % of its turnover in 2022.

Investment in 2019 was 6.69 million euros, 74 % more than in 2018, leaving the R&D+I investment to business turnover ratio at 0.78 %, favouring the achievement of another major objective set out in the Company's strategy, the development of 100 research or innovation projects, established as the "Star Plan Innova100", which reaches 40 in this 2019 fiscal year.

Among those developed this fiscal year, we can highlight: the study of the evolution of water quality in drinking water tanks by means of mathematical modelling, the development of a system for the identification and quantification of the risk of flooding associated with urban drainage networks or the research and development of an innovative system for the inspection of galleries and collectors that can be

visited by means of drones, through pre-commercial procurement, as a Public Procurement for Innovation tool, enabling public administrations to use other forms of contracting to favour innovation.

Also noteworthy are other projects that, together with the implementation of digital solutions, contribute directly to the digital transformation of the company, **"Canal 4.0"**. Developing information technologies, communications and advanced automation drives Canal as a cutting-edge company in digitalisation and **Industry 4.0** being a reference in water sector companies. Among them, we can cite **"Culebro 4.0, The Water Treatment Plant of the Future"**, or the **"development of an AUV-ROV Robot for underwater inspection"**, and most significantly, the one that without a doubt is configured as a key element in this digital transformation of the Water Operators, "the design and massive deployment of a water meter tele-reading system over the NB-Iot communication technology", also responding to another of the Strategic Plan's Star Plans, **"Smart Region"**, which is committed to having 100 % of our meter park in the Autonomous Community of Madrid readable by 2030, and will mean a radical change in the relationship between this type of company and its customers.

And others, with a clear research focus, position the Company as a national and international leader, such as the establishment of the so-called CEIC, **Centres of Excellence and Research**, which there will be two of in 2019. One, the CEIC TDUS, focused on the study of the efficiency of sustainable urban drainage techniques (SUDT) in the Canal de Isabel II pilot plant of the Meco WWTP, and another, the CEIC Purification, for experimenting with waters from different points of the purification process and different technologies.

Canal is an active member of national groups and associations such as AEAS (Association of Water Supply and Sanitation Companies), or the IWA (International Water Association), a global organisation. In 2019, Canal participated in the Innovative Solutions for Water Management Trade Fair, where it shared its latest advances, projects and future prospects with sector professionals.



TAX INFORMATION

Regarding **corporate taxes** paid as well as the withholdings, the corresponding information is shown at individual and group levels below:

CORPORATE TAX (in thousands of euros)	2018	2019
Total payments in instalments and withholdings Canal de Isabel II Group	3,323	3,631
Total payments associated with Canal de Isabel II Group	3,116	3,507
Final share of the tax declared by Canal de Isabel II Group	1,687	N.D.
Final share Canal de Isabel II Group	1,604	N.D.

WITH OUR SUPPLIERS

Canal de Isabel II, as a public company belonging to the Institutional Administration of the Autonomous Community of Madrid, executes its contracts under the **legal framework applicable to public sector contracts** which entered into force on 9 March 2018 (Law 9/2017, of 8 November, on public sector contracts). Likewise, in some procedures, for their characteristics or amount, Law 31/2007 of 30 October on procurement procedures in the water, energy, transport and postal services industries is applied.

The aim of these laws is to achieve **greater transparency** in public procurement and achieve **better value** for money. Specifically, Law 9/2017 seeks greater legal security and aims for public procurement to be used as an instrument for implementing European and national policies in social, environmental, innovation and development matters and the **promotion of SME's** and the defence of competition.

In relation to the objective of promoting SMEs, it should be made clear that in 2018, **55.49 %** of the

companies awarded contracts in Canal are **small and medium-sized companies**.

Without prejudice to the foregoing, Canal's contractors, in addition to complying with **environmental** and occupational risk prevention regulations, they must comply with the environmental and occupational **risk prevention policies implemented** in this public company.

Finally, it is worth nothing that, in order to foster **diversity** and the incorporation into the labour market of **persons with disabilities**, contractors with more than 50 workers employed are required, while the contract is in force, for at least 2 % of these to have a disability pursuant to the provisions established in Royal Legislative Decree 1/2013, of 29 November, approving the amended text of the General Law on the rights of people with disabilities and the social inclusion thereof.

The bidders' compliance with requirements is reviewed by the company prior to making procurements. Furthermore, upon being awarded,

the unit responsible for the contract are ensured of compliance with the procurement documents.

Service and supply contracts for amounts less than 15,000 euros and works contracts for less than 40,000 euros are made under regulations governing minor contracts. For minor works contracts between 15,000 and 40,000 euros the authorisation of the Executive Vice Chairperson is required. Minor contracts, except for supply contracts managed by the Purchasing Department, are processed through the CYCLO system's "Minor Contract" computer application.

Generally, **subcontracting** is permitted under the terms established in the current legislation and in the conditions established in the specific administrative bidding conditions of each contract subject of tendering. The contracting system ensures that subcontractors comply with both the legally established obligations and the requirements for being able to contract with the public sector.

AWARDING OF CONTRACTS IN 2019

Excluding the **13 commissions** to the subsidiary companies in its group, in 2019 Canal de Isabel II awarded **219 contracts** totalling **510.41 million euros** through contracting procedures. Most of them are directly linked to activities and processes relating to engineering, operations and energy.

The **Open Procedure** is the procedure most commonly used in Canal contracting. In this procedure, any prospective entrepreneur may submit a proposal, excluding any negotiation of the terms of the contract with the bidders. The procedure has been used in **153**

contracts processed in 2019, accounting for **93 %** of the total amounts awarded, totalling **485.55 million euros**.

In 2019, **13 management orders** were processed for those companies that, in accordance with the provisions of the Public Sector Contracts Law, have the status of Canal de Isabel II's own instrumental means. The amount processed through these orders is 14.07 million euros, which represents 2.68 % of the total awarded amount.

On the other hand, **57 contracts were awarded using the negotiated procedure**, 25 % of the total number of procedures processed. The total amount of these

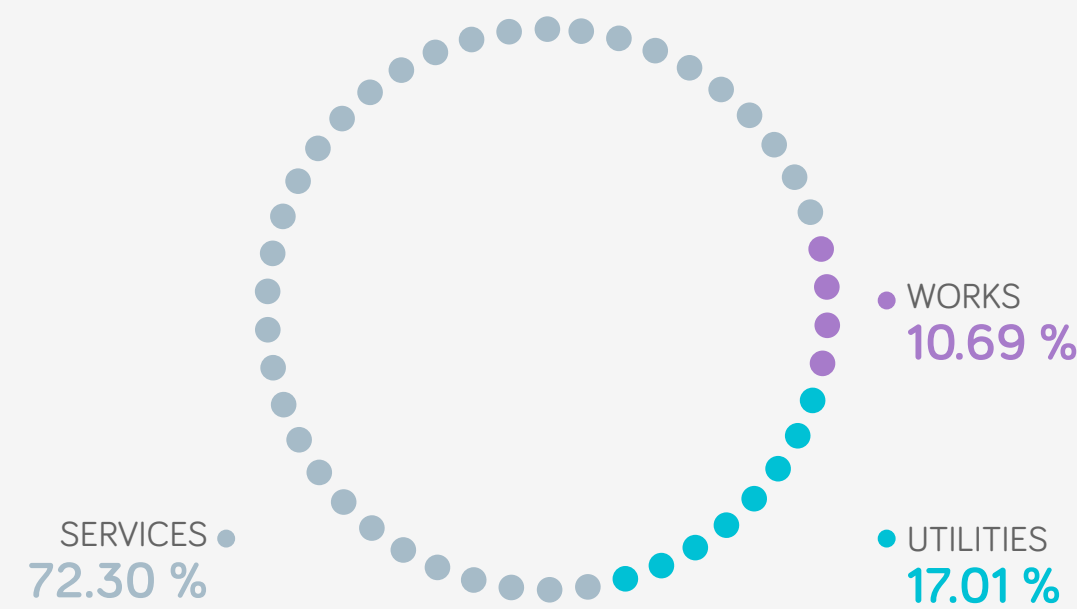
procedures was 15.67 million euros (3 % of the total amount processed in 2019). The negotiated procedure is used when any of the cases established in the legislation is present.

It should be noted that 9 of the contracts awarded by Canal de Isabel II, which account for 4 % of the tenders processed in 2019, were executed using **procedures other** than those included in the legislation on public sector contracts.

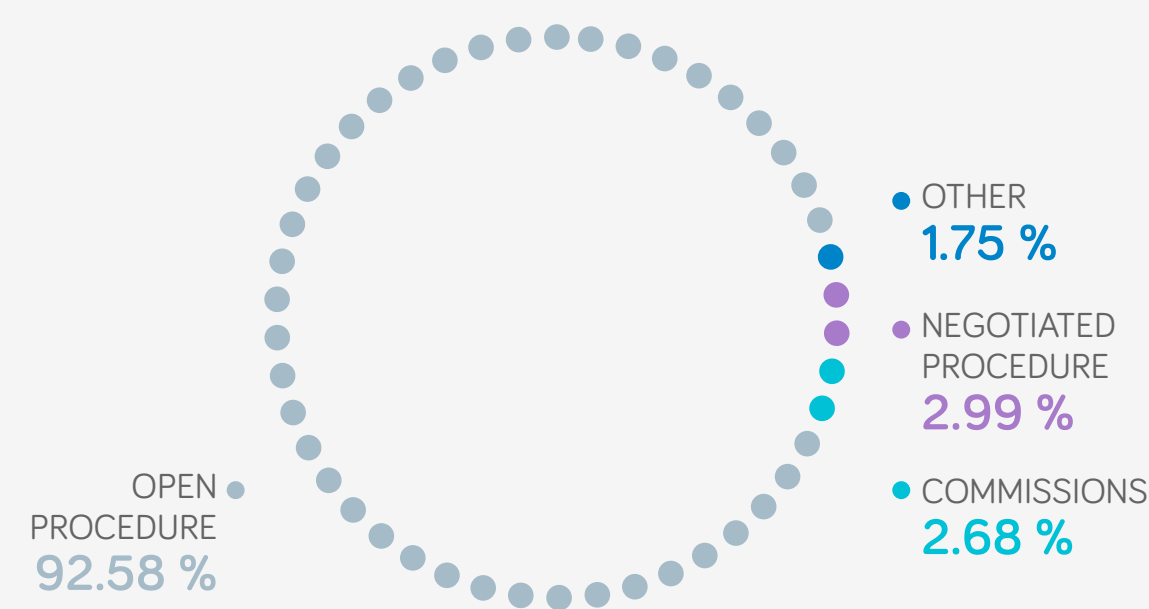
Canal has a support service for its suppliers, through the email address **atproveedores@canaldeisabelsegunda.es** and a specific portal for them on our website where they are offered real-time information on the status of invoices, strengthening the relationship with them and increasing productivity. This electronic data exchange implies reduced transaction costs and faster and easier proceedings. Among other functions, the tool makes it possible to manage minor contracting for materials supply providers.

In 2019, Canal de Isabel II's average payment period to suppliers was **33.88 days**, and Canal made a total of **325,887 payments** throughout the year.

BREAKDOWN OF CONTRACTS BY VOLUME AWARDED IN 2019



AMOUNTS AWARDED BY KIND OF PROCEDURE



Processing of procurement dossiers in Canal

Our internal procurement procedure has the following phases:

STAGE I
NECESSITY
AND SUITABILITY
REPORT

The proponent area approves a Necessity and Suitability report of the contract (INI) where it states the need to be covered and the type of procedure to be followed.

STAGE II
APPROVAL
OF THE BIDDING
SPECIFICATIONS
OR INVITATION
LETTERS

The Managing Director approves, on a proposal from the Contracting Sub-Directorate, the bidding specifications or the letter of invitation in the simplified and negotiated procedures.

STAGE III
PUBLICATION
OF THE TENDER

Tenders by open procedure of Canal de Isabel II Gestión, S.A. are published in the Procurement Portal of the Autonomous Community of Madrid (company's contractor profile) and in the corresponding official media according to the nature and amount of the contract: Official Gazette of the Autonomous Community of Madrid, Official State Gazette and Official Journal of the European Union. Also published on the webpage of Canal de Isabel II Gestión, S.A. (www.canaldeisabelsegunda.es)

The awarding and formalisation of the contract, including the simplified procedures without prior tendering and negotiated procedures, are published in the Autonomous Community of Madrid Contracting Portal (profile of the company's contracting party) and, in addition, the formalisation of contracts exceeding 100,000 euros in the Official Gazette of the Autonomous Community of Madrid.

Information about Canal de Isabel II Gestión S.A. contracts is regularly sent to the Contracts Registry of the Autonomous Community of Madrid.

STAGE IV
RECEIPT AND
ANALYSIS OF
THE OFFERS

In this stage the Subdirectorate for Procurement reviews the administrative documentations of the offers presented by the bidders. Tenders that do not meet these requirements are considered and bidders are notified of this at the opening of envelopes (at the opening of the technical envelope, if awarded by a plurality of criteria, at the opening of the economic envelope, if the lowest price is awarded).

In tendering procedures that are awarded through multiple criteria before the opening of the economic proposals, the technical envelopes are opened for the purpose of proceeding to evaluate the quantifiable criteria through the simple application of formulas before the opening of the economic proposals.

Finally, the public act is the opening of the economic offers of the tenders. In tendering procedures awarded on the basis of multiple criteria, the technical scores obtained before the opening of tenders are read out at a public ceremony.

STAGE V
ASSESSMENT
OF OFFERS
AND AWARD
OF CONTRACT

The bidding service makes the report on the offers that are incurred in the initial assumption of abnormal or disproportionate value and the final assessment report of the offers. The contracting board analyses both reports and issues an award proposal that is raised to the contracting body awarding the contract.

STAGE VI
FORMALISATION
OF THE CONTRACT

The contract is formalised within 15 days upon notification of award of the contract and once the successful bidder has provided the corresponding guarantee.



Monitoring in the Strategic Plan

✓



LINE 10

Strategic objective

To carry out strict and transparent financial management, ensuring an adequate economic and social balance.


SL 10 - ENSURE SUSTAINABILITY AND EFFICIENCY IN MANAGEMENT

SL10 - DFN/EBITDA

1.35

Obj.: 1.46

Compliance: >100 %




SP 10 - Tariff freezing 2019

Frozen tariff

Obj.: Frozen tariff

Compliance: 100 %




SP 10.1 - Ensure efficient use of economic resources

SP 10.1 - General expenses (without personnel expenses) / Business Turnover

2.59 %

Obj.: 2.62 %

Compliance: >100 %




SP 10.2 - Gradual adaptation of the level of debt to the development strategy

SP 10.2 CAPEX / EBITDA

38 %

Obj.: 52 %

Compliance: >100 %




SP 10.3 - Improve efficiency of internal processes

SP 10.3 -Average tender period

318 days

Obj.: 330 days

Compliance: >100 %



Net Financial Debt/EBITDA: the company's level of debt in relation to its capacity to generate funds through its operational activity continues its negative trend. Its implementation in 2019 has met the objective as it is below the maximum limit set for the year, due to the improvement in EBITDA and the reduction in net financial debt.

General expenses/Business Turnover: this indicator relates a predetermined selection of general service and administrative expenses, to the Business Turnover for the year, among which personnel expenses are not considered. In 2019 this ratio was lower than the target ceiling for the year on the basis of the approved budget.

CAPEX/EBITDA: the objective of this indicator is to monitor and control the volume of investment (CAPEX) each fiscal year in relation to Canal's capacity to be self-financing through its operational activity, since excesses in relation to this capacity will have a direct impact on the company's level of debt. In 2019, the objective has been met, as it was below the prescribed limit, due to the delay in the implementation of investments.

Average tender period: this indicator measures the average period in number of days of the tender process in each fiscal year. In 2019, the established reduction target was met, ending the year below the approved limit, and well below the 2018 value.



The background is a vibrant, abstract composition. On the left, a large, white number '4' is set against a circular gradient of blue and green. The rest of the image is a close-up, macro shot of a blue, textured surface, possibly a lens or a piece of machinery, with several small, clear, spherical droplets or beads. A larger, more prominent sphere is positioned in the upper right, reflecting the surrounding colors and light. The overall color palette is dominated by blues, greens, and yellows, creating a sense of depth and focus.

4

THE CANAL GROUP

The **Canal de Isabel II Group** provides services in six different countries: Spain, Colombia, Brazil, Ecuador, Dominican Republic and Panama.

Our management experience accumulated over more than a century and a half has made it possible for Canal de Isabel II to provide added value in **other parts of the world** thanks to the integration of subsidiary companies in other geographical areas.

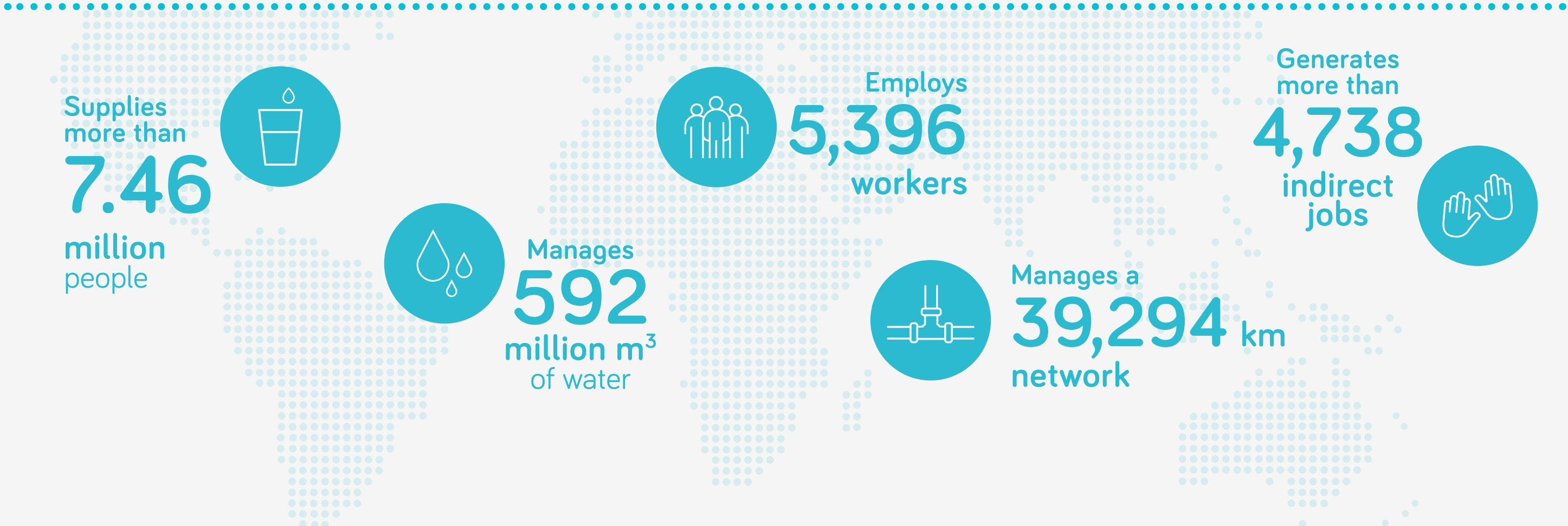
Thus, since the 1960s, Canal de Isabel II has integrated a group of subsidiary companies that, along with our company itself, constitute the modern-day Canal de Isabel II Business Group.

In 2019, the Canal Group supplied **7.46 million** people (**6.96** million in Spain and **0.50** million in Latin America), employing **5,396 workers** and generating

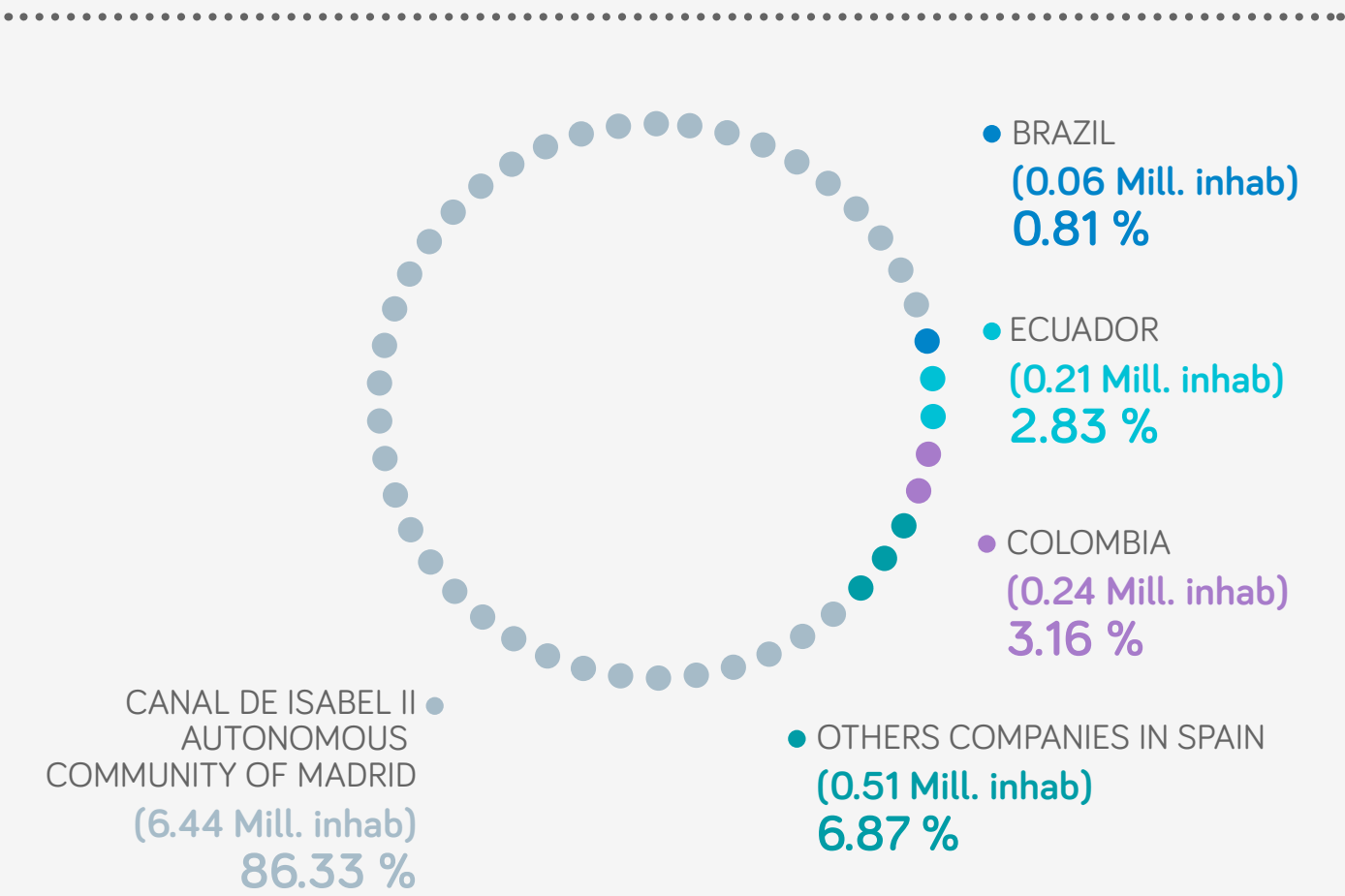
more than **4,738 indirect jobs**. Furthermore, the Group’s companies managed a total of **592 million cubic metres of water** (554 million cubic metres in Spain and 38 million cubic metres in Latin America) and **39,294 kilometres** of supply, sanitation and regenerated water networks.

At the close of the fiscal year, the Canal de Isabel II Group had close to **1.73 million supply contracts** (**83 %** of which are domestic) in almost **200 municipalities**, with a supply coverage of **97 %**.

Canal de Isabel II Group



POPULATION SUPPLIED IN 2019 BY COUNTRY
(MILLIONS OF INHABITANTS AND % OF THE TOTAL)





4.1. Canal Group: activities and geographical location

Canal de Isabel II Business Group is dedicated to three main activities:

- **Management of the integrated water cycle** in three Spanish autonomous communities, three Departments in Colombia, in Ecuador and in Brazil.
- **Support services for integrated water cycle management**, such as sectoral advisory and consultancy, civil engineering, plant operation of third-party companies, works for connection and metre installation, the purchase of supplies, commercial management of the water supply and sanitation, call centre management or the collection of taxes and levies. The Canal Group has companies in Spain, Colombia, Panama, the Dominican Republic and Brazil to carry out these activities.
- **Other activities that share synergies with the integrated water cycle management**, such as electricity generation, telecommunications and information technology, engineering, civil construction and architecture not related with water, waste management and cleaning services in urban areas. These activities are carried out

by Group companies located in Spain, Colombia, Ecuador and Brazil.

The **main figures** of the Canal de Isabel II Business Group at the close of **2019** were as follows:

- **7.46/6.50 millions of inhabitants served** (supply/sanitation)
- **592 hm³ captured for consumption.**
- **469 hm³ purified** in WWTPs and discharged in surface water
- **24 hm³ regenerated water** supplied.
- **5,396 employees** in the workforce (3,569 in Spain and 1,827 in Latin America)
- **985 million** euros in revenue.
- **136 million** euros in **investments.**
- **Presence in 4 autonomous communities** in Spain and **5 Latin American countries.**

List of Canal Group companies

SPAIN		
Canal de Isabel II	<div></div>	<div></div>
www.canaldeisabelsegunda.es		
Canal de Isabel II	<div></div>	
Delegation in Cáceres		
www.canaldeisabelsegunda.es		
Aguas de Alcalá UTE	<div></div>	
www.aguasdealcala.es		
Canal Gestión Lanzarote	<div></div>	
www.canalgestionlanzarote.es		
Hispanagua		<div></div>
www.hispanagua.es		
GSS Venture		<div></div>
www.grupogss.com		
Canal de Comunicaciones Unidas		<div></div>
www.canalcom.com		
Hidráulica Santillana	<div></div>	
www.hidraulicasantillana.com		
Canal Extensia		<div></div>
www.canaldeisabelsegunda.es		
Ocio y Deporte Canal		<div></div>
www.ocioydeportecanal.es		

COLOMBIA		
ASAA Riohacha	<div></div>	
www.asaa.com.co		
Gestus		<div></div>
www.gestus.co		
INASSA		<div></div>
www.grupoinassa.com		
Amerika TI		<div></div>
www.amerikati.com		
PANAMA		
Inassa Panamá		<div></div>
www.grupoinassa.com		

DOMINICAN REPUBLIC		
AAA DOMINICANA		<div></div>
www.aaa.com.do		
ECUADOR		
AMAGUA	<div></div>	
www.amagua.com		
Inassa Ecuador		<div></div>
www.grupoinassa.com		

BRAZIL		
Fontes da Serra	<div></div>	
www.fontesdaserra.com.br		
Emissão		<div></div>
www.emissao.com.br		

- Management of the integrated water cycle
- Generation of electricity
- Support services for managing the integrated water cycle
- Telecom and information technologies
- Other activities

4.2. Canal Group: population served and capabilities in the integrated water cycle

In 2019, for the provision of this type of activities, the Group had seven companies located in Spain (3), Colombia (2), Ecuador (1) and Brazil (1). These companies are:

- **Canal de Isabel II, S.A.** is the parent company of the Business Group and is responsible for the management of the integrated water cycle in the Autonomous Community of Madrid (179 municipalities), 7 municipalities of Castilla La Mancha, and 3 municipalities in Extremadura via our delegation in Cáceres.
- **Aguas de Alcalá UTE**, consortium in which on 31 December 2018, in addition to Canal (50 % of the shares) the company AQUALIA participated 50 %. It is responsible for supplying and managing the sewerage networks in the city of Alcalá de Henares (Madrid, Spain).
- **Canal Gestión Lanzarote, S.A.U.**, that began its activities on 1 June 2013, manages the integrated water cycle in the islands of Lanzarote and La

Graciosa, in the Canary Islands (Spain). Serves the population of 7 municipalities.

- **Sociedad de Acueducto, Alcantarillado y Aseo de Barraquilla S.A. E.S.P.** known as Triple A Barraquilla, is the company responsible for managing the integrated water cycle in the city of Barraquilla as well as in 14 other municipalities in the Department of Atlántico in Colombia.

On 3 October 2018 the Prosecutor General of Colombia adopted an agreement, by virtue of which was ordered the suspension of the power to dispose, seize and confiscate the shares of INASSA, company indirectly controlled by Canal de Isabel II in Triple A de Barraquilla, which represents 82 % of the share capital of Triple A, and its delivery in custody to the Special Assets Company of Colombia (SAE).

- **Avanzadas Soluciones de Acueducto y Alcantarillado S.A. E.S.P.**, known as ASAA, is a company that was incorporated in the Canal

Group in 2013. The company is in charge of the supply services and sewerage system in the Riohacha District, capital of the La Guajira Department (Colombia).

- **Aguas de Samborondón Amagua C.E.M.**, which provides drinking water distribution services, sewerage management, wastewater treatment and reuse of regenerated wastewater in Samborondón and Daule, towns located very close to Guayaquil (Ecuador).
- **Fontes da Serra, Saneamento de Guapimirim Ltda.**, company belonging to Emissão which was incorporated into the Canal de Isabel II Group in November 2013. Fontes de Serra is the company that supplies the inhabitants of the town of Guapimirim, in the State of Rio de Janeiro (Brazil).

POPULATION AND MUNICIPALITIES SERVED IN SPAIN						
	Supply		Sewerage system		Purification	
	Municipality	Population served	Municipality	Population served	Municipality	Population served
Autonomous Community of Madrid	174	6,442,547	135	5,680,102	179	6,654,752
Castilla-La Mancha	7	12,554	0	0	1	4,387
Province of Cáceres	2	97,080	2	97,080	2	97,080
Alcalá de Henares	1	195,649	1	195,649	0	0
Lanzarote and La Graciosa	7	207,355	7	146,815	7	146,815
TOTAL, SPAIN	191	6,955,185	145	6,119,646	189	6,903,034

POPULATION AND MUNICIPALITIES SERVED IN LATIN AMERICA						
	Supply		Sewerage system		Purification	
	Municipality	Population served	Municipality	Population served	Municipality	Population served
Colombia: Riohacha	1	235,515	1	204,214	0	0
Ecuador: Samborondón and Daule	2	211,464	2	172,470	2	172,470
Brasil: Guapimirim	1	60,517	0	0	0	0
TOTAL, LATIN AMERICA	4	507,496	3	376,685	2	172,470

SUM CANAL GROUP	195	7,462,681	148	6,496,331	191	7,075,505
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Canal Group: technical information at the close of 2019

SUPPLY	Spain	Latin America	Total Group
Number of reservoirs or collections in rivers	17	2	19
Number of wells in operation	79	-	79
Number of sea water collection points	4	-	4
Sum of collection points managed	100	2	102
Number of DWTP and desalination plants managed	20	2	22
Treatment capacity in millions of cubic metres per day	4.76	0.06	4.82
Kilometres of networks of supply managed	20,071	1,187	21,258
Number of municipalities served in supply	191	4	195
Population served in supply (millions of inhabitants)	6.95	0.51	7.46
Quality of drinking water (% samples that are compliant)	97	97	97

SANITATION	Spain	Latin America	Total Group
Kilometres of sewerage networks managed	16,343	747	17,090
Number of wastewater pumping stations managed	212	112	324
Number of wastewater treatment plants managed	168	98	266
Design flow of WWTP (hm³/day)	3.02	0.05	3.07
Number of municipalities served in sewerage management	145	3	148
Population served in sewerage (millions of inhabitants)	6.12	0.38	6.50
Number of municipalities served in purification of waste water	189	2	191
Population served in wastewater treatment (millions of inhabitants)	6.90	0.17	7.07

RECYCLING/REUSE	Spain	Latin America	Total Group
Number of waste water treatment plants	36	19	55
Kilometres of regenerated water networks	947	-	947
Number of municipalities which are provided with regenerated water supply services	29	2	31
Volume of water regenerated in 2019 (millions of cubic metres)	126	5	131

4.3. Canal Group: companies with other activities

Group companies: water management support services

This category includes Group companies that carry out **activities related** to the management of the integrated water cycle, such as sector engineering and consultancy, the construction and operation of drinking water and wastewater treatment plants, works and installation of connections and metres,



purchase of supplies for water supply, commercial management of supply and sanitation, call centre management or collection of fees and taxes.

To carry out these activities, at the end of 2019 the Group had companies in Spain, Colombia, the Dominican Republic, Panama and Ecuador (through Inassa's subsidiaries in these countries) and Brazil. These companies are:

- **Hispanagua, S.A.U.**, a company created in 1995 by the partial spin-off of Hidráulica Santillana. Its main objective is the construction, maintenance and operation of infrastructures related to water management, the operation of DWTPs and WWTPs and the provision of commercial services such as connection works or the installation of metres. According to Spanish public sector contract law, this is Canal's own medium, so that practically all of its business activity is carried out for the Group's parent company in Spain.

- **Sociedad Interamericana de Aguas y Servicios S.A. (INASSA)**, acquired in December 2001, was incorporated in 1996 as a company engaged in providing services related to the integrated water cycle in Colombia and other Latin American countries. Inassa offers consulting services in public utilities processes and comprehensive and innovative IT solutions to drinking water and sanitation utilities in Latin America.
- **AMERIKA Tecnologías de la Información, S.A.S.** which since 2014 has been dedicated to the development and commercialisation of Amerika Software, a product that provides a definitive and integral solution to public utilities companies, designed by the water industry. Its different modules cover commercial management, technical management, administrative and financial management and management control.
- The company **GESTUS Gestión & Servicios** provides services to the different companies of

the Canal Group in Latin America. For companies in the water supply sector, it deals with business advice and management, design and construction of civil works, pre-legal and legal collection management, updating and assembly of databases and software, contact human centre services, document management and messaging services.

- **AAA Dominicana S.A.** which began its operation in the Dominican Republic with the contract for commercial management and installation of metres in the western area of the city of Santo Domingo to serve a population of almost 1.5 million inhabitants. In recent years AAA Dominicana, S.A. has achieved significant growth by expanding its services in the commercial management of water services.
- **Inassa Panamá,** is a delegation of the Colombian company Inassa, and began its activities in 2011. The company provides advisory and operational services for the commercial and technical management of companies in the domestic utilities sector.
- **Inassa Ecuador,** is a delegation of the Colombian company Inassa that has been in

charge of executing all the activities inherent to the integrated water cycle in that country, extending to infrastructure works, consultancy, technical assistance, design, project supervision management and environmental consultancy.

- **GSS Venture, S.L.** is a company in which Canal de Isabel II holds a 25 % minority stake. Its corporate purpose is providing telemarketing and customer service services, developed through the telephone network or any other telematic means. GSS is the company that currently handles Canal de Isabel II's customer service call centre.
- **Emissão, S.A.** headquartered in Rio de Janeiro, is responsible for the commercial management of supply and sanitation services in several Brazilian states; carries out consulting and sectoral engineering work; builds, manages and maintains facilities and supply networks for other companies; develops and maintains remote control systems in facilities and is the main operator in the supply to the municipality of Guapimirim (Rio de Janeiro State) through the company Fontes de Serra.



Other group companies: synergistic activities with the integrated cycle

Apart from the activities directly related to the management of the integrated water cycle or with activities supporting the management of said cycle, the Canal de Isabel II Business Group carries out **activities in synergy** with the management of the integral cycle with five of its companies. These activities include hydropower generation; telecommunications and information technology; waste management and urban cleaning; and engineering and construction. These activities are performed by Group companies located in Spain, Colombia and Brazil:

Hydroelectric production

Hidráulica Santillana S.A.U., which was acquired in 1965 by Canal de Isabel II of the company of the same name. The company was split in 1995, separating the activities related to the integrated water cycle (for which Hispanagua was created) from energy production activities. The company's main activity is the operation of nine hydroelectric power plants, with a total installed capacity of 35.52 megawatts. These plants take advantage of the waterfalls existing in Canal de Isabel II reservoirs in the Autonomous Community of Madrid.

Information technology and telecommunications

Canal de Comunicaciones Unidas, S.A.U. (hereinafter CCU), is a company wholly owned by the Canal Group and dedicated to the information technology and telecommunications sector. CCU has Canal de Isabel II as its main client and currently has other clients to whom it provides mobile communications services, such as the Autonomous Community of Madrid.

Solid waste management and urban cleaning

In addition to managing the integrated water cycle, **Sociedad de Acueducto, Alcantarillado y Aseo S.A. E.S.P. - Triple A** has been providing all the services related to solid urban waste management and urban cleaning in Barranquilla since 1993, and in three other municipalities in the Department of Atlántico since 1997.

Engineering and construction of civil works not related to water

Incorporated to Canal Group in 2013, the company **Emissão, S.A.** from Brazil. It is dedicated to the activity related to the management of the integrated water cycle and its secondary processes, but also has abilities and experience in the execution of civil works and construction in other areas.

Other activities

In addition to operating companies with personnel, Canal Group has four other companies that only hold shares. These are:

- **Canal Extensia, S.A.U.** was established in 2001 and is the **holder of the shares** of all the Group's Latin American companies.
- **Soluciones Andinas de Agua**, located in Uruguay, was established in 2013 to hold 75 % of the shares held by the Canal Group in the Brazilian company Emissão.
- **AAA Ecuador**, located in Ecuador, holds 70 % of the shares of Amagua.
- **Ocio y Deporte Canal, S.L.U.**, located in Madrid and the purpose of which is the management of sports facilities by undertaking activities involving the enhancement or use of networks or infrastructures in the management of which Canal de Isabel II S.A. participates, and specifically the exercise of commercial and sports use of infrastructure in the management of which Canal de Isabel II participates, and that they represent an added value for their users.

4.4. Workforce of the Canal Group companies

At year-end 2019, the aggregate workforce of all Group companies with their own activity and personnel was **5,396 people** in 6 countries. Of these, **3,569** worked in Spain and **1,827** in Latin America. The parent company’s (Canal de Isabel II, S.A) workforce accounts for 54 % of the Group’s total.



SPANISH COMPANIES	EMPLOYEES
Canal de Isabel II (Madrid and Cáceres Delegation)	2,879
Aguas de Alcalá UTE	74
Canal Gestión Lanzarote	254
Hispanagua	278
Hidráulica Santillana	16
Canal de Comunicaciones Unidas	54
Ocio y Deporte, S.L.	10
Canal Extensia, S.A.U.	4
SUM SPAIN	3,569

LATIN AMERICAN COMPANIES	EMPLOYEES
INASSA (Colombia and branches in Ecuador and Panama)	137
ASAA (Colombia)	113
GESTUS (Colombia)	23
Amerika TI (Colombia)	49
Amagua (Ecuador)	81
AAA Dominicana (Dominican Republic)	342
Emissão and Fontes da Serra (Brazil)	1,082
SUM LATIN AMERICA	1,827

GROUP’S WORKFORCE ACCORDING TO THEIR DUTIES (PEOPLE)				
	Canal*	Other subsidiaries Spain	Subsidiaries Latin America	Total
Management staff	110	29	54	193
Management support staff	304	6	53	363
Post-graduate degree holders	326	39	69	434
Graduate degree holders	178	21	19	218
Middle managers	146	46	88	280
Technicians	260	63	191	514
Administrative and auxiliary staff	635	103	309	1,047
Office staff	920	383	1,044	2,347
SUM	2,879	690	1,827	5,396

*Canal de Isabel II includes the Cáceres Delegation.

CANAL GROUP WORKFORCE ACCORDING TO CONTRACT, SEX AND AGE

	Canal	Other subsidiaries Spain	Subsidiaries Latin America
Total workforce	2,879	690	1,827
Interns and trainees	37	4	16
ACCORDING TO WORKDAY TYPE			
Full-time	2,773	651	1,800
Part-time	106	39	27
ACCORDING TO CONTRACT TYPE			
Indefinite	1,878	491	1,758
Temporary	895	163	46
ACCORDING TO SEX			
Female	934	294	454
Male	1,945	396	1,373
DISABILITY			
Workers with some degree of disability	72	14	9
EXTERNAL WORKERS			
No, of external workers	4,170	163	405

	Canal	Other subsidiaries Spain	Subsidiaries Latin America
BREAKDOWN PERMANENT PERSONNEL			
Sex			
Male	1,435	419	1,332
Female	549	88	449
Age			
Under 30 years old	84	7	445
30-50 years old	1,109	298	1,147
Over 50 years old	791	202	189
BREAKDOWN TEMPORARY PERSONNEL			
Sex			
Male	510	143	38
Female	385	40	8
Age			
Under 30 years old	503	38	16
30-50 years old	352	112	27
Over 50 years old	40	33	3

CANAL GROUP REMUNERATIONS BY COUNTRY IN EUROS

	Spain	Brazil	Colombia	Ecuador	Panama	Dominican Republic
Starting entry-level annual salary	19,069	2,712	2,705	4,223	6,883	3,680
Annual interprofessional minimum wage in the country	12,300	2,712	2,705	4,223	6,883	3,680
Starting annual salary/interprofessional minimum wage [%]	155	100	100	100	100	100
AVERAGE YEARLY PAY BY SEX AND PROFESSIONAL CATEGORY						
Female						
Management	68,267		12,730	34,498	1,652	83,993
Management support staff	49,744		5,329	12,631		10,240
Post-graduate degree holders	44,239		1,871	8,529		1,167
Graduate degree holders	30,104			6,967		4,848
Middle managers	31,663	6,925				4,822
Technicians	28,385	5,227				3,713
Clerical and auxiliary staff	24,053	4,069	3,195	5,475	620	3,928
Office staff	19,465	3,135	2,858		529	

	Spain	Brazil	Colombia	Ecuador	Panama	Dominican Republic
Male						
Management	70,552	88,500	10,713	38,971	2,429	66,491
Management support staff	68,817	25,932	5,241	1,161		8,940
Post-graduate degree holders	33,490	16,999	2,289	9,723		10,976
Graduate degree holders	35,645		306	5,895	1,786	5,100
Middle managers	38,916	6,323	3,813		889	4,844
Technicians	31,275	5,605	374	11,701		3,979
Clerical and auxiliary staff	26,878	5,039	3,046	5,410	576	25,986
Office staff	25,637	3,819	6,265	5,660	537	3,608
AVERAGE YEARLY PAY BY AGE						
Under 30 years old	23,637	3,690	3,163	5,924	541	3,719
30-50 years old	30,248	4,249	14,537	10,570	746	6,328
Over 50 years old	33,937	4,536	6,844	9,218	889	22,282

COLLECTIVE AGREEMENTS AND UNION REPRESENTATIVES

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
Personnel covered by company's own collective agreement	2,746	212	0	2,958
Personnel covered by sectoral collective agreement	99	464	1,061	1,641
Personnel not covered by agreement	34	1	745	780
Employees adhered to union organisations	520	128	98	746

AVERAGE HOURS OF TRAINING ACCORDING TO DUTIES AND SEX

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM		Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
MANAGEMENT					MIDDLE MANAGERS				
Male	54	2	10	44	Male	32	12	13	28
Female	65	2	26	53	Female	24	4	31	23
Total	58	2	20	47	Total	31	11	15	27
MANAGEMENT SUPPORT STAFF					TECHNICIANS				
Male	69	6	19	62	Male	54	9	6	30
Female	65		31	59	Female	57	2	0	56
Total	67	6	24	61	Total	55	8	6	36
POST-GRADUATE DEGREE HOLDERS					CLERICAL AND AUXILIARY STAFF				
Male	62	3	33	57	Male	35	3	21	29
Female	59	10	35	55	Female	38	6	16	32
Total	61	6	34	56	Total	37	5	18	31
GRADUATE DEGREE HOLDERS					OFFICE STAFF				
Male	62	27	47	61	Male	35	7	17	29
Female	73	20	22	69	Female	25		561	46
Total	68	22	40	65	Total	35	7	29	29



CANAL GROUP WORKFORCE TURNOVER BY AGE AND SEX

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
Total hired	453	102	507	1,062
Male	306	89	376	771
Female	147	13	131	291
Under 30 years old	212	21	188	421
Between 30 and 50 years	223	66	277	566
Over 50 years old	18	14	42	74
Total resigned/dismissed	303	127	2,457	2,887
Male	189	113	2.012	2,314
Female	114	14	445	573
Under 30 years old	163	23	530	716
Between 30 and 50 years	128	72	1,580	1,780
Over 50 years old	12	32	343	387
Voluntary dismissals	38	24	126	188
Male	25	21	89	135
Female	13	3	37	53
Under 30 years old	21	6	58	85
Between 30 and 50 years	17	11	64	92
Over 50 years old		1	5	6

CANAL GROUP INFORMATION ON PREVENTION BY AGE AND SEX

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
Occupational accidents and illnesses				
Total number of workers exposed to occupational risks	2,743	674	3,069	6,486
Accidents at work (excluding <i>in itinere</i>)	96	99	21	216
Accidents with leave (excluding <i>in itinere</i>)	43	42	10	95
Average duration [days]	10	9	5	9
Days lost	1,006	858	100	1,964
Frequency rate of accidents with sick leave	10	38	2	10
Frequency rate of total accidents (excluding <i>in itinere</i>)	22	90	5	22
Severity rate	0.23	0.78	0.02	0.20
Accident Incidence Index with leave (excl. <i>in itinere</i>)	15.68	62.32	3.26	14.65
Fatalities (number)			1	1
No. of cases of work-related illnesses			2	2
Rate of work-related illnesses			0.0005	0.0002

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
Hours worked				
Hours worked	4,453,587	1,097,481	4,051,867	9,602,934
Total hours worked by employees with indefinite contracts	2,695,333	856,849	4,006,969	7,559,151
Total hours worked by employees with temporary contracts	1,758,253	240,632	44,898	2,043,783
Absenteeism				
Absenteeism	208,189	128,829	27,556	364,574
Permanent employee hours lost due to absenteeism	146,185	113,355	19,202	278,742
Temporary employee hours lost due to absenteeism	62,004	15,474	8,354	85,832
Total absenteeism	5	12	1	4
Absenteeism of employees with permanent contracts	5.42	13.23	0.48	3.69
Absenteeism of employees with temporary contracts	4	6	19	4

Canal Group operational data

SUPPLY									
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM		Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
Natural contributions of rivers					Treatment				
Natural contributions [hm³]	461		95	556	DWTP inflow volume [hm³]	10	62	22	94
Surface catchments					Treated water volume [hm³]	508	28	19	555
Number of reservoirs or river or sea surface catchment	15	6	2	23	Number of drinking water treatment plants	15	5	2	22
Capacity of reservoirs and/or surface catchments [hm³]	965.40	1.89	37.84	1,005.13	Treatment capacity [hm³/day]	4.60	0.17	0.06	4.82
Number of dams	6	1		7	Number rechloramination or rechlorination facilities	81	1	1	83
Groundwater catchments					Distribution				
Number of groundwater catchments in operation	79			79	Number of major pipelines	23			23
Capacity of groundwater catchments [hm³]	93.00			93.00	Number of major regulating reservoirs	34	2		36
Water diverted for consumption					Storage capacity of major deposits [hm³]	3.29	0.03		3.32
Water diverted for consumption [hm³]	510.81	43.06	37.91	591.78	Number of small deposits	303	67	5	375
					Storage capacity of small deposits [hm³]	0.54	0.11	1.51	2.16
					Number of major lifting stations	25	4		29
					Number of smaller lifting stations	111	26	3	140

SEWERAGE SYSTEM									
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM		Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
Number of Wastewater Pumping Stations	134	112	78	324					
Number of buffering basins and storm tanks managed	65	0	4	69					
Capacity of storm tanks managed [hm³]	1.483	0	0.007	1.49					
Spillways and overflow weirs in the entire sewerage system	603	0	54	657					
PURIFICATION									
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM					
Number of wastewater treatment plants	160	8	98	266					
Treated volume in WWTPs (hm³)	452.67	4.83	11.59	469.09					
Treated volume versus volume diverted for consumption (%)	89	18	86	85					
Design flow (hm³/day)	2.42	0.02	0.05	2.49					

REUSE

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	SUM
Number of regenerated water plants in service	31	5	19	55
Number of in-service reuse tanks	64	4		68
Treated water volume [hm³]	16	3	5	24
Total irrigated surface area [ha.]	2,556	752		3,308
Regenerated water discharged [hm³]	106	1		107

PERFORMANCE DATA IN THE SUPPLY NETWORKS

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Water measured in final users [%]	86	58	58	83
Estimation of actual losses in the networks [%]	3	37	12	6
Hidden losses in the distribution network [%]	1	10	6	2
% Self-consumption rate	0.97	0.46	1.02	0.93

BREAKAGE DATA IN THE SUPPLY NETWORKS

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Breakage rate for every 1000 km	110.76	6.293.62	205.10	699.76
Breakage rate for every 1000 connections	7.44	18.35	26.50	10.41

FOSSIL FUEL CONSUMPTION

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Fuel consumption heating: buildings and facilities				
Natural gas in building furnaces (m³)	75,023			75,023
Gasoil in building furnaces (litres)	108,389			108,389
Fuel consumption in processes				
Gasoil generators (litres)	17,833	1,696	31,980	51,509
Natural gas in cogeneration (kWh PCS)	529,376,168			529,376,168
Fuel consumption in automobiles				
Gasoil consumption in vehicles and machinery (litres)	588,672	499,837	118,887	1,207,397
Petrol consumption in vehicles (litres)	78,156	35,999	616,390	730,545
LPG consumption in vehicles (litres)	32	2,935		2,967

CONSUMPTION AND ELECTRICAL ENERGY PRODUCTION

	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Electricity consumption by activity (kWh)				
Supply	163,334,903	107,665,886	657,272	271,658,061
Sanitation	302,525,273	8,637,348	7,372,467	318,535,088
Other areas	24,900,661	2,851,961	1,809,085	29,561,706
Electricity consumption per m³ of diverted water	0.924	0.031	0.240	0.815
Production electricity (kWh)				
Self-consumption	130,555,412			130,555,412
Sold to the grid	233,403,287			233,403,287
PRODUCTION SUM	363,958,699			363,958,699

USE OF REAGENTS (TONNES)				
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Reagents drinking water supply	27,704	2,739	299	30,742
Reagents wastewater purification	576	728	36	1,340
SUM	28,280	3,467	335	32,082

WASTE PRODUCTION (KILOGRAMS)				
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Non-hazardous waste	32,164,073	2,939,347	140,968	35,244,388
Hazardous waste	367,622	13,685	2,975	384,282
SUM	32,531,695	2,953,032	143,943	35,628,670

PAPER CONSUMPTION (KILOGRAMS)					
		Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
INTERNAL PAPER CONSUMPTION		26,438	8,866	34,866	70,170
Administrative and management activities		21,970	8,837	20,072	50,879
Plain paper (virgin fibre)	kg	8,731	436	19,429	28,596
Recycled paper	kg	13,239	8,401	643	22,283
Commercial activities and others		4,468	29	14,794	19,291
Envelopes	kg	149	19	50	218
Plain paper (virgin fibre)	kg	3,170	9	14,744	17,922
Recycled paper	kg	1,150	1	0	1,151
EXTERNAL PAPER CONSUMPTION		112,236	8,052	2,372	122,660
Envelopes	kg	63,370	4,839	0	68,208
Plain paper	kg	48,866	3,213	2,372	54,452



EXPENSES AND INVESTMENTS IN CSR (IN EUROS)				
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Expenditure on customer CSR actions (social tariffs)	3,298,978	157,381	2,077	3,458,436
CSR employees (employee social benefits)	585,932	40,042	5,292,764	5,918,738
CSR expenditure related with culture, education, sport and cooperation (including Fundación Canal)	3,868,083	7,000	91,529	3,966,612
Social infrastructure maintenance expenses	1,843,413			1,843,413
TOTAL CSR EXPENSES	9,596,406	204,423	5,386,370	15,187,199
Investment in social and environmental infrastructure	812,923			812,923
Financial resources (expenditure + investment) allocated to social commitment	10,409,329	204,423	5,386,370	16,000,122

INVOICE COMPLAINTS				
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Number of invoices issued	9,096,117	332,340	4,437,284	13,865,741
Percentage of claims received regarding invoices issued	0.26	0.61	0.16	0.24
Percentage of claims resolved in favour of the customer	69	68	48	65

STATISTICS OF CLAIMS RECEIVED AND RESOLVED				
	Canal	Other subsidiaries Spain	Subsidiaries Latin America	Group Total
Complaints received	7,953	216	26,207	34,376
Type of complaints resolved				
Accessibility and usability (Virtual Office)	90			90
Information	376	3	8	387
Customer/citizens service	76	15	25	116
Administrative procedures	1,839	40	5,043	6,922
Economic disagreement	671	8	678	1,357
Service rendered	3,411	112	7,150	10,673
Water quality	451	1	56	508
Environment, health and safety and others	7	37	1,759	1,803
Cancelled	502		227	729
Transferred to Customer Ombudsman Office	563	31		594
Sum of complaints resolved	7,986	247	14,946	23,179

4.5. Consolidated Group results in 2019

CANAL GROUP CONSOLIDATED FINANCIAL FIGURES (MILLIONS OF EUROS)			
BUSINESS TURNOVER	2019	2018	2017
Revenues	984.68	1,076.45	1,145.71
EBITDA	355.82	384.87	416.88
Depreciation	(128.77)	(128.50)	(129.26)
Operating profit	237.42	258.39	303.86
Financial result	(17.64)	(44.53)	(35.00)
Net consolidated result	226.70	201.76	254.60
OTHER FINANCIAL INDICATORS	2019	2018	2017
EBITDA/Business turnover (%)	36.14 %	35.75 %	36.39 %
Average collection period Canal de Isabel II (days)	49.48	52.65	51.71
Average payment period Canal de Isabel II (days)	33.88	39.52	38.68

As mentioned in the consolidated accounts, the Group stopped consolidating **Triple A de Barranquilla** during 2018. Therefore, the consolidated income statement for 2018 includes company profits from January to August, as well as the effects of its deconsolidation, while the one from 2019 does not include profits associated

with this company. This has a significant impact on the group’s consolidated results, as Triple A de Barranquilla is the Canal Group’s main company in Latin America.

On the other hand, the **average** foreign currency rates in which the Group operates remained at similar levels

to the previous year and, therefore, did not have a significant impact on results.

The Group’s **consolidated ordinary income** decreased by 8.5 %, as it does not include income associated with Triple A de Barranquilla (-107.5 million euros) and as a result of the completion of several contracts managed by Emissão (-13.6 million euros) during the 2019 fiscal year. The aforementioned effects offset the higher revenues contributed by the parent company (+32.9 million euros) due to the 4.75 % increase in the volume of water invoiced as a result of weather factors (lower rainfall) and a 1.36 % increase in the number of customers, as tariffs have been frozen for the fourth consecutive year.

The income contributed by the parent company, 90.1 % of the Group’s total, is significantly affected by the weather, especially rainfall, given that it has a direct effect on water consumption, causing greater increases in the consumption of blocks 2 and 3 of invoicing, those with the highest unit price,

associated in many cases with more irrigation in public and private areas. In this respect, 2019 has been rather dry until November, while 2018 was the year with the lowest drinking water consumption in the Autonomous Community of Madrid in 20 years, mainly due to heavy rainfall.

EBITDA has fallen by 29.1 million euros compared to 2018 as a result of not incorporating the results of Triple A de Barranquilla (-30.3 million euros). On the other hand, operating profitability increased from 35.75 % in 2018 to 36.14 % in 2019, as a result of the greater weight of the parent company on EBITDA, which has a higher operating margin than other Group companies.

Furthermore, following significant **relevant facts** occurred during the 2018 and 2019 fiscal years that directly affect the Company's consolidated operating profit and its comparison between years:

- **Provision adjustments:** In 2019, Inassa updated the contingency provision with the DIAN for corporate taxes for 2015, 2016 and 2017, due to the progress of the processes, recording an expense of 3.5 million euros.

- **Impairment of Goodwill:** As a result of the termination of contracts during the year, Emissão's updated business plan is below the operating assets carrying amount assigned to this business, and it was necessary to recognise an additional impairment of goodwill of EUR 5.2 million in 2019, which was fully impaired. In 2018, there were no further impairments in this regard.
- **First year applying the IFRS 16:** As mentioned in note 1 to the consolidated annual accounts, 2019 was the first year of application of IFRS 16 in the consolidated annual accounts. The application of this standard has had a negative net impact of 0.6 million euros on consolidated results in 2019. The impact on the consolidated income statement affects several sections: EBTIDA improves by 6.4 million euros, as operating leases decrease, depreciation increases by 6.5 million euros, as the company's assets increase, and financial expenses associated with the additional debt recorded by 0.5 million euros.

Regarding the **Financial Result**, it significantly improved compared to the previous fiscal year, owing to several factors:

- In 2018, the **cumulative translation differences** of Triple A de Barranquilla in consolidated equity resulted in an impact of -17.7 million euros on the income statement. Additionally, the 8 months contribution of Triple A de Barranquilla contributed -4.4 million euros to the consolidated accounts.
- Third-party **debt interest** expenses decreased due to the gradual reduction of debt throughout the year.
- The **financial revaluations** to maintain asset or liability accounts at their present value resulted in a positive balance in 2019 that was 4.7 million euros higher than in 2018.

The **consolidated corporate tax expenses** significantly improve compared to the previous year, becoming a **tax expense** in 2019. This is a result of the greater deductions obtained in the Canary Islands for fixed assets investments and the activation of negative tax bases in Inassa and Emissão after the

losses recorded in the fiscal year. In 2018, Triple A de Barranquilla contributed 8.5 million euros in corporate tax expenses.

Net income, therefore, improved by 24.9 million euros compared with 2018 as a result of the foregoing.

As previously stated, Canal de Isabel II’s contribution to profits/losses improved by 24.3 million euros as a result of the greater volume of drinking water



SEGMENTED ECONOMIC INFORMATION (MILLIONS OF EUROS)

	2019			2018		
	Canal de Isabel II	Spanish Subsidiaries	Group Canal Extensia	Canal de Isabel II	Spanish Subsidiaries	Group Canal Extensia
Revenues	887.01	38.06	59.62	854.14	36.99	185.32
EBITDA	350.22	5.93	-0.33	338.82	9.49	36.56
Consolidated result	241.74	-1.79	-13.25	217.41	-2.62	-13.03

invoiced and the improved financial result. On the other hand, following the loss of control of Triple A de Barranquilla, the Canal Extensia Group contributed

losses of 13.3 million euros in 2019 due to less activity following the termination of several service contracts by the Canal Extensia Group and the associated

indemnities, the impairment of the goodwill of Emissão and the updating of provisions for existing contingencies.

Triple A de Barranquilla’s contribution to the 2018 consolidated net result was a loss of 8.4 million euros, after offsetting the conversion differences associated with its deconsolidation (17.7 million euros) with the result of the 8 months of activity (+9.3 million euros).

Net Financial Debt

BUSINESS TURNOVER (MILLIONS OF EUROS)			
	2019	2018	2017
Other net financial debt (millions of Euros)	451.29	452.43	796.13
Net financial debt / EBITDA	1.27	1.18	1.91

Financial debt continued to be reduced in accordance with its maturities in 2019, from 808 million euros in 2018 to 772 million at years end 2019.

It should be noted that 99.7 % of the financial debt corresponds to the parent company’s debt (98.9 % in 2018). In addition to the 500 million-euro Bonds issue, the parent Company’s average debt to financial institutions through the Mirror Debt with Canal de Isabel II during the year was 286 million euros, more than 17 % less than the 346 million in 2018.

No new debt was taken on by the parent Company in 2019, but the total debt was reduced by 29 million

euros, the amount that was due to be repaid in the fiscal year (81 million euros in 2018).

With regard to the **Treasury**, the business’s high cash generation capacity, as well as some delays in the start of investment projects envisaged in the Strategic Plan, enabled it to meet all its commitments during the year, ending the fiscal year with a balance on the balance sheet of 321 million euros, bringing Net Financial Debt to 451 million euros.

To understand its evolution with respect to the previous year, it is necessary to bear in mind that, given that the parent Company’s 2017 annual accounts

were delayed to January 2019, both the final dividend for the 2017 fiscal year and the account dividend for 2018 were distributed in 2019, in addition to the final dividend for 2018 and the interim dividend for 2019. Accordingly, the parent Company distributed dividends in 2019 for a total amount of 306.6 million euros, as the distribution corresponding to two years accumulates. For this reason, net financial debt has only decreased by 1 million euros with respect to the end of 2018, by offsetting the cash generated in the year. The net financial debt/EBITDA ratio is 1.27 at the end of 2019 compared to 1.18 at the end of 2018, made worse by Triple A de Barranquilla’s non-contribution to consolidated EBITDA in 2019.

MAIN INVESTMENTS IN SUBSIDIARIES

Apart from the investments of the parent company (Canal), during 2019, the **main investments** made by subsidiary companies were as follows:

- **Canal Gestión Lanzarote** undertook to carry out extension and improvement investments for a sum of 54.45 million euros, of which, at the end of 2019, a total of 53.95 million euros had been executed, including 7.8 million euros from ongoing projects.

In 2019, Canal Gestión Lanzarote invested 3.5 million euros (5.7 million euros in 2018), including the completion of the Janubio WWTP renovations and the renovation of the north-central network in Arrecife. The renovation of the Lanzarote III SWDP and the new Diaz Rijo drinking water pumping station stand out among current investments.

- In the other subsidiaries the investment volume is not significant, given their size and business model. However, it is important to highlight the projects that **Amagua** has planned for the coming years. It plans to expand the pipeline with Interagua to increase the supply capacity during 2020 and to



develop a project for the future construction of a DWTP in the municipality of Daule to supply the municipalities of Daule and Samborondón.

Tax information

TAX INFORMATION (THOUSANDS OF EUROS)				
	2019	2018	2017	2016
SPAIN				
Profit obtained	239,773.79	222,003.81	262,907.15	236,917.56
Public grants received	5,375.72	578.71	1,318.79	7,936.87
COLOMBIA				
Profit obtained	-10,135.10	-5,431.78	5,903.82	-11,236.49
Public grants received	0	0	0	0
BRAZIL				
Profit obtained	-4,133.38	-1,482.12	-2,345.03	3,119.18
Public grants received	0	0	0	0
DOMINICAN REPUBLIC				
Profit obtained	82.53	-1,564.01	200.15	65.7
Public grants received	0	0	0	0
ECUADOR				
Profit obtained	1,128.62	878.7	866.87	870.45
Public grants received	0	0	0	0

COMPANIES INFORMATION (THOUSANDS OF EUROS)				
	2019	2018	2017	2016
COLOMBIA				
Payments associated to Canal de Isabel II Group	386	533	976	1,154
Final fee Canal de Isabel II Group	N.D.	N.D.	283	377
BRAZIL				
Payments associated to Canal de Isabel II Group	0	554	350	231
Final fee Canal de Isabel II Group	N.D.	N.D.	291	531
DOMINICAN REPUBLIC				
Payments associated to Canal de Isabel II Group	125	149	212	188
Final fee Canal de Isabel II Group	N.D.	N.D.	173	267
ECUADOR				
Payments associated to Canal de Isabel II Group	366	150	154	154
Final fee Canal de Isabel II Group	N.D.	N.D.	397	335

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ABOUT THIS REPORT

This report has been prepared in accordance with the Standards for the preparation of Global Reporting Initiative (GRI) sustainability reports.

This report is intended to reflect the actions and commitments of Canal de Isabel II throughout 2019. Therefore, it combines information mainly from the parent company and part of that provided by Canal de Isabel II Group companies. This integration has been carried out following current international trends in the business world regarding the need for the information provided by companies to the different **stakeholders** with whom they interact to incorporate the **most significant matters**, so that readers can have a real and integrated view of the current performance and future potential of organisations.

The report has been prepared in accordance with the Standards for the preparation of **Global Reporting**

Initiative (GRI) sustainability reports and includes detailed information on most of the contents recommended therein. It is the intention of Canal to continue to prepare annual reports based on this standard during the coming fiscal years, using any new updates proposed by the GRI. The report includes those contents established in the GRI Standards that illustrate the issues that the company has determined for 2019. A detailed list of them and their location can be found in the report at the end of this chapter (and in Appendix 3: GRI Contents Index). This report has been prepared in accordance with the comprehensive option of the GRI Standards.

The contents of this report have also been **independently verified** by Canal de Isabel II's current auditors for 2019 (the auditing firm AUREN), attaching the verification report that includes its scope and the results obtained. The criterion for choosing the verifying company was, both this year and in the previous years, its capacity as auditor of the annual accounts of our parent company, thus appointed by our General Shareholders Meeting.

The document has primarily focused on the activity of Canal de Isabel II in the Autonomous Community of Madrid. However, information on the Canal Group companies and their main figures has also been considered.

This report was built based on the **strategic reflection** process carried out by Canal from June 2016 through 2017 in order to prepare the Strategic Plan 2018-2030 together with the achievement of the Sustainable Development Goals that the Canal has committed to meeting based on the 10 main lines of the Strategic Plan. From the beginning, the Plan has been designed from a participatory process in which the opinions of all our stakeholders have been involved.

The scope of the information included in the report mainly includes Canal and those Canal Group companies in which the parent company holds a majority interest, had personnel and were active in 2019. Also included in the scope of the report are the

programmes and main activities carried out by our foundation in Spain (Fundación Canal).

This report generally presents the information from 2019 with at least two comparative reporting years (2017 and 2018). In relation to the quantitative information from 2017 to 2018, in some cases there have been changes of criteria when interpreting the data, which led to some modifications with respect to the data that were published in previous years.

In general, all indicators were calculated for the Group by aggregating company data without taking into account the percentage of the Group's stake in each one's equity (aggregated data), with the sole exception of consolidated economic data. This was done to ensure the consistency of the data published in the Group's consolidated financial statements. Values in euros were calculated using the average exchange rates applied in the income statement of the Group's consolidated financial statements.

The data contained in the report correspond to the activity between 1 January and 31 December for each of the reporting years. The data were compiled from the Canal Group companies' information systems in January 2020. All this information may be modified in the future due to subsequent events, changes or improvements in the accounting systems of the parameters used to construct the GRI content.



FOR ANY QUESTIONS OR ADDITIONAL INFORMATION RELATED TO THIS REPORT, YOU CAN CONTACT ATENCIÓN_RSC@CANALDEISABELSEGUNDA.ES

Process of materiality and results: *material issues and coverage*

As described in the previous section, the process we have followed to determine the context of **sustainability**, the contents of the report and the coverage of each aspect, took place in parallel with the process of drafting of Canal de Isabel II's Strategic Plan 2018-2030 in 2016 and 2017, which culminated in the first quarter of 2018 with its implementation.

For this process in mid-2016, representatives from the different areas of the company were selected and an internal working committee, the **Advancement Committee**, worked with the **Management Committee** throughout 2017 to define the company's main areas of strategic action, values, mission and actions.

Beforehand, the strategic plans of companies from other countries, particularly England and France, were analysed along with the results of the benchmarking studies in which Canal participates, such as the European Benchmarking Co-operation (EBC) and Aquarating, the standard developed by the International Water Association (IWA).

During the strategic reflection stage, a participatory process was also carried out in order to hear the opinions of different participating agents (customers, employees, stakeholders, suppliers or regulators) and validate all the issues of the Plan that were being developed. In order to do so, we invited everyone to participate in our reflection process creating up to **11 focus groups** in which they expressed their ideas and expectations about Canal and its Group. We also interviewed prominent members of universities, companies, city councils and citizens' associations.











From all these contributions, the main **material issues** for the company were defined, resulting in a set of strategic lines for action that underpin Canal's progress throughout the 2018-2030 period.

All these have been grouped in this report according to their contribution to the different **Sustainable Development Goals (SDGs)**.

Material aspects of management in each performance area

<div>6</div> <div>CLEAN WATER AND SANITATION</div> <div></div>	Guaranteeing access to water	Alternative supply sources	Reuse Plan: the definitive alternative	The fight against fraud	Efficiency in our network	Guaranteeing the quality of water	Controlling water at the source
	Monitoring distributed water	Monitoring waste water and regenerated	Compliance with regulations drinking water	Guaranteeing security and safety of facilities and people	Operational security	Self-protection of buildings and facilities	Data protection with customers and suppliers
	Security of information systems						
<div>13</div> <div>CLIMATE ACTION</div> <div></div>	Our Greenhouse Gas emissions	Atmospheric emissions	How are we mitigating it?	Management systems	Prevention at the source of adverse environmental impacts	Prevention and communication about environmental aspects of our operations	
<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div>	Energy consumption	Generation of clean energy					
<div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div>	Use of reagents	Paper consumption	Water consumption	Wastewater treatment	Waste management	Management of noise and odours	Compliance with environmental legislation
<div>15</div> <div>LIFE ON LAND</div> <div></div>	Presence in protected spaces	Protected species present	Maintenance plant heritage	Ecological flows	Expenditure and investment in environmental management and activities		
<div>14</div> <div>LIFE BELOW WATER</div> <div></div>	Lanzarote						
<div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> <div></div>	Our relations with the municipalities of the Autonomous Community of Madrid	Ensuring sewer management and urban drainage	Committed to our customers	Tariffs and invoicing to customers	Actions to guarantee correct billing to the customer	Customer and user support	Customer communication channels
	Internal coverage		Mixed coverage			External coverage	

Material aspects of management in each performance area

	Suggestions and claims handling	Customer Ombudsman	Customer and user satisfaction	Smart Region Plan			
	Relations with the Public Administrations and management transparency	Other audits of our management	Internal Code of Conduct and Ethics and Compliance Committee	Compliance and Crime Prevention Policies	Compensation & incentives policy	Corporate risk management, audit and internal control	Reporting of Significant Events
	Workforce structure	Our economic performance	Business Turnover	Operating profit	Equity	Financial debt	Investments
	Ensuring health and safety for all						
 	Equal opportunities for all	Trade union representation	Internal communication	Social benefits	Training and development of our employee	Centre for Advanced Studies in Water	Raising awareness among future generations: Canal Educa
	We contribute to the development of R&D&i in our sector	Positioning as an innovative company	Technology at the service of internal and external clients	Remote control and communications: they key to modern water management			
	Getting everyone involved in efficient and responsible water use	Economic resources for society	Value creation for our stakeholders: our “social dividend”	Social commitment	We promote sport	Cooperation in water and sanitation and other social initiatives	
 	Tariff allowances						
	Internal coverage		Mixed coverage			External coverage	

Below, you can see the analysis carried out by Canal, from the set of areas for action, regarding the importance that each one has for the key elements

of its **value chain** (both within and outside of the organisation).

	Company	Ecology	Suppliers	Collection	Treatment	Distribution	Sewerage	Purification	Reuse	Other	Employees	Customers
<div><div>6</div><div>CLEAN WATER AND SANITATION</div><div></div></div>	<div></div>	<div></div>		<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>			
<div><div>13</div><div>CLIMATE ACTION</div><div></div></div>	<div></div>	<div></div>		<div></div>								<div></div>
<div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div><div></div></div>		<div></div>						<div></div>	<div></div>			
<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>												
<div><div>15</div><div>LIFE ON LAND</div><div></div></div>												
<div><div>14</div><div>LIFE BELOW WATER</div><div></div></div>	<div></div>	<div></div>		<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>			

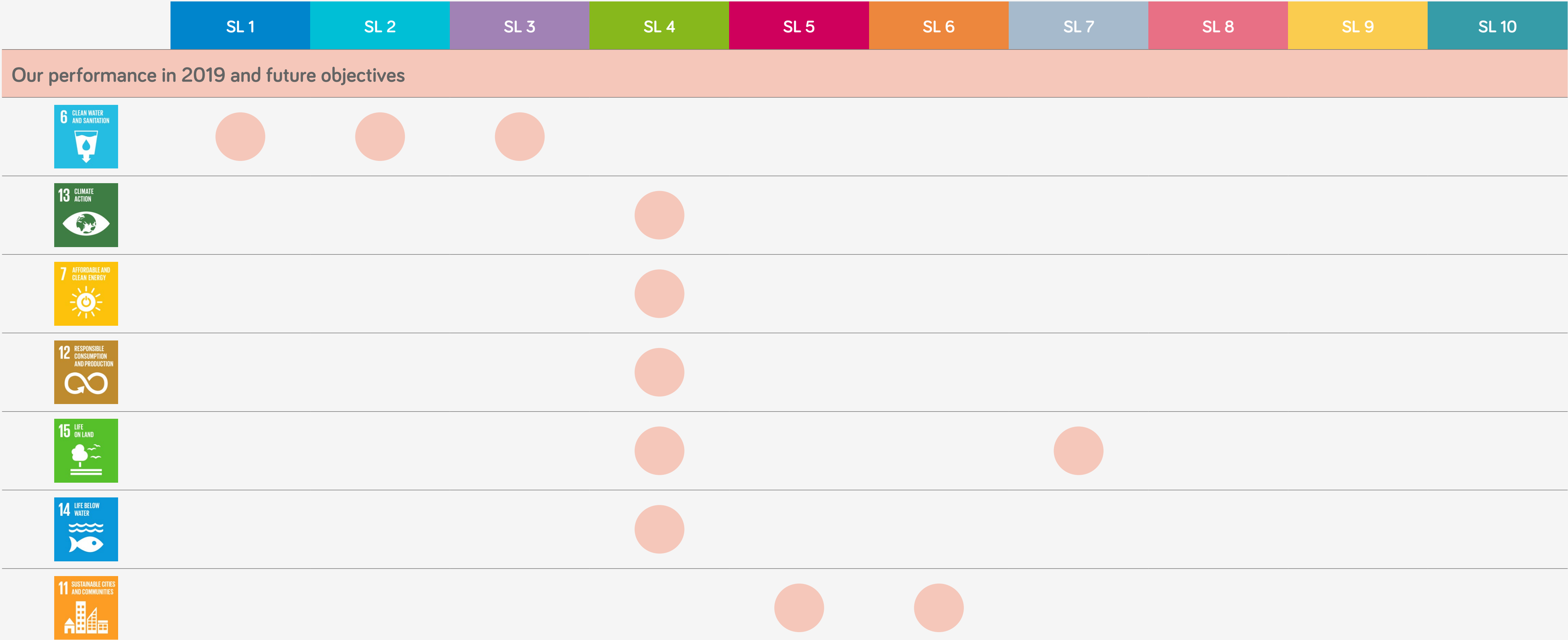
		Company	Ecology	Suppliers	Collection	Treatment	Distribution	Sewerage	Purification	Reuse	Other	Employees	Customers
	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>												
	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>												
	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>												
	<div>3 GOOD HEALTH AND WELL-BEING</div>												
	<div>5 GENDER EQUALITY</div> <div>10 REDUCED INEQUALITIES</div>												
	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>												
	<div>17 PARTNERSHIPS FOR THE GOALS</div>												
	<div>1 NO POVERTY</div> <div>2 ZERO HUNGER</div>												

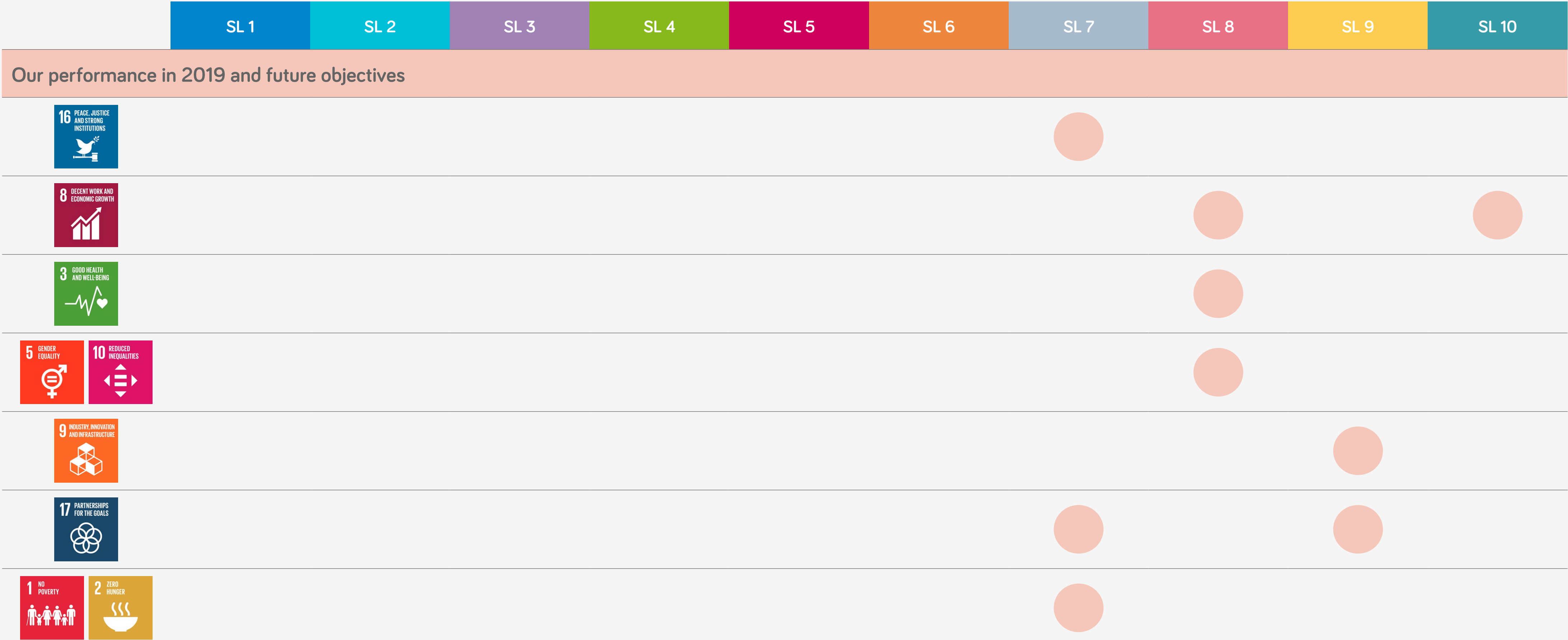
The following table shows the **10 Strategic Lines** established by Canal de Isabel II, indicating which sections of the report deal with the material issues related to the same.

	SL 1	SL 2	SL 3	SL 4	SL 5	SL 6	SL 7	SL 8	SL 9	SL 10
Our Company										
Main figures										
Our activity										
Organisation of the company										
Sustainability, a safe bet										
A strategy 100 % Sustainable										
2019 Results Strategic Plan										
Our stakeholders										



FOR MORE INFORMATION ABOUT THE STRATEGIC PLAN 2018-2030 AND ITS SERVICES, PLEASE [VISIT THIS LINK](#)





	SL 1	SL 2	SL 3	SL 4	SL 5	SL 6	SL 7	SL 8	SL 9	SL 10
The Canal Group										
Activities and geography										
Population served										
Other activities										
Workforce Canal Group										
Economic performance										



Canal de Isabel II, S.A. legal information and consolidated of Canal and its subsidiary companies

The companies appearing in the consolidated financial statements of the organisation may be consulted in the documents relating thereto below (all are available on Canal's website: www.canaldeisabesegunda.es).

- Independent accounts auditing report of Canal de Isabel II.
- Consolidated Annual Accounts, Annual Accounts and Directors' Report for the 2019 fiscal year of Canal de Isabel II.
- Independent accounts auditing report of Canal de Isabel II and subsidiary companies.
- Consolidated Annual Accounts, Annual Accounts and Directors' Report for the 2019 fiscal year of Canal de Isabel II and subsidiary companies.



INFORMATION AVAILABLE [AT THIS LINK](#)

Subsequent events after the close of the 2019 fiscal year – COVID-19

On 11 March 2020, the World Health Organization (WHO) declared the Coronavirus COVID-19 outbreak a pandemic, due to its rapid worldwide spread having affected more than 150 countries. Most governments are taking restrictive measures to contain the spread, including: isolation, confinement, quarantine and restriction of the free movement of people, closure of public and private premises (except essential businesses and health care), closure of borders and drastic reduction of air, sea, rail and land transport.

The Spanish Government adopted Royal Decree 463/2020, of 14 March, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, which would initially last 15 calendar days and which, through the corresponding Royal Decrees following authorisation by the Congress of Deputies, has been extended at least until 26 April.

On 17th March the Council of Ministers approved Royal Decree Law 8/2020 on urgent extraordinary measures to address the economic and social impact of COVID-19, which came into force on 18th March 2020.

The Royal Decree-Law will remain in force for a period of one month from its entry into force, notwithstanding the possibility of extending its duration following an assessment of the situation. Furthermore, on 31 March the Council of Ministers approved Royal Decree Law 11/2020 adopting additional urgent social and economic measures to tackle COVID-19. In this regard, the parent company implemented these measures immediately.

In Colombia, by means of Decree 417-17 of March 2020, the government declared a state of economic, social and ecological emergency throughout the national territory for 30 days, from the entry into force of this decree. On 7 April, the Colombian government announced the extension of the quarantine until 26 April. For this reason, the central government and the control entities have enacted a series of measures to counteract the possible social, economic and labor effects that could be generated.

In Brazil, the president has declared a state of national emergency and issued a emergency plan to mitigate the impacts of the coronavirus pandemic.

On 16 March in Ecuador, the president declared a state of emergency in the national territory in response to the coronavirus pandemic. Most of the resolutions issued for the emergency situation refer to extensions of the time frames for compliance with corporate and tax obligations. Resolutions have also been issued to regulate labour and financial sector relations.

In the Dominican Republic, the government has issued a series of measures to address the national coronavirus emergency, including: declaring a state of emergency for 25 days, monetary, exchange-rate, financial and tax measures.

The companies that make up the Group have set up a COVID-19 Monitoring Committee both in Spain and Latin America, in order to guarantee the continuity of the service they provide in the Autonomous Community of Madrid, in Spain and abroad, and to prevent the spread of the coronavirus, all in line with the measures adopted by the Authorities. It has also implemented a series of measures in different management areas, such as: continuity of service,

commercial, prevention, conciliation, teleworking and the organisation of human, social and leisure resources.

The consequences of COVID-19 are considered to be a subsequent event that does not require an adjustment in the consolidated annual accounts for 2019, although they should be recognised in the consolidated annual accounts for 2020.

Although at the time the Consolidated Annual Accounts are prepared it is not possible to estimate the present and future impact of this crisis on the Group, the consequences to date are as follows:

IN SPAIN

The serious economic and social consequences of the existing emergency make it appropriate to temporarily apply new allowances on the rates applicable to the integrated water cycle services provided by the parent company, in order to try to mitigate the economic impact of COVID-19, both regarding those commercial and industrial activities whose activity was significantly reduced as a result of the measures implemented within the state of alarm framework, and with regard to those users of domestic uses that are affected by an ERTE (temporary furlough).

At the meeting held by its Board of Directors on 31 March 2020, the Parent company agreed to submit a proposal for an Order to the Regional Ministry of the Environment, Territorial Planning and Sustainability approving allowances on the tariffs for conveyance, distribution, sewerage, water treatment and reuse services provided by Canal de Isabel II, S.A, to mitigate the economic impact of COVID-19, for its approval, in accordance with the provisions of article 4.2 of Decree 137/1985, of 20 December, which approves the Regulations on the Economic and Financial Regime of Water Supply and Sanitation in the Autonomous Community of Madrid. On 8 April 2020, ORDER 615/2020 of 6 April was published in the Official Gazette of the Autonomous Community of Madrid of the Regional Ministry of the Environment, Territorial Planning and Sustainability, approving allowances on the rates for adduction, sewerage, treatment and reuse services provided by Canal de Isabel II, S.A. to alleviate the economic impact of COVID-19.

In the most likely scenario it is estimated that the impact on income of the approved allowances could drop to 1.51 % of the parent company's net business turnover.

As a result of the declaration of the state of alarm, and the subsequent impairment of the business activity, the volume of water diverted for consumption has

fallen 9 % compared to similar previous periods. Although part of the variations in consumption could be attributed to the weather factor, the parent company has analysed the economic impact that this 9 % reduction in consumption volume would have on business turnover in the coming months. The impact on business turnover from this drop in consumption would amount to 4.5 million per month. Therefore, estimating that this situation remains unchanged for 3 months, this total impact would amount to 13.6 million euros, equivalent to 1.5 % of the parent company's net business turnover.

Accordingly, considering the effect of the approved discounts and the decreased consumption, the estimated impact on the parent company's annual business turnover could be 3 %.

It should be noted that, until March, the costs incurred by the parent company amounted to 875 thousand of euros, mainly derived from the aid and support to the Madrid healthcare system through supplying water bottles and containers, PPE and other products, the extension teleworking and the communication campaign.

The activity has not been interrupted, nor has any temporary suspension of employment been carried out.

The parent company is paying all financial debts and its suppliers.

The parent company has not been adversely affected by the failure to collect payments from customers.

The parent company is applying the provisions of Royal Decree Law 463/2020, of 14 March, declaring the state of alarm for the management of the health crisis caused by COVID-19, and Royal Decree Law 8/2020, of 17 March, on extraordinary urgent measures to deal with the economic and social impact of COVID-19, to public procurement and the contracts currently being executed.

Compared to the other companies in Spain, Canal Gestión Lanzarote, S.A.U. stands out for the potential operational and business risk resulting from the weight of tourism and commercial activity in the business turnover total. In its estimates, the Canal Gestión Lanzarote Management has assumed the impact of the total closure of businesses and the paralysis of the tourism sector for a period of 4 months, and then a gradual recovery of the same with a lesser impact until the end of the year, maintaining constant income from domestic tariffs associated with first homes, agriculture and institutions. It is important to note that in a typical

year, the weight of income associated with tourism and commercial activity accounts for about half of the total. The decrease in activity is applied to tourist water, with the rest of the different water tariffs remaining constant, and although meter reading has been suspended, it has been substituted by an evaluation system. To date, the subsidiary is paying all financial debts and its suppliers, and is not expected to be adversely affected by the failure to collect from customers.

In Sociedad Ocio y Deporte, the cessation of activity will have a significant impact on the financial statements for the 2020 fiscal year, due to the lack of income caused by the suspension of activity and by the measures established in Article 34. 1 of Royal Decree Law 8/2020, of 17 March, by which it must compensate the companies subcontracted to provide technical management services for sports activities, with the salary expenses that the contractors would have paid to the personnel assigned on 14 March 2020 during the suspension period, as well as the financial expenses of the guarantees provided as a guarantee for the provision of the contracted service. However, the subsidiary has a sufficient financial structure to withstand these events without stressing its cash flow. In this case, as a measure to strengthen solvency, the planned dividend of 200 thousand euros to be paid

to the parent company for 2019 has been cancelled. The subsidiary will not take extraordinary measures for managing its suppliers or workforce.

REGARDING GROUP SUBSIDIARIES WITH REGISTERED OFFICES ABROAD

In the Colombian companies, the collection of technical assistance has been temporarily reduced to the extent that the collections from their subsidiaries are also temporarily reduced. INASSA has implemented immediate measures such as establishing payment extensions for financial obligations from March to the end of June, requesting offsetting balances in the repayment rates of the balance in favour of VAT, and payment and negotiation agreements with suppliers, so that there won't be liquidity complications in the companies. As of the date of preparation of these accounts, INASSA has USD 2.1 million (8.2 billion Colombian pesos) from the intercompany loan granted by Canal Extensa in November 2019.

In Brazil, Emissão, S.A. as a result of delays in the start of contracts already awarded or the suspension of the renewal of existing contracts by the state bodies with which it works, has been forced to reduce its workforce

by 604 workers, dedicated to the operation of these contracts. The company's management has carried out an analysis of its cash flow operational management, based on conservative assumptions, and estimates that it could end the year without a cash deficit. At present, the subsidiary has an available balance of 683 thousand euros from the intercompany granted in November. Furthermore, at the date of preparation of these accounts, the company may have access to funding from credit institutions for possible contingencies.

In Ecuador, the company Amagua CEM anticipates a possible temporary decrease in its collection, derived from the measures of isolation of the population and suspension of collection management activities. Although cash commitments have normally been met, due to the uncertainty for the coming months, the company considers adopting some measures among which refinancing agreements with banks and deferred payment of taxes and suppliers, in order to avoid liquidity tensions, stand out.

In the Dominican Republic, the company AAA Dominicana, S.A. estimates a temporary reduction in collection activities and revenue from April

onwards. Therefore, the company reorganised its activities and closed two customer service offices in vulnerable areas. Likewise, measures are being taken to strengthen the treasury, projecting a 31 % decrease in operating payments, suspension of the Technical Assistance payment and loan to INASSA for the next quarter. The company is negotiating to improve its main contracts and plans to request access to the FASE (Employee Assistance Solidarity Fund) programme from the Government, through which it expects to save some 18.3 million Dominican pesos (307 thousand euros).

According to the estimates made in the various companies that make up the Group, at the date of preparation of these consolidated accounts, and based on the public information available in each of the countries, the impact of COVID-19 is currently expected to be limited, equivalent to approximately 5 % of the Group's annual revenues.

The assessment of the possible future impact on the Consolidated Financial Statements is made according to the information available at the date of preparation of these Consolidated Accounts. It is important to note

that the current scenario is one of great uncertainty, with no unanimous consensus on the possible exit from the current periods of the decreed state of alarm.

In 2020, the Group will assess the impact of the aforementioned events and those that may occur in the future on consolidated assets, the financial situation at 31 December 2020 and on the results of its operations and consolidated cash flows for the fiscal year that ended on the same date.

The background is a deep blue with a close-up photograph of a green leaf covered in water droplets. The droplets are of various sizes and are in sharp focus, reflecting light. On the left side, there is a large, semi-transparent grey circle that partially overlaps the blue background.

APPENDIXES

Appendix 1: Detailed statistics on Canal de Isabel II in the Autonomous Community of Madrid (2016-2019)

MANAGEMENT OF THE INTEGRATED WATER CYCLE

SUPPLY: NATURAL CONTRIBUTIONS OF RIVERS TO RESERVOIRS IN MILLIONS OF CUBIC METRES

Basin	2016	2017	2018	2019
Lozoya	346.81	181.64	364.481	227.49
Jarama	152.17	59.82	198.381	126.68
Guadalix	46.47	25.99	46.7192	14.42
Manzanares	117.05	55.74	116.631	60.48
Guadarrama - Aulencia	39.52	26.71	35.9068	21.17
Alberche	28.44	18.6	23.9138	8.73
Sum of annual contributions	730.46	368.50	786.03	458.969
Percentage vs historical average (755.91)	-3.37 %	-51.25 %	3.98 %	-39.28 %

SUPPLY: DIVERTED WATER FOR THE CONSUMPTION OF RESERVOIRS AND COLLECTIONS IN MILLIONS OF CUBIC METRES

	2016	2017	2018	2019
Canal Reservoirs	436.24	436.54	450.17	443.08
Lozoya Basin	202.22	202.60	194.50	184.37
Pinilla	3.15	3.04	2.54	2.65
El Villar	34.24	36.43	20.20	39.67
El Atazar	164.83	163.13	171.77	142.06
Jarama Basin	74.77	46.95	89.25	81.631
El Vado	74.77	46.95	89.25	81.63
Guadalix Basin	22.62	26.28	18.77	20.74
Pedrezuela	22.62	26.28	18.77	20.74
Manzanares Basin	46.31	54.15	58.79	52.08
Navacerrada	11.02	9.32	10.24	7.82
Santillana	35.29	44.83	48.55	44.26
Guadarrama - Aulencia Basin	88.23	104.11	86.78	101.498
La Jara	14.06	15.14	15.23	10.87
Valmayor	74.17	88.97	71.54	90.62

SUPPLY: DIVERTED WATER FOR THE CONSUMPTION OF RESERVOIRS AND COLLECTIONS IN MILLIONS OF CUBIC METRES

	2016	2017	2018	2019
Alberche (Cofio) Basin	2.08	2.51	2.08	2.77
La Aceña	2.08	2.51	2.08	2.77
Other catchments	55.24	67.70	29.70	57.99
Groundwater	6.60	1.41	1.08	2.91
Pozo de los Ramos weir	8.77	3.83	1.07	14.16
La Parra weir	-	1.39	2.28	0.67
Picadas reservoir	38.50	58.42	22.90	37.91
Impulsion San Juan - Majadahonda	-	-	-	-
Impulsion San Juan - Rozas de Puerto Real	-	-	-	-
Impulsion San Juan - Pelayos de la Presa DWTP	0.43	1.77	1.83	1.65
Los Morales Reservoir	0.93	0.88	0.53	0.69
Tajo River (Tajo DWTP)	-	-	-	-
SUM WATER DIVERTED FOR CONSUMPTION	491.48	504.29	479.87	501.08

TREATMENT AND DISTRIBUTION FIGURES

Adduction	2016	2017	2018	2019
Volume of water treated in DWTPs (hm³)	489.19	500.06	477.60	498.84
Number of drinking water treatment plants (DWTPs)	14	14	14	14
Treatment capacity of drinking water treatment plants (hm³/day)	4.55	4.55	4.55	4.55
Distribution	2016	2017	2018	2019
Number of major pipelines	23	23	23	23
Number of major regulating reservoirs	33	34	34	34
Number of small reservoirs	291	292	292	292
Number of major lifting stations	22	22	22	22
Number of minor lifting stations	109	109	109	109
Length of managed network at end of period (km)	17,434	17,556	17,601	17,651

SEWERAGE NETWORK FIGURES

	2016	2017	2018	2019
Kilometres of sewerage networks managed	14,841	14,956	15,083	15,317
<i>Large collectors and outfalls (km)</i>	823	877	877	876
<i>Municipal sewerage networks (km)</i>	14,018	14,079	14,206	14,441
Number of wastewater pumping stations (WWPS)	133	133	133	133
Number of buffering basins and storm tanks managed	65	65	65	65
Capacity of storm tanks managed (hm ³)	1.48	1.48	1.48	1.48

WASTEWATER TREATMENT FIGURES

	2016	2017	2018	2019
Number of WWTPs managed	157	157	157	157
Water purified in WWTPs (hm ³ per year) discharged in surface water	485.1	442.73	489.24	444.25
Water purified and regenerated in WWTPs for reuse (hm ³ yearly)	12.41	15.89	12.10	15.88
SUM WATER PURIFIED IN WWTPs (hm ³ per year)	497.51	458.62	501.34	460.13
Treatment capacity (million inhab. equivalents)	17.57	17.64	17.14	16.679
Design flow rate (hm ³ daily)	3.23	3.21	2.90	2.39
Percentage of treated volume by plant type				
Plants based on soft technologies	0.43 %	0.13 %	0.19 %	0.19 %
Plants with primary and secondary treatments	55.95 %	51.33 %	52.82 %	52.82 %
Plants with primary, secondary and tertiary treatments	43.62 %	48.54 %	46.99 %	46.99 %

REGENERATED WASTEWATER REUSE FIGURES

	2016	2017	2018	2019
Number of regenerated water plants in service	23	25	30	31
Production capacity of plants (m³ per day)	308,126	313,140	318,806	318,806
Length of in-service reuse network (km)	511.93	589.32	615.26	650.90
Number of in-service reuse tanks	63	63	63	64
Volume of regenerated water produced (hm³ per year)	12.41	15.89	12.10	15.88
Total irrigated surface area (ha)	2,374.05	2,698.73	2,698.05	2,857.33
Number of municipalities with reuse infrastructures	22	23	23	23
Number of irrigated municipal green spaces	218	307	308	323

EFFICIENT RESOURCE MANAGEMENT FIGURES

FIGURES IN THE FIGHT AGAINST WATER FRAUD

	2016	2017	2018	2019
Number of reports received on potentially fraudulent events	6,490	7,604	6,869	8,889
Number of irregularities taken before the courts	80	51	34	35
Amount of water subject to lawsuits (m³)	418,262	477,990	311,854	300,193
Water exposed by fraudulent actions (m³)			3,349,201	4,350,405
Estimated amount of water from disconnections (m³)	5,584,013	3,967,167	712,709	752,359
Total m³ of water accounted for in complaints/convictions	6,002,275	4,445,156	4,373,764	5,402,957
Revenue from judicial settlements (euros)	311,943	136,670	63,772	130,027
Revenue from water consumed but not paid			279,689	666,549
Total revenue from actions against fraud (euros)	324,843	136,670	343,461	796,576
Economic valuation of fraud claimed in court (euros)	609,794	586,454	623,133	365,275
Procurement done by the anti-fraud area	341	313	291	326
Number of single connection disconnections	935	809	719	759

SUPPLY NETWORK FAULT STATISTICS										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Network length (in km at 31 December)	15,512	15,861	17,087	17,160	17,346	17,366	17,434	17,556	17,601	17,651
Number of network breakages per year	3,094	2,861	2,549	2,363	2,487	2,384	1,985	1,950	1,945	1,916
Breakage rate per km	0.2	0.18	0.15	0.14	0.14	0.14	0.11	0.11	0.11	0.11
Number of connections (at 31 December)	634,226	634,600	644,099	647,981	680,137	685,286	688,789	692,332	696,840	700,667
Number of breakages in connections per year	8,733	7,792	7,671	6,836	6,102	6,493	5,126	5,397	5,011	5,010
Breakage rate per 100 connections	1.38	1.23	1.19	1.05	0.9	0.95	0.74	0.78	0.72	0.72

DATA ON LOSSES AND SELF-CONSUMPTION BY HYDROLOGICAL YEARS				
Hydrological Years	2015/2016	2016/2017	2017/2018	2018/2019
Water diverted for consumption (millions of cubic metres)	489.01	498.83	485.59	500.84
Estimation of the real losses in adduction and distribution (% of water diverted for consumption)	3.45	3.27	3.26	2.70
Hidden distribution network losses (% of water diverted for consumption)	1.98	2.53	2.07	1.49
Canal self-consumption (% of water diverted for consumption)	1.02	0.92	0.74	0.99
Self-consumption (in millions of cubic metres)	5.022	4.569	3.597	4.936

WATER QUALITY FIGURES

ANNUAL SUMMARY OF THE TYPES OF CHECKS PERFORMED (NUMBER)				
Types of checks performed	2016	2017	2018	2019
Water at source/raw and before distribution	28,947	30,872	32,951	34,314
Distribution network	21,301	20,716	20,402	19,817
Automatic surveillance	1,636,067	1,946,138	2,165,239	3,039,996
Purified water	6,519	6,576	11,110	9,765
Regenerated water	7,265	9,315	9,993	9,703
Sewerage studies	536	342	261	312
Discharges	100	105	108	162
Inspections by official bodies	694	872	810	754
Viruses	90	86	92	86
WWTP sludge	83	149	2,270	2,612
Other	738	874	226	150
SUM OF CHECKS PERFORMED FOR CANAL	1,702,340	2,016,045	2,243,462	3,118,736
Performed for other agencies or delegations	715	739	721	618
SUM OF CHECKS PERFORMED FOR CANAL AND THIRD PARTIES	1,703,055	2,016,784	2,244,183	3,119,354

ANNUAL SUMMARY OF SAMPLES ANALYSED (NUMBER)				
Type of analysis	2016	2017	2018	2019
Water at source/raw and before distribution	476,719	483,958	533,511	572,274
Distribution network	370,485	358,463	362,608	371,490
Automatic surveillance	10,981,881	12,105,354	13,965,135	19,082,358
Purified water	59,902	63,304	78,888	74,071
Regenerated water	34,066	48,538	51,362	49,311
Sewerage studies	8,494	5,498	4,986	6,441
Discharges	1,399	1,554	1,943	2,897
Inspections by official bodies	4,064	5,027	4,996	4,890
Viruses	180	172	184	172
WWTP sludge	1,086	1,680	11,077	10,188
Other	7,759	10,315	2,382	2,327
SUM OF CHECKS PERFORMED FOR CANAL	11,946,035	13,083,863	15,017,072	20,186,150
Performed for other agencies or delegations	16,165	16,388	14,860	14,662
SUM OF CHECKS PERFORMED FOR CANAL AND THIRD PARTIES	11,962,200	13,100,251	15,031,932	20,200,812

EFFICIENT SANITATION FIGURES

MANAGEMENT OF SEWERAGE AND URBAN DRAINAGE NETWORKS*

Cleaning and Inspection	2016	2017	2018
Cleaning of scuppers (number)	592,009	524,051	575,825
Network subjected to preventive cleaning (%)	58.97	56.26	82.363
Pipe network cleaning (kilometres)	3,213	3,420	3,332
Network length inspected (kilometres)	5,448	6,078	4,046
Pipe network inspection (kilometres)	3,177	2,931	3,462
Network inspection by probe (kilometres)	1,740	2,616	0
Visitable network inspection (kilometres)	531	531	584

(*) 2019 data are not available.

MANAGEMENT OF SEWERAGE AND URBAN DRAINAGE NETWORKS*			
Renovation of sanitation networks (kilometres)	2016	2017	2018
Renovation by technology without opening trenches	2.39	6.70	7.25
Restoration through continuous hose	1.99	6.48	7.17
Other	0.41	0.22	0.09
Visitable gallery	2.83	5.13	1.98
Restoration of visitable gallery	0.27	0.65	0.18
Construction of visitable gallery	2.56	4.48	1.80
Renovation of network by trenches	11.05	15.85	18.83
Concrete	0.71	0.44	0.63
PVC	9.11	13.05	17.04
Stoneware	-	-	-
Glass-fibre reinforced plastic	1.19	2.32	1.16
Other materials	0.04	0.04	-
SUM OF RENOVATED KILOMETRES	16.27	27.68	28.06

(*) 2019 data are not available.

PURIFICATION OF WASTE WATER

BASIC TECHNICAL INFORMATION				
	2016	2017	2018	2019
Number of WWTPs in service managed by the company	157	157	157	157
Number of plants based on soft technologies (lagoons, green filters, biodiscs...)	11	7	7	7
Total volume of treated water and discharged to surface water	474.86	442.73	489.24	444.25
Treated volume versus volume diverted for consumption (%)	96.62 %	87.95 %	101.95 %	88.66 %
Regenerated water for reuse versus volume diverted for consumption (%)	2.52 %	3.15 %	2.52 %	3.17 %
Percentage of purified wastewater discharged to river channels (%)	ND	24.25 %	23.02 %	23.81 %
Treatment capacity (million inhab. equivalents)	17.57	17.64	17.14	16,678.61
Design flow rate (hm ³ daily)	3.23	3.21	2.97	2.39
Percentage of purified wastewater discharged to river channels	97.50 %	96.54 %	97.59 %	96.56
Percentage of regenerated treated wastewater for reuse	2.50 %	3.46 %	2.41 %	3.44 %

CONTAMINATION ELIMINATED AND PURIFICATION YIELD				
	2016	2017	2018	2019
Inflow water volume at WWTPs (hm ³)	541.161	458.22	562.74	493.25
Inflow BOD ₅ (tonnes)	163,972	148,856	169,947	149,948
Inflow COD (tonnes)	312,791	294,497	327,514	311,240
Inflow nitrogen (tonnes)	31,409	28,646	34,631	32,362
Inflow phosphorus (tonnes)	4,042	3,813	4,485	4,232
Inflow water suspended solids (mg/l)	265	294	274	290
Average quality of treated water				
Outflow water volume (hm ³) discharged to surface water	474.86	443.54	489.113	444.95
Outflow DBO ₅ (tonnes)	4,385	3,992	4,402	3,560
Outflow COD (tonnes)	20,465	19,959	20,054	18,243
Outflow nitrogen (tonnes)	12,099	11,381	11,651	11,070
Phosphorus (tonnes)	351	328	342	329
Outflow water suspended solids (mg/l)	11	11	10	10

CONTAMINATION ELIMINATED AND PURIFICATION YIELD				
	2016	2017	2018	2019
Pollutant load removed				
DBO ₅ of pollutant load removed (tonnes)	159,586	144,864	165,545	146,388
Suspended solids (tonnes)	138,047	130,194	149,299	138,593
Degree of purification (%)	97.33 %	97.32 %	97.41 %	97.63 %
Purification yield (%)				
DBO ₅	97.33 %	97.32 %	97.41 %	97.63 %
Suspended solids	95.85 %	96.26 %	96.35 %	96.55 %
COD	92.73 %	92.98 %	92.96 %	93.50 %
Phosphorus	91.32 %	91.39 %	92.37 %	92.22 %
Nitrogen	61.48 %	60.27 %	66.36 %	65.79 %

ENVIRONMENTAL MANAGEMENT FIGURES

STATISTICS ON QUALITY, ENVIRONMENTAL AND OSH MANAGEMENT SYSTEMS

Structure of quality, environmental and OSH documents management	2016	2017	2018	2019
No. of documents in effect	597	598	570	542
No. of amended documents	101	106	69	123
Results of internal audits performed				
Divisions	1	0	0	0
Departments	14	6	7	13
Areas	31	17	15	25
SUM	46	23	22	38

ENVIRONMENTAL MANAGEMENT FIGURES

STATISTICS ON QUALITY, ENVIRONMENTAL AND OSH MANAGEMENT SYSTEMS

Structure of quality, environmental and OSH documents management	2016	2017	2018	2019
Type of facilities audited in internal audits				
Well field	0	0	0	2
Dams	0	0	2	0
Drinking water lifting station	0	0	4	2
Drinking Water Treatment Plant	3	9	5	6
Wastewater treatment plant	6	9	5	7
Laboratory	2	0	2	2
Offices	2	0	0	0
Other	8	0	7	11
SUM	21	18	25	30
Results of internal audits performed				
Deviations	15	2	3	9
Observations	54	26	56	45
Opportunities for improvement	86	33	50	83

ENVIRONMENTAL MANAGEMENT FIGURES

FINANCIAL RESOURCES ASSIGNED TO VOLUNTARY ENVIRONMENTAL ACTIVITIES (IN EUROS)

NET EXPENSES (excluding income from energy sales and reuse tariff)	2016	2017	2018	2019
Thermal WWTP sludge drying	1,365,002	787,189	4,249,473	11,878,064
Recycling/reuse	770,992	809,156	511,101	-1,059,014
Maintenance of green areas and reforestation	1,882,552	1,728,699	2,347,767	2,298,409
Spending on environmental education programmes*	229,441	179,916	208,550	200,749
Use of third-party treatments in WWTP for discharge to surface bodies	-	1,239,734	1,300,000	1,220,974
Other voluntary environmental expenses	181,088	181,590	226,618	72,569
SUM	4,429,076	4,926,283	8,843,510	14,611,751

(*) The expenditure for environmental education (Canal Educa) is a part of the company's contribution to its foundation.

INVESTMENTS	2016	2017	2018	2019
Recycling/reuse	12,248,897	9,719,932	5,971,006	2,396,446

TOTAL ENVIRONMENTAL EXPENDITURE AND INVESTMENTS (IN EUROS)				
Expenses	2016	2017	2018	2019
Purification of waste water	141,727,562	143,762,489	149,141,799	156,645,071
Sewerage system	66,178,651	67,185,287	68,033,751	71,362,121
Recycling/reuse	6,753,453	7,202,380	7,841,878	8,381,471
Others (green areas, waste management)	2,151,145	1,863,708	2,355,981	2,304,614
SUM	216,810,811	220,013,864	227,373,409	238,693,277
Investments	2016	2017	2018	2019
Purification of waste water	13,581,372	13,559,330	11,442,133	8,252,705
Sewerage system	952,599	1,327,169	867,542	1,034,746
Recycling/reuse	12,248,897	9,719,932	5,971,006	2,396,446
Renewable energy generation facilities	3,469,130	2,187,392	164,679	447,967
SUM	30,251,998	26,793,823	18,445,360	12,131,864

CONSUMPTION OF REAGENTS IN DWTPS AND WWTPS (TONNES PER YEAR)					
Consumption of reagents in DWTPs		2016	2017	2018	2019
Chlorine		2,055	1,868	1,979	1,865
Alumina sulphate		13,945	16,827	12,377	13,011
Calcium hydroxide		2,375	2,981	3,540	3,428
Polychlorinated alumina		1,342	1,084	1,384	1,753
Activated carbon dust		161	81	98	64
Sodium hypochlorite		2,453	3,081	1,945	2,230
Other reagents (10 types)		5,038	5,805	5,029	5,353
Total reagents consumed in DWTPs		27,369	31,727	26,352	27,704
Consumption of reagents in WWTPs		2016	2017	2018	2019
Ferrous chloride		36,801	35,899	32,457	32,425
Polyelectrolyte		996	1,050	1,045	1,151
Limestone		171	175	0	0
Total reagents consumed in WWTPs		37,967	37,124	33,502	33,576
SUM OF REAGENTS		68,486	64,493	59,855	61,280

PAPER CONSUMPTION STATISTICS (KG/YEAR)				
Paper consumption in administrative and management activities	2016	2017	2018	2019
Plain paper	9,670	9,127	9,093	8,731
Recycled paper	17,317	16,586	13,894	13,238
Total consumption	26,986	25,712	22,987	21,969
Paper consumption in commercial activities	2016	2017	2018	2019
Envelopes	213	291	327	148
Plain paper	1,973	5,538	2,773	3,170
Recycled paper	2,953	1,922	1,425	1,150
Total consumption	5,139	7,751	4,525	4,468
SUM OF PAPER CONSUMPTION	32,126	33,463	27,152	27,438

ENERGY CONSUMPTION				
Power consumption in kWh per year	2016	2017	2018	2019
Electricity consumption purchased from the network	299,605,401	365,004,117	329,330,642	341,533,342
Consumption of hydroelectric power generated by Hidráulica Santillana	18,978,168	18,455,988	20,572,311	18,858,631
Consumption of electric power generated from WWTP biogas	90,281,621	93,325,383	96,262,018	99,252,645
Self-consumption of electrical energy in Loeches sludge treatment	9,152,761	9,709,979	12,315,597	10,552,054
Self-consumption of electric power from supply network microturbines, WWTP waterfalls and photovoltaic solar installations	1,279,606	602,191	637,932	368,837
SUM ELECTRICITY CONSUMPTION	419,297,557	487,097,658	459,118,500	470,565,509
Fuel consumption	2016	2017	2018	2019
Natural gas in thermal drying of sludge from Loeches and WWTP South (kWh GCV/year)	180,862,708	198,893,397	337,517,562	529,376,168
Natural gas in building boilers/furnaces (in m³/year)	121,536	127,000	95,500	75,023
Diesel fuel in building boilers/furnaces (in litres/year)	123,155	135,000	144,000	108,389
Diesel fuel in vehicles and machinery (in litres/year)	669,436	647,299	625,710	588,672
Petrol in vehicles (in litres/year)	22,638	22,032	48,731	78,156
Diesel fuel in processes (in litres/year)	42,820	18,825	21,876	17,833
WWTP Bio gas (m³)	15,744,763	16,167,352	17,011,369	54,470,229

SUMMARY OF CONSUMPTION BY ORIGIN IN GJ				
Origin	2016	2017	2018	2019
Network consumption	1,078,579	1,314,015	1,185,590	1,229,520
Hidráulica Santillana consumption (only Canal Spain)	68,321	66,442	74,060	67,891
Network microturbines	4,607	2,168	2,297	1,328
Total electric power consumption	1,151,507	1,382,624	1,261,947	1,298,739
Diesel fuel consumption in company vehicles and machinery	24,148	23,350	22,571	21,235
Gasoline consumption in vehicles	758	738	1,632	2,617
Natural gas in building furnaces	4,741	4,954	3,529	2,772
Diesel fuel in building boilers/furnaces	4,803	5,265	5,616	4,227
Diesel consumption in processes	1,670	734	853	695
Natural gas thermal drying UTL Loeches and WWTP South sludge	603,030	663,148	1,065,921	1,671,833
WWTP Bio gas (m³)	597,986	614,036	646,092	2,068,779
Total fossil fuel consumption	1,237,136	1,312,224	1,746,213	3,772,159
TOTAL ENERGY CONSUMPTION	2,388,644	2,694,849	3,008,160	5,070,898

SPECIFIC ELECTRIC POWER CONSUMPTION				
	2016	2017	2018	2019
Specific electric power consumption in supply (in kWh/m ³ of water derived for consumption)	0.253	0.370	0.313	0.291
Specific electric power consumption in sanitation and reuse (in kWh/m ³ of purified and regenerated water)*	0.542	0.618	0.585	0.625
Total specific electric power consumption (in kWh/m ³ of water managed)**	0.419	0.503	0.468	0.489

* Includes sewerage, purification, reuse and WWTP sludge management.

** Managed water = water diverted for consumption + water treated in WWTPs + regenerated water.

INTERNAL WATER CONSUMPTION (IN CUBIC METRES PER YEAR)				
Sources of internal water consumption	2016	2017	2018	2019
Network flushing	2,183,697	1,626,137	1,064,469	1,221,221
Canal de Isabel II facilities	1,969,999	2,289,275	2,189,230	2,916,927
Commissioning of existing facilities	454,244	74,092	2,039	0
Commissioning of new facilities	198,622	77,509	4,021	0
Cleaning of reservoirs	80,058	151,217	184,322	650,200
Cleaning of new regulating infrastructures	45,855	0	6,098	18,946
Water consumed in treatment processes	41,756	250,645	120,122	92,426
Cleaning of new network renovation pipes	35,653	12,366	26,993	26,911
Pipe recessing	7,601	84,661	0	0
PCT pipe cleaning	4,180	2,833	0	9,705
SUM OF INTERNAL CONSUMPTION AT CANAL	5,021,665	4,568,735	3,597,294	4,936,336

EMISSIONS INTO THE ATMOSPHERE					
		2016	2017	2018	2019
Direct emissions from existing combustion plants					
Sludge heating boilers, UTL Loeches cogeneration and torches and diesel boilers for buildings	CO ₂ (t/year)	65,927	70,271	97,322	201,763
	CH4 (t/year)	1.77	1.88	3.64	47.96
	N2O (t/year)	3.01	3.18	2.56	4.06
	NOx (t/year)	166.24	178.84	170.17	374.19
	SO2 (t/year)	3.00	3.16	3.20	4.41
	CO (t/year)	21.45	22.94	30.23	282.23
	COVNM (t/year)	0.08	0.07	0.07	0.04
Direct emissions from sludge composting processes					
Composting of WWTP sludge	CH4 (t/year)	75.71	54.18	66.45	59.96
	N2O (t/year)	5.68	4.06	4.98	4.50
Direct emissions from mobile sources (Diesel, petrol for vehicles and processes)					
Exhaust fumes from vehicles and machinery	CO ₂ (t/year)	1,803.75	1,744.44	1,751.47	1,724.60
	CH4 (t/year)	0.08	0.07	0.10	0.12
	N2O (t/year)	0.00	0.00	0.00	0.00
	NOx (t/year)	9.45	9.14	9.05	8.78
	SO2 (t/year)	0.06	0.06	0.06	0.05
	CO (t/year)	5.97	5.78	7.15	8.56
	COVNM (t/year)	1.10	1.07	1.31	1.55

WASTE MANAGEMENT STATISTICS				
Waste production centres and waste gathering points	2016	2017	2018	2019
No. of waste production centres (hazardous or non-hazardous)	343	347	350	352
No. of centres declared and approved as producers of hazardous waste	184	186	186	186
No. of waste gathering points	17	18	18	18
No. of affiliated facilities (facilities without personnel)	413	443	443	443

NON-HAZARDOUS WASTE GENERATED (KG/YEAR)				
Type of waste	2016	2017	2018	2019
Printer toner waste	1,068	1,641	1,596	1,425
Construction and demolition waste (debris)	465,350	337,840	377,160	289,010
Paper and cardboard	75,656	82,184	79,132	78,418
Glass	760	1,420	1,220	4,560
Wood not containing hazardous substances	53,470	59,790	70,040	95,480
Plastics and rubber	45,922	73,940	114,680	101,140
Metals	177,156	143,170	201,740	216,940
Pruning waste from parks and gardens	405,155	344,320	493,637	476,760
Biodegradable kitchen waste, oils and fats	80	120	120	127
Disposable electrical and electronic equipment	7,044	4,270	9,580	8,350
Mixed urban waste (includes USW)	106,682	83,113	66,204	54,263
Drinking water filtration sand	514,610	258,900	72,228	165,760
Aqueous liquid waste	35,800	598,920	11,540	10,980
WWTP and WWPS pre-treatment waste	30,197,609	28,433,180	34,034,399	30,302,910
Other non-hazardous waste	12,858	14,018	96,045	357,950
SUM	32,099,220	30,436,826	35,629,321	32,164,073

HAZARDOUS AND BIO-SANITARY WASTE (KG/YEAR)				
Type of hazardous waste	2016	2017	2018	2019
Acids, bases and salts from water treatment	30,676	14,727	14,345	34,764
Halogenated and non-halogenated solvents	1,903	1,707	2,022	1,376
Water treatment equipment and installation maintenance waste	6,763	6,765	16,243	17,758
Motor oil and lubricant waste	81,448	54,796	73,888	153,897
Containers containing/having contained waste of hazardous substances	51,984	33,897	32,495	43,127
Disposable electrical and electronic equipment	1,260	69	452	3,009
Expired laboratory liquid/reagent waste water analysis	86,272	106,659	91,490	101,397
Batteries and accumulators containing hazardous substances	7,801	1,488	4,159	2,175
Biosanitary waste	978	622	714	1,083
Fluorescent tubes and other mercury-containing waste	1,798	1,011	1,173	3,804
Miscellaneous waste gathered	3,969	4,243	1,501	1,354
SUM HAZARDOUS WASTE	274,851	225,983	238,482	363,742

MANAGEMENT OF MUD FROM DWTPS AND SLUDGE FROM WWTPS (TONNES/YEAR)				
Sludge generated in WWTPS*	2016	2017	2018	2019
Sludge produced	186,839	188,445	218,774	425,576
Dry matter	43,305	41,837	52,052	96,440
<i>*Sludge generated in sanitation facilities belonging to the Madrid City Council is included only from October 2018 to December 2019. The drying of the sludge generated in these facilities fell outside the scope of the Management Commission of the City Council of Madrid.</i>				
Mud generated in DWTPS	2016	2017	2018	2019
Mud generated	26,636	30,792	24,553	30,092
Dry matter	4,663	4,599	3,665	4,514

DESTINATION IN % OF SLUDGE GENERATED IN WWTPS				
Destination	2016	2017	2018	2019
Landfill/dumpsite	0.46 %	0.00 %	0.00 %	0.00 %
Ceramic recovery	1.46 %	0.00 %	0.00 %	0.04 %
Agricultural use	67.42 %	67.45 %	52.99 %	66.63 %
Composting	10.13 %	7.48 %	7.59 %	3.52 %
Thermal drying	20.53 %	25.07 %	39.42 %	29.84 %
DESTINATION IN % OF MUD GENERATED IN DWTPS				
Destination	2016	2017	2018	2019
Landfill/dumpsite	6.28 %	0.00 %	0.00 %	0.00 %
Agricultural use after treatment	93.72 %	100.00 %	100.00 %	100.00 %
NOISE CONTROLS				
Results of the noise level control programme	2016	2017	2018	2019
No. of controlled facilities	234	211	268	207
Rate of compliance	97.93 %	98.93 %	99.63 %	97.70 %

GREENHOUSE GAS EMISSIONS (IN TONNES OF CO ₂ EQUIVALENT)				
Emission sources		2017	2018	2019
Direct emissions within the organisational limit (scope 1)	Purification of water treated via aerobic pathways	6,198	6,275	6,350
	Fugitive and and fuel emissions from the WWTP and bio-gas line	1,509	1,527	1,358
	WWTP sludge composting	557	752	646
	Natural gas consumption in UTL Loeches cogeneration	41,152	50,447	40,239
	Natural gas consumption in Secado Sur	-	18,831	67,728
	Natural gas consumption in building furnaces	279	227	177
	Diesel C consumption in furnaces and generators	443	477	363
	Fuel consumption in mobile sources and machinery	1,710	1,715	1,686
	Climate control/cooling systems	236	176	213
Indirect emissions associated with electricity consumption (scope 2)	Electricity used	126,221	-	-

GREENHOUSE GAS EMISSIONS (IN TONNES OF CO ₂ EQUIVALENT)				
Emission sources		2017	2018	2019
Indirect emissions from supplies, services and other activities (scope 3)	Emissions from employee commutes to their workplace	2,761	2,970	3,183
	Transport of desanding waste in WWTP and DWTP	134	159	142
	WWTP and DWTP sludge transport	312	283	530
	Agricultural use of WWTP and DWTP sludge by third parties	10,479	9,486	24,732
	Consumption of reagents used in supply and sanitation	46,282	42,655	51,589
	Tap water consumption	735	703	1,585
	Paper consumption	226	218	204
SUM SCOPE 1		52,085	80,427	118,761
SUM SCOPE 2		126,221	0	0
SUM SCOPE 3		60,929	56,473	81,965
TOTAL GHG EMISSIONS		239,235	136,900	200,726
Water managed (m ³)		966,027,254	981,504,761	961,903,756
Emissions in kg of CO ₂ eq. per m ³		0.248	0.139	0.209

STATISTICS ON THE PRODUCTION AND DESTINATION OF ELECTRICITY (GWH YEARLY)									
Generated electric power				Self-consumed by Canal			Transferred to the grid		
Generation sources	2017	2018	2019	2017	2018	2019	2017	2018	2019
Hydroelectric (Hidráulica Santillana)	69.14	89.04	80.53	20.01	20.57	18.86	49.13	66.65	60.14
Cogeneration (UTL Loeches and WWTP South dryer)	79.63	126.28	183.81	9.71	12.32	99.25	69.92	113.96	173.26
WWTP biogas	93.33	96.26	99.25	93.33	96.26	99.25	-	-	-
Supply microturbines	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-
WWTP microturbines	0.58	0.61	0.35	0.58	0.61	0.35	-	-	-
WWTP photovoltaic	0.03	0.03	0.02	0.03	0.03	0.02	-	-	-
SUM	242.70	312.22	363.96	123.65	129.79	217.73	119.05	180.62	233.40

CANAL DE ISABEL II POWER GENERATION FACILITIES			
Company	Facility	Installed Power (kW)	2018 Production (MWh)
Hidráulica Santillana	PINILLA hydroelectric power plant	2,320	4,693
	RIOSEQUILLO hydroelectric power plant	7,200	10,164
	PUENTES VIEJAS hydroelectric power plant	7,200	15,543
	EL VILLAR hydroelectric power plant	5,680	10,012
	EL ATAZAR hydroelectric power plant	8,640	29,360
	TORRELAGUNA hydroelectric power plant	1,700	5,954
	PEDREZUELA hydroelectric power plant	800	1,234
	NAVALLAR hydroelectric power plant	1,310	3,566
	VALMAYOR hydroelectric power plant	672	-
	TOTAL HYDROELECTRIC POWER PLANTS	35,522	80,525

CANAL DE ISABEL II POWER GENERATION FACILITIES			
Company	Facility	Installed Power (kW)	2018 Production (MWh)
Canal de Isabel II	Cogeneration UTL Loeches - Motor 1	6,633	10,412
	Cogeneration UTL Loeches - Motor 2	6,633	34,165
	Cogeneration UTL Loeches - Motor 3	6,633	34,413
	TOTAL COGENERATION UTL LOECHES	19,900	78,990
Canal de Isabel II (facilities owned by City Council of Madrid)	Cogeneration thermal sludge drying WWTP South	24,800	104,822
TOTAL COGENERATION THERMAL SLUDGE DRYING WWTP		44,700	183,812
Canal de Isabel II (facilities owned by City Council of Madrid)	Viveros de la Villa WWTP biogas motors	1,716	7,571
	La China WWTP biogas motors	2,906	12,963
	La Gavia WWTP biogas motors and turbine	2,019	6,965
	Butarque WWTP biogas motors	2,896	13,970
	Sur WWTP biogas motors and turbines	7,103	25,329
	Sur Oriental WWTP biogas motors	616	1,656
	Valdebebas WWTP biogas motors	690	2,984
	Las Rejas WWTP biogas motors	1,328	6,339
	SUM CITY COUNCIL OF MADRID WWTP MOTORS	19,274	77,777

CANAL DE ISABEL II POWER GENERATION FACILITIES			
Company	Facility	Installed Power (kW)	2018 Production (MWh)
Canal de Isabel II (in own facilities)	Arroyo Culebro Cuenca Media Alta WWTP biogas motor	1,320	6,007
	Arroyo Culebro Cuenca Baja WWTP biogas motors	2,856	5,945
	Arroyo del Soto WWTP biogas motors	1,080	3,723
	Alcalá Oeste WWTP biogas motors	808	2,793
	Torrejón de Ardoz WWTP biogas motors	404	2,395
	Soto Gutiérrez WWTP biogas turbine	65	371
	Arroyo Quiñones WWTP biogas turbines	130	117
	Boadilla WWTP biogas turbine	65	124
	SUM CANAL DE ISABEL II WWTP MOTORS	6,728	21,476
TOTAL MOTORS IN WWTPs		26,002	99,253

CANAL DE ISABEL II POWER GENERATION FACILITIES			
Company	Facility	Installed Power (kW)	2018 Production (MWh)
Canal de Isabel II	Microturbine 1 Majadahonda	100	-
	Microturbine 2 Majadahonda	110	-
	Microturbine 3 Majadahonda	110	-
	Griñón WWTP microturbine	100	-
	La Jarosa Reservoir microturbine	90	-
	Navacerrada 1 Reservoir microturbines	55	-
	Navacerrada 2 Reservoir microturbines	55	-
	Riosequillo Reservoir microturbine	150	-
	Plaza de Castilla microturbine	60	-
	SUM SUPPLY MICROTURBINES	830	-
	Sur WWTP microturbine 1	90	176
	Sur WWTP microturbine 2	90	176
	La Gavia WWTP microturbine	75	-
	SUM PURIFICATION MICROTURBINES	255	353
	TOTAL MICROTURBINES	1,085	353

CANAL DE ISABEL II POWER GENERATION FACILITIES			
Company	Facility	Installed Power (kW)	2018 Production (MWh)
Canal de Isabel II	La Estación WWTP photovoltaic solar	110	2
	Valdemaqueda WWTP photovoltaic solar	220	14
	TOTAL PHOTOVOLTAIC	330	16
TOTAL Canal de Isabel II + Hidráulica Santillana		107,639	363,959

CANAL DE ISABEL II RESERVOIRS INCLUDED IN THE REGIONAL CATALOGUE OF RESERVOIRS AND WETLANDS OF THE AUTONOMOUS COMMUNITY OF MADRID		
RESERVOIR	MUNICIPALITIES	ADDITIONAL INFORMATION Other significant protections
Pinilla	Lozoya, Pinilla del Valle	Cuenca del Río Lozoya and Sierra Norte SCI Peripheral Protection Area of Sierra de Guadarrama National Park Sierra de Guadarrama Natural Resources Natural Management Plan
Riosequillo	Buitrago de Lozoya, Gargantilla del Lozoya and Garganta de los Montes	Cuenca del Río Lozoya and Sierra Norte SCI Sierra de Guadarrama Natural Resources Natural Management Plan
Puentes Viejas	Piñuécar, Puentes Viejas, Buitrago de Lozoya, Madarcos and Gascones	Cuenca del Río Lozoya and Sierra Norte SCI Partially included in: Sierra de Guadarrama Natural Resources Natural Management Plan
El Villar	Puentes Viejas, Robledillo de la Jara and Berzosa de Lozoya	Cuenca del Río Lozoya and Sierra Norte SCI
El Atazar	El Berrueco, Robledillo de la Jara, El Atazar, Cervera de Buitrago, Puentes Viejas and Patones	Cuenca del Río Lozoya and Sierra Norte SCI
Pedrezuela	Guadalix de la Sierra, Pedrezuela and Venturada	Cuenca del Río Guadalix SCI
Santillana	Manzanares El Real and Soto del Real	Cuenca Alta del Manzanares Regional Park Cuenca del Río Manzanares SCI
Navacerrada	Navacerrada, Becerril de la Sierra and Collado Mediano	Sierra de Guadarrama Natural Resource Natural Management Plan
La Jarosa	Guadarrama	Partially included in Cuenca Río Guadarrama SCI Sierra de Guadarrama Natural Resource Natural Management Plan
Valmayor	El Escorial, Valdemorillo, Colmenarejo and Galapagar	Guadarrama River Middle Course and Environs Regional Park Partially included in: Sierra de Guadarrama Natural Resource Natural Management Plan

CANAL DE ISABEL II GREEN ZONE STATISTICS				
Restoration activities carried out in natural habitats	2016	2017	2018	2019
Tree plantations (number of units)	3,629	0	300	674
Shrub plantations (number of units)	259	0	0	323
Actions carried out for the maintenance of plant heritage	2016	2017	2018	2019
Conservation and improvement of the areas adjacent to Canal de Isabel II facilities, area of action (in ha)	425	433	447	448
Reforestation (number of units) including new plantations and gardening	18,358	14,360	29,953	8,453
Clearing of brush and surface preparation (in ha)	520	378	374	301
Phytosanitary treatments in vegetation masses (surface treated in ha)	377	264	385	227

DISCHARGES FROM RESERVOIRS EFFECTED TO MAINTAIN THE ECOLOGICAL FLOW OF RIVERS AND FOR OTHER REASONS				
Environmental discharges made	2016	2017	2018	2019
Environmental discharges into rivers (in hm³/year)	75.60	76.66	69.97	68.88
Operation-related discharges made	2016	2017	2018	2019
Discharges (in hm³/year)	101.97	51.83	72.78	38.99

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Ajalvir	4,712	4,712	4,712	4,712	4,712
Alameda del Valle	200	-	-	-	200
Alcalá de Henares	195,649	-	-	-	195,649
Alcobendas	117,040	117,040	117,040	117,040	117,040
Alcorcón	170,514	170,514	170,514	170,514	170,514
Aldea del Fresno	2,838	-	-	-	2,838
Algete	20,611	20,611	20,611	20,611	20,611
Alpedrete	14,575	14,575	14,575	14,575	14,575
Ambite	592	592	592	592	592
Anchuelo	1,271	1,271	1,271	1,271	1,271
Aranjuez	59,607	59,607	59,607	-	59,607
Arganda del Rey	55,389	55,389	55,389	55,389	55,389
Arroyomolinos	31,396	31,396	31,396	31,396	31,396
Batres	1,684	1,684	1,684	-	1,684
Becerril de la Sierra	5,714	2,857	-	-	5,714
Belmonte de Tajo	1,664	1,664	1,664	1,664	1,664
Berzosa del Lozoya	205	205	205	205	205
Boadilla del Monte	54,570	54,570	54,570	54,570	54,570
Braojos	205	205	205	205	205

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Brea de Tajo	524	524	524	524	524
Brunete	10,736	10,736	10,736	10,736	10,736
Buitrago del Lozoya	1,884	1,884	1,884	1,884	1,884
Bustarviejo	2,503	2,503	2,503	2,503	2,503
Cabanillas de la Sierra	756	756	756	756	756
Cadalso de los Vidrios	3,039	3,039	3,039	3,039	3,039
Camarma de Esteruelas	7,336	7,336	7,336	-	7,336
Campo Real	6,210	6,210	6,210	6,210	6,210
Canencia	447	447	447	447	447
Carabaña	2,010	2,010	2,010	2,010	2,010
Casarrubuelos	3,778	3,778	3,778	3,778	3,778
Cenicientos	2,033	2,033	2,033	2,033	2,033
Cercedilla	7,026	3,513	-	-	7,026
Cervera de Buitrago	150	150	150	150	150
Chapinería	2,328	2,328	2,328	2,328	2,328
Chinchón	5,331	5,331	5,331	5,331	5,331
Ciempozuelos	24,592	24,592	24,592	24,592	24,592
Cobeña	7,428	7,428	7,428	7,428	7,428
Collado Mediano	6,958	6,958	6,958	6,958	6,958

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Collado Villalba	63,679	63,679	63,679	63,679	63,679
Colmenar de Oreja	8,032	8,032	8,032	-	8,032
Colmenar del Arroyo	1,725	1,725	1,725	1,725	1,725
Colmenar Viejo	50,752	50,752	50,752	-	50,752
Colmenarejo	9,130	9,130	-	-	9,130
Corpa	713	713	713	713	713
Coslada	81,661	81,661	81,661	-	81,661
Cubas de la Sagra	6,413	6,413	6,413	6,413	6,413
Daganzo de Arriba	10,205	10,205	10,205	10,205	10,205
El Álamo	9,470	9,470	9,470	9,470	9,470
El Atazar	89	89	89	89	89
El Berrueco	760	760	760	760	760
El Boalo	7,508	7,508	7,508	-	7,508
El Escorial	16,162	16,162	16,162	16,162	16,162
El Molar	8,938	8,938	8,938	8,938	8,938
El Vellón	1,958	1,958	1,958	1,958	1,958
Estremera	1,260	1,260	1,260	1,260	1,260
Fresnedillas de la Oliva	1,572	1,572	1,572	1,572	1,572
Fresno de Torote	2,221	2,221	2,221	-	2,221

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Fuenlabrada	193,700	193,700	193,700	193,700	193,700
Fuente el Saz de Jarama	6,696	6,696	6,696	6,696	6,696
Fuentidueña de Tajo	2,053	2,053	2,053	2,053	2,053
Galapagar	33,742	33,742	16,871	-	33,742
Garganta de los Montes	347	347	347	347	347
Gargantilla del Lozoya and Pinilla de Buitrago	316	316	316	316	316
Gascones	193	193	193	193	193
Getafe	183,374	183,374	183,374	183,374	183,374
Griñón	10,319	10,319	10,319	10,319	10,319
Guadalix de la Sierra	6,214	6,214	6,214	-	6,214
Guadarrama	16,032	16,032	16,032	-	16,032
Horcajo de la Sierra-Aoslos	145	145	145	145	145
Horcajuelo de la Sierra	86	86	86	86	86
Hoyo de Manzanares	8,434	8,434	8,434	-	8,434
Humanes de Madrid	19,743	19,743	19,743	19,743	19,743
La Acebeda	84	84	84	84	84
La Cabrera	2,667	2,667	2,667	2,667	2,667
La Hiruela	58	58	58	58	58
La Serna del Monte	81	81	81	81	81

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Las Rozas de Madrid	95,814	95,814	95,814	95,814	95,814
Leganés	189,861	189,861	189,861	-	189,861
Loeches	8,791	8,791	8,791	8,791	8,791
Los Molinos	4,389	4,389	4,389	-	4,389
Los Santos de la Humosa	2,590	2,590	2,590	2,590	2,590
Lozoya	581	581	581	581	581
Lozoyuela-Navas-Sieteiglesias	1,299	1,299	1,299	1,299	1,299
Madarcos	48	48	48	48	48
Madrid	3,266,126	3,266,126	3,266,126	3,266,126	3,266,126
Majadahonda	71,826	71,826	71,826	-	71,826
Manzanares el Real	8,840	8,840	8,840	-	8,840
Meco	14,305	14,305	14,305	14,305	14,305
Mejorada del Campo	23,274	23,274	23,274	-	23,274
Miraflores de la Sierra	6,108	6,108	6,108	-	6,108
Montejo de la Sierra	353	353	353	353	353
Moraleja de Enmedio	5,136	5,136	5,136	5,136	5,136
Moralzarzal	13,026	13,026	-	-	13,026
Morata de Tajuña	7,683	7,683	7,683	7,683	7,683
Móstoles	209,184	209,184	209,184	209,184	209,184

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Navacerrada	2,972	2,972	2,972	-	2,972
Navalafuente	1,449	1,449	1,449	1,449	1,449
Navalagamella	2,610	2,610	-	-	2,610
Navalcarnero	29,298	29,298	29,298	29,298	29,298
Navarredonda and San Mamés	129	129	129	129	129
Navas del Rey	2,918	2,918	2,918	2,918	2,918
Nuevo Baztán	6,276	6,276	6,276	6,276	6,276
Olmeda de las Fuentes	348	348	-	-	348
Orusco de Tajuña	1,244	1,244	1,244	-	1,244
Paracuellos de Jarama	25,269	25,269	25,269	25,269	25,269
Parla	130,124	130,124	130,124	130,124	130,124
Patones	541	541	541	541	541
Pedrezuela	5,892	5,892	-	-	5,892
Pelayos de la Presa	2,596	2,596	2,596	2,596	2,596
Perales de Tajuña	2,935	2,935	2,935	2,935	2,935
Pezuela de las Torres	842	842	842	-	842
Pinilla del Valle	191	191	191	191	191
Pinto	52,526	52,526	52,526	52,526	52,526
Piñuécar-Gandullas	185	185	185	185	185

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Pozuelo de Alarcón	86,422	86,422	86,422	-	77,779
Pozuelo del Rey	1,147	1,147	1,147	-	1,147
Prádena del Rincón	117	117	117	117	117
Puebla de la Sierra	65	65	65	65	65
Puentes Viejas	679	679	679	679	679
Quijorna	3,439	3,439	3,439	3,439	3,439
Rascafría	1,664	-	1,664	1,664	1,664
Redueña	260	260	260	260	260
Ribatejada	783	783	783	783	783
Rivas-Vaciamadrid	88,150	88,150	88,150	88,150	88,150
Robledillo de la Jara	80	80	80	80	80
Robledo de Chavela	4,270	4,270	4,270	-	4,270
Robregordo	57	57	57	57	57
Rozas de Puerto Real	530	530	530	530	530
San Agustín del Guadalix	13,379	13,379	6,690	-	13,379
San Fernando de Henares	39,432	39,432	39,432	39,432	39,432
San Lorenzo de El Escorial	18,369	9,185	9,185	-	18,369
San Martín de la Vega	19,170	19,170	19,170	19,170	19,170
San Martín de Valdeiglesias	8,459	8,459	8,459	8,459	8,459

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
San Sebastián de los Reyes	89,276	89,276	89,276	89,276	89,276
Santa María de la Alameda	1,254	1,254	1,254	1,254	1,254
Santorcaz	886	886	886	886	886
Serranillos del Valle	4,165	4,165	4,165	4,165	4,165
Sevilla la Nueva	9,318	9,318	9,318	9,318	9,318
Somosierra	86	-	-	-	86
Soto del Real	8,799	4,400	8,799	8,799	8,799
Talamanca de Jarama	3,857	3,857	3,857	3,857	3,857
Tielmes	2,650	2,650	2,650	2,650	2,650
Titulcia	1,313	1,313	1,313	1,313	1,313
Torrejón de Ardoz	131,376	131,376	131,376	131,376	131,376
Torrejón de la Calzada	8,872	8,872	8,872	-	8,872
Torrejón de Velasco	4,382	4,382	4,382	4,382	4,382
Torrelaguna	4,760	4,760	4,760	4,760	4,760
Torrelodones	23,717	23,717	23,717	23,717	23,717
Torremocha de Jarama	1,019	1,019	1,019	1,019	1,019
Torres de la Alameda	7,779	7,779	7,779	7,779	7,779
Tres Cantos	47,722	47,722	47,722	47,722	47,722
Valdaracete	609	609	609	609	609

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Valdeavero	1,554	1,554	-	-	1,554
Valdelaguna	937	937	937	-	937
Valdemanco	914	914	914	914	914
Valdemaqueda	781	781	781	-	781
Valdemorillo	12,518	12,518	12,518	12,518	12,518
Valdemoro	75,983	75,983	75,983	75,983	75,983
Valdeolmos-Alalpardo	4,136	4,136	4,136	4,136	4,136
Valdepiélagos	584	584	584	584	584
Valdetorres de Jarama	4,497	4,497	4,497	4,497	4,497
Valdilecha	2,933	2,933	2,933	2,933	2,933
Valverde de Alcalá	465	465	465	465	465
Velilla de San Antonio	12,236	12,236	12,236	12,236	12,236
Venturada	2,163	2,163	2,163	2,163	2,163
Villa del Prado	6,520	-	-	-	6,520
Villaconejos	3,388	3,388	3,388	-	3,388
Villalbilla	13,878	13,878	13,878	13,878	13,878
Villamanrique de Tajo	703	703	703	703	703
Villamanta	2,555	2,555	-	-	2,555
Villamantilla	1,441	1,441	1,441	1,441	1,441

CUSTOMER AND USER SATISFACTION FIGURES

SERVICES PROVIDED BY CANAL DE ISABEL II IN THE MUNICIPALITIES OF THE AUTONOMOUS COMMUNITY OF MADRID

Municipalities of the Autonomous Community Of Madrid	Population 2019	Services provided by Canal de Isabel II			
		Supply works		Sanitation	
		Adduction	Distribution	Sewerage system	Purification
Villanueva de la Cañada	21,445	21,445	21,445	21,445	21,445
Villanueva de Perales	1,563	1,563	1,563	1,563	1,563
Villanueva del Pardillo	17,180	17,180	17,180	17,180	17,180
Villar del Olmo	2,011	2,011	2,011	2,011	2,011
Villarejo de Salvanés	7,335	7,335	7,335	7,335	7,335
Villaviciosa de Odón	27,835	27,835	27,835	27,835	27,835
Villavieja del Lozoya	253	253	253	253	253
Zarzalejo	1,658	1,658	1,658	1,658	1,658
SUM COMMUNITY OF MADRID	6,663,394	6,436,483	6,377,501	5,680,102	6,654,751

TYPES OF CONTRACTS WITH CLIENTS (NUMBER)				
Types of contracts	2016	2017	2018	2019
Single-family domestic	1,097,480	1,111,527	1,126,540	1,143,396
Multiple homes domestic	97,897	97,815	97,750	97,693
Business-industrial	113,684	115,111	116,039	117,096
Other uses	139,867	142,439	144,226	146,607
Sum contracts	1,448,928	1,466,892	1,484,555	1,504,792
CANAL DE ISABEL II SOCIAL TARIFF				
Evolution of tariff discounts				
Large family/household discounts	2016	2017	2018	2019
No. contracts with discounts	35,285	34,066	37,445	39,968
Discount amount (euros)	1,182,115	1,353,714	1,362,612	1,522,638
Social exemption discounts	2016	2017	2018	2019
No. contracts with discounts	6,547	9,576	12,171	13,854
Discount amount (euros)	715,528	1,137,848	1,453,203	1,697,121

METER LABORATORY ACTIVITY (NUMBER OF METERS VERIFIED ANNUALLY)				
	2016	2017	2018	2019
New proprietary meters	2,996	1,244	2,065	2,092
Customer complaints regarding meters	2,740	3,721	3,092	2,700
Evaluation of the operation of meters in service	2,379	1,197	2,490	1,944
Other internal checks	66	170	113	115
Checks for third parties	120	116	122	109
SUM	8,301	6,448	7,882	6,960
FULFILLING THE CUSTOMER COMMITMENT (RATE OF COMPLIANCE)				
Commitments included	2016	2017	2018	2019
New connection	97.58	94.27	83.49	90.69
Secondary meter	99.84	99.87	99.91	99.97
Complaints resolved	99.67	99.19	99.48	99.72
Check meter	99.78	99.43	100.00	100.00
Average compliance	92.22 %	98.19 %	95.72 %	97.59 %

CUSTOMER SERVICE STATISTICS				
	2016	2017	2018	2019
No. of permanent sales offices	11	10	11	11
No. of telephone calls handled	1,032,732	950,360	954,520	1,010,653
Visits to HQ	27,716	26,220	24,366	22,536
Visits to peripheral offices	91,053	81,083	76,038	70,206
Efforts via the virtual Office	2,646,008	3,186,031	4,244,342	6,218,746
Contact via the virtual Office	15,005	17,015	19,088	21,927
Contact via letter	10,957	8,853	5,636	4,840
Contact via Fax	24,945	14,389	9,120	5,944
Contact via chat/WhatsApp	2,364	4,123	3,942	6,910
Contact via email	73,562	91,976	106,408	126,652
Automatic telephone service	32,857	20,830	25,468	41,434
APP	NA	NA	1,522	2,251
Average sales offices wait time (minutes)	NA	NA	87	58

CUSTOMER COMPLAINTS AND CLAIMS STATISTICS			
Complaints regarding management	2017	2018	2019
Complaints received	7,433	9,408	7,938
Complaints resolved	7,314	9,446	7,971
Complaints resolved within 1 month commitment	7,124	7,982	7,072
Authorised complaints resolved	3,987	4,947	3,508
% commitment fulfilment	97.40 %	84.50 %	88.72 %
% complaints authorised	54.51 %	52.37 %	44.01 %
Complaints received per 1000 contracts	5.07	6.34	5.28
Type of complaints resolved	2017	2018	2019
Accessibility and usability (virtual Office)	115	107	90
Information	314	430	372
Customer/citizens service	81	108	74
Administrative procedures	2,458	1,655	1,835
Economic disagreement	591	544	671
Service rendered	2,887	4,914	3,406
Water quality	357	487	451
Environment, health and safety and others	6	10	7
Cancelled	201	681	502
Transferred to Customer Ombudsman Office	304	510	563

CLAIMS REGARDING INVOICING RECEIVED IN THE CUSTOMER SERVICE NETWORK				
	2016	2017	2018	2019
Invoices issued	8,583,199	8,689,173	8,806,747	8,908,075
No. of claims received	21,667	22,158	22,522	23,260
No. of claims resolved	20,504	22,398	23,218	23,372
No. of favourable claims	15,216	16,718	17,472	21,989
Percentage of claims regarding invoices issued	0.25	0.26	0.26	0.26
Percentage fully or partially resolved in favour of the customer	74.21	74.64	75.25	94.08
INCIDENT REPORTING STATISTICS				
Summary of types of reports received per year (number)	2017	2018	2019	
Reports relating to water quality	8,999	9,096	7,904	
Reports relating to sanitation	23,096	24,640	27,377	
Reports relating to supply continuity	32,800	40,258	34,497	
Reports relating to water pressure	11,578	12,317	11,805	
Other reports	51,177	51,427	53,591	

CUSTOMER OMBUDSMAN OFFICE STATISTICS				
Complaints received by the Customer Ombudsman office	2016	2017	2018	2019
No. of complaints received that do not qualify for processing	248	354	418	366
No. of complaints received admitted for processing	1,066	1,134	1,559	1,418
Total no. of complaints received	1,314	1,488	1,977	1,784
Percentage of complaints received admitted for processing	81.1	76.2	78.6	79.5
No. of complaints fully or partially resolved in favour of the customer	501	510	748	706
No. of complaints resolved not in favour of the customer	508	500	709	632
Total no. of complaints resolved over the year	1,009	1,010	1,010	1,338
Percentage fully or partially resolved in favour of the customer	49.7	45.0	51.3	52.8

CUSTOMER OMBUDSMAN OFFICE STATISTICS				
Type of complaints accepted for processing by the Customer Ombudsman’s office (percentage)	2016	2017	2018	2019
Connections	5.72	7.85	10.46	10.44
Water quality	9.19	5.64	5.13	5.15
Collection	5.25	3.88	4.55	5.08
Contracting	8.35	4.59	4.23	5.64
Cut-off/Supply chain	1.88	1.32	1.92	1.97
Sanctioning file	1.03	0.09	0.13	0.78
Billing	53.66	63.76	58.82	54.09
Compensation. Insurance and Risks	5.82	6.44	4.81	3.24
Water pressure	3.1	1.85	2.12	3.24
Other	6	4.59	7.83	10.37

CUSTOMER OMBUDSMAN OFFICE STATISTICS				
Types of customers who have submitted complaints accepted for processing by the Customer Ombudsman’s office (percentage)	2016	2017	2018	2019
Natural person	69.42	72.05	70.46	73.77
Company name	8.44	9.26	9.91	6.63
Owners' association	10.88	8.82	12.29	11.35
Municipal Consumer Information office	4.32	4.5	2.64	3.81
Consumer associations	1.88	1.15	0.84	0.78
Arbitration board	0.38	3.35	1.80	2.47
Residential estate	0.38	0.09	0.26	0.00
Autonomous Community of Madrid	4.32	0.79	1.80	1.20
CUSTOMER SATISFACTION STATISTICS				
	2016	2017	2018	2019
Domestic customer satisfaction level (scale of 1 to 10)	7.84	8.21	8.23	8.53
Client company satisfaction level (scale of 1 to 10)	-	7.87	8.36	8.51

SOCIAL COMMITMENT

EXPENSES AND INVESTMENTS IN CORPORATE SOCIAL RESPONSIBILITY (THOUSANDS OF EUROS)				
	2016	2017	2018	2019
Expenditure on customer CSR actions (social tariffs)	1,897.82	2,491.72	2,815.87	3,298.98
CSR employees (employee social benefits)	417.95	484.75	535.88	585.93
CSR expenditure related with Culture, Education and Sport (including Fundación Canal)	3,936.82	2,352.27	3,004.79	3,744.00
Cooperation for development and support for social entities	283.19	483.28	187.49	124.08
Social infrastructure maintenance expenses	1,470.29	1,444.88	2,020.91	1,843.41
TOTAL CSR EXPENSES	8,006.07	7,256.90	8,564.93	9,596.40
Investment in social and environmental infrastructure	1,290.90	374.07	460.04	812.92
Financial resources (expenditure + investment) allocated to social commitment	9,296.97	7,630.97	9,024.97	10,409.33

CANAL EMPLOYEES

(INCLUDES THE CANAL DE ISABEL II DELEGATION IN CÁCERES WORKFORCE)

COMPANY WORKFORCE STRUCTURE (NUMBER OF EMPLOYEES)

	2016	2017	2018	2019
Total workforce	2,590	2,611	2,808	2,879
Full-time	2,476	2,501	2,674	2,773
Part-time	114	110	134	106
Average workforce				
Average workforce	2,485	2,509	2,607	2,744
Breakdown by type of contract (FULL-TIME WORKFORCE)				
Indefinite	1,581	1,540	1,474	1,878
Temporary	895	961	1200	895
Breakdown by function (TOTAL WORKFORCE)				
Management staff	110	110	107	110
Management support staff	294	300	302	304
Post-graduate degree holders	231	227	287	326
Graduate degree holders	111	128	151	178
Middle managers	159	154	151	146
Technicians	224	224	249	260
Clerical and auxiliary staff	563	587	636	635
Technicians with Professional Training	898	881	925	920

CANAL EMPLOYEES

(INCLUDES THE CANAL DE ISABEL II DELEGATION IN CÁCERES WORKFORCE)

COMPANY WORKFORCE STRUCTURE (NUMBER OF EMPLOYEES)

	2016	2017	2018	2019
Breakdown by gender (TOTAL WORKFORCE)				
Female	816	853	926	934
Male	1,774	1,758	1,882	1,945
Breakdown by age (FULL-TIME)				
Under 30 years old	499	543	665	587
30-50 years old	1,344	1,303	1,354	1,461
Over 50 years old	633	655	655	725
Average age per contract				
Average age of permanent staff	47.33	48.012	48.41	47.25
Average age of temporary staff	31.11	31.09	31.20	31.28
Breakdown by nationality (TOTAL WORKFORCE)	2,590			
Nationals	2,581	2,598	2,788	2,853
Foreigners	9	13	20	26
Disability (TOTAL WORKFORCE)	22			
Workers with some degree of disability	22	22	55	72
Seniority in the company (TOTAL WORKFORCE)	13,603			
Average seniority of the workforce (years)	13.60	14.58	13.72	13.88

WORKFORCE DIVERSITY					
Management staff (TOTAL AND FULL-TIME)	2016	2017	2018	2019	
Breakdown by gender	110	110	107	110	
Female	36	36	37	38	
Male	74	74	70	72	
Breakdown by age	107	107	107	110	
Under 30 years old	0	0	0	0	
30-50 years old	55	51	52	49	
Over 50 years old	55	59	55	61	
Other					
Foreigners	0	0	0	0	
Non-management staff (TOTAL AND FULL-TIME)	2016	2017	2018	2019	
Female	780	817	889	896	
Management support staff	103	100	105	100	
Post-graduate degree holders	128	130	142	154	
Graduate degree holders	48	58	71	89	
Middle managers	31	27	19	17	
Technicians	64	72	88	88	
Clerical and auxiliary staff	393	413	440	431	
Technicians with Professional Training	13	17	24	17	

WORKFORCE DIVERSITY				
Foreign workers	9	13	20	24
Management support staff	2	2	2	0
Post-graduate degree holders	1	-	1	1
Graduate degree holders	-	1	-	1
Middle managers	-	-	-	-
Technicians	-	-	-	1
Clerical and auxiliary staff	5	6	11	12
Technicians with Professional Training	1	4	6	9
Disability	22	22	54	72
Workers with some degree of disability	22	22	54	72
By age, under 30 years old	499	543	665	583
Management support staff	3	1	-	-
Post-graduate degree holders	89	81	97	101
Graduate degree holders	28	48	66	77
Middle managers	4	2	1	1
Technicians	40	42	56	52
Clerical and auxiliary staff	127	150	177	155
Technicians with Professional Training	208	219	268	197

WORKFORCE DIVERSITY				
By age, between 30-50 years old	1,289	1,242	1,302	1,350
Management support staff	203	200	201	176
Post-graduate degree holders	104	110	152	185
Graduate degree holders	65	62	64	73
Middle managers	75	72	77	67
Technicians	112	109	114	116
Clerical and auxiliary staff	285	279	305	310
Technicians with Professional Training	445	410	389	423
By age, over 50 years old	692	1,014	600	826
Management support staff	88	99	101	128
Post-graduate degree holders	38	36	29	40
Graduate degree holders	18	18	12	27
Middle managers	80	78	65	78
Technicians	72	73	63	91
Clerical and auxiliary staff	151	456	112	167
Technicians with Professional Training	245	254	218	295
Internship students/scholarship holders/interns/student apprentices	83	83	83	37

Breakdown by type of contract and gender	2019	
	Male	Female
Personnel with indefinite contracts	1,435	549
Personnel with temporary contracts	510	385
TOTAL	1,945	934

**The total workforce is included: full-time and part-time.*

Breakdown by type of contract and age	2019		
	< 30 years	Between 30 and 50 years	> 50 years
Personnel with indefinite contracts	84	1,109	791
Personnel with temporary contracts	503	352	40
TOTAL	587	1,461	831

**The total workforce is included: full-time and part-time.*

BREAKDOWN BY AGE, GENDER AND PROFESSIONAL CATEGORY IN 2019			
Workforce by age	< 30 years		583
	Between 30 and 50 years		1,399
	> 50 years		887
Professional category	Management	Male	72
		Female	38
	Management support staff	Male	204
		Female	100
	Post-graduate degree holders	Male	172
		Female	154
	Graduate degree holders	Male	89
		Female	89
	Middle managers	Male	129
		Female	17
	Technicians	Male	172
		Female	88
	Clerical and auxiliary staff	Male	204
		Female	431
	Office staff	Male	903
		Female	17

**The total workforce is kept in mind: full-time and part-time.*

WORKFORCE TURNOVER						
TOTAL Workforce turnover	2016	2017	2018	2019		
Total hired	324	359	516	453		
Total resigned/dismissed	251	338	266	303		
Voluntary dismissals	40	41	49	38		

Resignations/dismissals by gender	2017		2018		2019	
	Male	Female	Male	Female	Male	Female
Total resigned/dismissed	238	100	176	90	189	114
Voluntary dismissals	24	17	23	26	25	13
TOTAL	262	117	199	116	214	127

Resignations/dismissals by age	2018			2019		
	< 30 years	Between 30 and 50 years	> 50 years	< 30 years	Between 30 and 50 years	> 50 years
Total resigned/dismissed	125	91	50	163	128	12
Voluntary dismissals	32	16	1	21	17	0
TOTAL	157	107	51	184	145	12

REINSTATEMENT AND RETENTION FOR MATERNITY / PATERNITY LEAVE (TOTAL WORKFORCE)			
	2017	2018	2019
Employees entitled to maternity or paternity leave	33	33	57
Female	10	11	15
Male	23	22	42
Employees who ended their leave in the previous year	48	33	32
Female	13	10	10
Male	35	23	22
Employees reinstated after leave from the previous year	48	33	32
Female	13	10	10
Male	35	23	22
Employees who retain employment 12 months after reinstatement	48	33	32
Female	13	10	10
Male	35	23	22

WORKFORCE TRAINING			
Training received	2017	2018	2019
Total workforce	2,611	2,808	2,879
No. workers (including interns) who have received training	2,941	2,390	2,661
Average no. of hours/employee (including interns) receiving training	45.40	58.14	46.79
Total number of training hours received	133,525	138,965	124,505
During working hours	52,182	66,531	61,158
Outside working hours	53,317	42,457	41,116
On-the-job training	28,025	29,977	22,231
Training received by function			
Management staff	6,261	6,149	6,073
Management support staff	17,186	19,064	18,032
Post-graduate degree holders	22,022	25,924	22,982
Graduate degree holders	9,578	11,978	11,023
Middle managers	10,200	5,265	3,925
Technicians	5,717	15,934	12,788
Clerical and auxiliary staff	23,067	26,334	21,746
Technicians with Professional Training	39,491	28,318	27,936

WORKFORCE TRAINING			
Average hours of training received by function	2017	2018	2019
Management staff	58	58	58
Management support staff	58	66	67
Post-graduate degree holders	56	67	61
Graduate degree holders	81	110	68
Middle managers	70	40	31
Technicians	22	72	55
Clerical and auxiliary staff	37	49	37
Technicians with Professional Training	40	47	35
Attending trainees by function (persons)	2,940	2,390	2,661
Management staff	108	106	105
Management support staff	297	291	268
Post-graduate degree holders	394	388	379
Graduate degree holders	118	109	163
Middle managers	146	130	126

WORKFORCE TRAINING			
Technicians	260	221	233
Clerical and auxiliary staff	628	542	587
Technicians with Professional Training	989	603	800
Training costs (euros)	637,631	639,771	672,696
Direct cost	829,963	867,740	856,129
Indirect cost	44,723	31,865	87,546
Cost of study grants for employees	27,691	17,710	23,494
Revenue from subsidies/financing/discounts received	-264,747	-277,543	-294,473
Training by theme (hours)	2017	2018	2019
Languages	30,467	23,980	23,072
Administration and Management of Computer Systems	3,822	4,736	6,251
Quality	3,988	3,908	5,713
Sales and Customer Relations	3,239	5,306	5,068
Skills/Competence Development	6,577	11,473	5,830
Technical Training	21,064	19,225	21,920

Legal-Economic	3,956	5,958	4,524
Office Automation and Software Applications	11,636	12,012	9,628
Occupational Risk Prevention	16,294	17,893	17,295
Fight against corruption	2,617	919	436
Others + on-the-job training	29,863	33,556	24,769
SUM	133,523	138,965	124,505

Average hours of training by gender	2018		2019	
	Male	Female	Male	Female
Management	51.29	72.86	53.68	65.18
Management support staff	64.72	67.05	68.63	64.77
Post-graduate degree holders	58.00	75.90	62.45	58.51
Graduate degree holders	119.96	100.01	62.39	73.20
Middle managers	41.28	36.43	32.33	23.56
Technicians	65.51	81.87	53.6	57.03
Clerical and auxiliary staff	56.52	45.18	34.77	38.40
Office staff	45.78	79.79	35.23	24.72

TRADE UNION REPRESENTATION			
Collective bargaining agreement and union representation (number of employees)	2017	2018	2019
Workforce covered by own collective agreement (employees)	2,473	2,675	2,746
Workforce covered by own collective agreement (percentage)	94.71 %	95.26 %	95.38 %
Workforce covered by sector-specific collective agreement (employees)	106	101	99
Workforce covered by sector-specific collective agreement (percentage)	4.06 %	3.60 %	3.44 %
Workforce not covered by collective agreement (employees)	32	32	34
Workforce not covered by collective agreement (percentage)	1.23 %	1.14 %	1.18 %
Workers affiliated to trade union organisations (employees)	454	480	520
MINIMUM WAGE (EUROS)			
	2017	2018	2019
Starting entry-level annual salary	16,968	17,882	19,526
Minimum initial entry-level annual salary for internship contracts	15,244	16,093	17,573
Annual interprofessional minimum wage in the country	9,906	10,303	12,600
Starting annual salary/Interprofessional Minimum Wage	171.28 %	173.56 %	154.97 %
Starting minimum wage/Interprofessional Minimum Wage	153.88 %	156.21 %	139.47 %

BREAKDOWN OF AVERAGE PAY BY PROFESSIONAL CATEGORY AND GENDER IN 2019 (EUROS PER YEAR)		
Management	Male	87,205
	Female	83,093
Management support staff	Male	50,829
	Female	49,744
Post-graduate degree holders	Male	30,359
	Female	30,416
Graduate degree holders	Male	27,272
	Female	27,501
Middle managers	Male	25,771
	Female	25,870
Technicians	Male	24,993
	Female	25,592
Clerical and auxiliary staff	Male	21,187
	Female	21,841
Office staff	Male	22,242
	Female	22,902

The salary tables and the Full Reclassification corresponding to the 2019, referred to in the 1st Collective Agreement of Canal de Isabel II, are taken into account.
The total workforce is taken into account: full-time and part-time..

BREAKDOWN OF AVERAGE PAY BY AGE (EUROS PER YEAR)		
	2018	2019
Under 30 years old	20,832	24,664
Between 30 and 50 years old	27,140	28,969
Over 50 years old	26,052	30,045

The salary tables and the Full Reclassification corresponding to the 2019, referred to in the 1st Collective Agreement of Canal de Isabel II, are taken into account.
The total workforce is taken into account: full-time and part-time.

OCCUPATIONAL HEALTH AND SAFETY			
Occupational health and safety	2017	2018	2019
Number of people covered for disability or invalidity	1	2	0
Total number of workers exposed to occupational risks	2,509	2,607	2,743
Occupational accidents			
Accidents at work with permanent contract (excluding <i>in itinere</i>)	59	64	41
Accidents at work with temporary contract (excluding <i>in itinere</i>)	52	50	55

OCCUPATIONAL HEALTH AND SAFETY			
Accidents at work (excluding <i>in itinere</i>)	111	114	96
Accidents with leave (excluding <i>in itinere</i>)	54	56	43
Average length of leave	14.78	17.75	23.40
Days lost	798	994	1.006
Frequency rate of accidents with sick leave (excluding <i>in itinere</i>)	13.29	13.29	9.66
Frequency rate of total accidents (excluding <i>in itinere</i>)	27.32	27.06	21.56
Severity rate (excluding <i>in itinere</i>)	0.20	0.24	0.23
Incidence rate of accidents with sick leave (excluding <i>in itinere</i>)	21.52	21.48	1.56
Fatalities	0	0	0
Temporary incapacity benefit for professional contingencies (euros)	821,334	99,001	111,904
Total contributions for professional contingencies (euros)	1,279,468	1,030,648	1,259,986
Number of in labore traffic accidents (on assignment)	6	18	10
Number of <i>in itinere</i> traffic accidents	13	20	16
Number of <i>in itinere</i> accidents	30	40	32
<i>In itinere</i> accidents involving permanent workers	14	24	15
<i>In itinere</i> accidents involving temporary workers	16	16	17

OCCUPATIONAL HEALTH AND SAFETY			
Total accidents involving permanent workers	73	88	56
Total accidents involving temporary workers	68	66	72
Total <i>in labore</i> accidents involving own workers	141	154	128
Kilometres travelled on assignment	9,950,721	9,518,517	10,004,493
% traffic accidents out of total accidents in Canal	13.48 %	24.68 %	20.31 %
Rate of incidence of traffic accidents at work	7.57	14.58	9.48
Frequency rate of accidents at work while on assignment/kilometres travelled	0.60	1.89	1
Absenteeism (hours)	167,749	177,213	208,189
Permanent employee hours lost due to absenteeism	125,351	123,821	146,185
Temporary employee hours lost due to absenteeism	42,398	53,392	62,004
Total absenteeism	4.13 %	4.21 %	4.67 %
Absenteeism of employees with permanent contracts	4.86 %	4.92 %	5.42 %
Absenteeism of employees with temporary contracts	2.86 %	3.15 %	3.53 %
Workers represented on Health and Safety Committees (%)	100	100	100

Workplace accident rates by gender	2018		2019	
	Male	Female	Male	Female
Accidents with leave (excluding <i>in itinere</i>)	45	11	36	7
Fatalities (number)	0	0	0	0
No. of cases of work-related illnesses	0	0	0	0
Frequency rate of accidents with leave (excluding <i>in itinere</i>)	16	8	12	5
Frequency rate of total accidents (excluding <i>in itinere</i>)	33	15	27	10
Severity rate (excluding <i>in itinere</i>)	0.30	0.11	0.30	0.06

INNOVATION, ICTS AND REMOTE CONTROL

R&D&I EXPENSES (EUROS)			
	2017	2018	2019
Net expenditure (net of subsidies)	3,256,776	3,744,944	6,921,814
Total expenses incurred	3,328,555	3,744,944	6,921,814
Budget	930,772	563,891	1,026,946
Internal expenses	2,397,783	3,181,053	5,894,868
Subsidies	-35,889	0	0
Total expenses incurred versus turnover (%)	0.37 %	0.44 %	0.78 %
INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) STATISTICS			
ICT Expenses (euros)	2017	2018	2019
Total expenses	23,627,028	25,135,070	25,582,936
Expenses incurred	17,047,737	17,869,076	18,254,244
Internal expenses	6,579,290	7,265,994	7,328,692

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) STATISTICS			
Investment (euros)			
Investments	9,824,268	5,264,327	8,255,216
Degree of it penetration among users			
Number of computers	2,256	2,330	2,444
Number of ThinkClients	-	-	-
Number of laptop computers	154	155	266
Number of printers	538	477	460
Number of field terminals managed	1,151	1,309	1,251
Number of TEMPO ruggedised laptops	15	5	5
Employees			
Employees who log on in one month	2,311	2,555	2,678
Employees browsing in the last month	2,275	2,557	2,661
Employees with email mobility in the last month	2,638	2,762	2,874

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) STATISTICS			
Invoices (number) and amount (euros)			
Electronic invoices issued allowing processing	1,165,448	1,522,587	2,026,378
Hardcopy invoices issued	7,990,369	7,847,023	7,368,536
Supplier electronic invoices issued allowing processing	11,144	12,149	12,706
Hardcopy invoices from suppliers	44,893	40,005	38,085
Amount Invoiced for Payments via Payment Gateway	315,436	11,550,100	11,822,739
Amount Invoiced to Companies for Payments via Payment Gateway	46,989	1,786,375	1,810,438
Amount of online purchases using credit card via down payment	9,620	45,971	35,873
Amount of online purchases	7,425,420	6,330,566	6,303,989
In Spain	7,340,702	6,255,532	6,208,006
In other EU countries	84,717	75,034	95,983
In the rest of countries	0	0	0
Availability			
Critical system availability	99.98	99.927	ND
Availability of important systems	99.97	99.864	ND

REMOTE CONTROL FIGURES			
	2017	2018	2019
Remote Terminal Units (RTUs) monitored	2,262	2,369	2,480
Direct measurements	28,956	29,345	29,911
Remote control facilities	58	79	71
Remote controls conducted	6,382	8,337	9,770
Availability of field instrument kits (%)	99.303	99.198	99.11
TELECOMMUNICATIONS FIGURES			
	2017	2018	2019
Number of telecommunications network hosts	430	437	453
Fibre optic network length (km)	636	893	893
No. of network radio links	163	158	152
Average Telecommunications network availability (%)	99.94	99.92	99.94

AN EFFICIENT, SOUND COMPANY

MAIN FINANCIAL FIGURES (IN MILLIONS OF EUROS)			
	2017	2018	2019
Net turnover	885.74	854.14	887.01
FY profit/loss	261.89	209.97	261.89
Shareholders' equity	2,573.40	2,764.65	2,699.96
Investments	153.54	128.03	131.50
EBITDA	365.18	338.15	346.44
Net Financial Debt (NFD)	752.11	459.45	467.48
Net financial debt / EBITDA	2.06	1.36	1.35

INVESTMENT (IN EUROS)			
	2017	2018	2019
Total acquisitions of fixed assets	153,544,555	128,033,799	131,499,978
Land and buildings	3,645,843	4,052,570	5,451,043
Catchments and large pipelines	13,085,646	7,241,953	11,521,859
DWTP	2,369,628	4,765,912	2,221,559
Distribution networks	35,538,632	35,371,393	34,605,453
Technical compliance	10,915,054	12,893,587	12,589,695
Sanitation networks	16,576,375	11,792,618	13,455,631
WWTP	25,669,654	26,096,874	23,223,487
Reuse networks	12,862,336	7,066,410	2,524,465
Deposits	4,308,889	4,330,538	6,415,630
Information and Remote Control systems	16,090,290	8,825,772	11,631,381
Other items	12,482,208	5,596,173	7,859,775
Other indicators	2017	2018	2019
Investments applied to replacement provision	-63,015,757	-60,164,551	-68,989,514
Net additions to fixed assets	90,528,798	67,869,249	-62,510,464

PROJECTS COMPLETED			
	2017	2018	2019
No. of supply projects	10	7	8
No. of sanitation projects	15	9	6
No. of reuse projects	0	0	1
No. of construction/architecture projects	8	1	2
No. of renovation of networks and other projects	42	35	6
SUM	75	52	23
	2017	2018	2019
Budget for supply projects (millions of euros)	63.00	197.83	31.49
Budget for sanitation projects (millions of euros)	26.00	34.52	74.73
Budget for reuse projects (millions of euros)			6.20
Budget for construction/architecture projects (millions of euros)	11.72	15.42	26.130
Budget for renovation of networks and other projects (millions of euros)	59.62	49.88	7.43
SUM (millions of euros)	160.34	297.65	145.98

PROJECTS COMPLETED			
	2017	2018	2019
No. of construction management projects	2	4	3
Budget for construction management projects (millions of euros)	1.38	0.77	0.24
	2017	2018	2019
No. of environmental procedures completed	20	8	6
No. of Environmental Impact Statements	1	0	0

PUBLIC PROCUREMENT (PROCEDURE TYPE)			
Open procedure	2017	2018	2019
No. of contracts	210	303	153
Percentage of total contracts	76.09 %	84.17 %	65.95 %
Amount awarded (euros)	331,224,582	480,008,309	485,552,569
Percentage of total amount awarded	87.58 %	91.30 %	92.58 %
Orders to Canal Group companies	2017	2018	2019
No. of orders	9	19	13
Percentage of total contracts	3.26 %	5.28 %	5.60 %
Amount awarded (euros)	21,328,386	31,641,464	14,075,221
Percentage of total amount awarded	5.64 %	6.02 %	2.68 %
Negotiated procedure	2017	2018	2019
No. of contracts	30	31	57
Percentage of total contracts	10.87 %	8.61 %	24.57 %
Amount awarded (euros)	9,009,630	7,834,940	15,675,275
Percentage of total amount awarded	2.38 %	1.49 %	2.99 %

PUBLIC PROCUREMENT (PROCEDURE TYPE)			
Other	2017	2018	2019
No. of contracts	27	7	9
Percentage of total contracts	9.78 %	1.94 %	3.88 %
Amount awarded (euros)	16,648,382	6,283,845	9,177,443
Percentage of total amount awarded	4.40 %	1.20 %	1.75 %
	2017	2018	2019
Total no. of contracts	276	360	232
Total amount awarded (euros)	378,210,981	525,768,557	524,480,509

PUBLIC PROCUREMENT (CONTRACT TYPE, EXCLUDING ORDERS TO AFFILIATED COMPANIES)			
Works contract	2017	2018	2019
No. of contracts	112	89	23
Percentage of total contracts	41.95 %	26.10 %	10.50 %
Amount awarded (euros)	158,429,433	141,151,679	54,567,821
Percentage of total amount awarded	44.39 %	28.57 %	10.69 %
Service contracts	2017	2018	2019
No. of contracts	94	177	119,000
Percentage of total contracts	35.21 %	51.91 %	54.34 %
Amount awarded (euros)	94,411,469	278,728,671	369,010,901
Percentage of total amount awarded	26.45 %	26.45 %	72.30 %
Supply contracts	2017	2018	2019
No. of contracts	61	75	77
Percentage of total contracts	22.85 %	21.99 %	35.16 %
Amount awarded (euros)	104,041,691	74,246,743	86,826,566
Percentage of total amount awarded	29.15 %	15.03 %	17.01 %
	2017	2018	2019
Total no. of contracts	267	341	219

Appendix 2: Information on the workforce of the Group broken down by countries

GROUP'S WORKFORCE ACCORDING TO THEIR DUTIES (PEOPLE BY COUNTRY)							
	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic	Group TOTAL
Management staff	139	32	7	2	4	9	193
Management support staff	310	28	-	2	5	18	363
Post-graduate degree holders	365	45	-	3	14	7	434
Graduate degree holders	199	1	1	2	2	13	218
Middle managers	192	20	7	33	-	28	280
Technicians	323	6	-	39	6	140	514
Administrative and auxiliary staff	738	27	14	112	34	122	1,047
Office staff	1,303	41	93	889	16	5	2,347
SUM	3,569	200	122	1,082	81	342	5,396

CANAL GROUP WORKFORCE ACCORDING TO CONTRACT, GENDER AND AGE BY COUNTRY (I)

	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic	Group TOTAL
Total workforce	3,569	200	122	1,082	81	342	5,396
Interns and trainees	41	12	-	3	-	-	56
ACCORDING TO WORKDAY TYPE							
Full-time	3,424	200	122	1,078	81	319	5,224
Part-time	145	-	-	4	-	23	172
ACCORDING TO CONTRACT TYPE							
Indefinite	2,369	159	121	1,078	81	319	4,127
Temporary	1,058	41	1	4	-	-	1,104
ACCORDING TO SEX							
Female	1,228	61	55	206	32	100	1,682
Male	2,341	139	67	876	49	242	3,714
DISABILITY							
Workers with some degree of disability	86	1	2	5	1	-	90
EXTERNAL WORKERS							
No. of external workers	4,333	277	-	-	-	-	-

CANAL GROUP WORKFORCE ACCORDING TO CONTRACT, GENDER AND AGE BY COUNTRY (II)

	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic	Group TOTAL
BREAKDOWN PERMANENT PERSONNEL							
SEX							
Male	1,854	102	66	873	49	242	3,177
Female	637	57	55	205	32	100	1,078
AGE							
Under 30 years old	91	19	51	184	34	157	532
30-50 years old	1,407	120	58	757	45	167	2,544
Over 50 years old	993	20	12	137	2	18	1,179
BREAKDOWN TEMPORARY PERSONNEL							
SEX							
Male	653	35	1	2	-	-	691
Female	425	6	-	2	-	-	433
AGE							
Under 30 years old	541	12	-	4	-	-	557
30-50 years old	464	26	1	-	-	-	491
Over 50 years old	73	3	-	-	-	-	76

CANAL GROUP REMUNERATIONS BY COUNTRY IN EUROS (I)

	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic
Starting entry-level annual salary	19,069	2,705	6,883	2,712	4,223	3,680
Annual interprofessional minimum wage in the country	12,300	2,705	6,883	2,712	4,223	3,680
Starting annual salary/interprofessional minimum wage (%)	155	100	100	100	100	100

AVERAGE YEARLY PAY BY SEX AND PROFESSIONAL CATEGORY

FEMALE

Management	68,267	12,730	1,652	-	34,498	83,993
Management support staff	49,744	5,329	-	-	12,631	10,240
Post-graduate degree holders	44,239	1,871	-	-	8,529	1,167
Graduate degree holders	30,104	-	-	-	6,967	4,848
Middle managers	31,663	-	-	6,925	-	4,822
Technicians	28,385	-	-	5,227	-	3,713
Clerical and auxiliary staff	24,053	3,195	620	4,069	5,475	3,928
Office staff	19,465	2,858	529	3,135	-	-

CANAL GROUP REMUNERATIONS BY COUNTRY IN EUROS (II)

	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic
MALE						
Management	70,552	10,713	2,429	88,500	38,971	66,491
Management support staff	68,817	5,241	-	25,932	1,161	8,940
Post-graduate degree holders	33,490	2,289	-	16,999	9,723	10,976
Graduate degree holders	35,645	306	1,786	-	5,895	5,100
Middle managers	38,916	3,813	889	6,323	-	4,844
Technicians	31,275	374	-	5,605	11,701	3,979
Clerical and auxiliary staff	26,878	3,046	576	5,039	5,410	25,986
Office staff	25,637	6,265	537	3,819	5,660	3,608
AVERAGE YEARLY PAY BY AGE						
Under 30 years old	23,637	3,163	541	3,690	5,924	3,719
30-50 years old	30,248	14,537	746	4,249	10,570	6,328
Over 50 years old	33,937	6,844	889	4,536	9,218	22,282

COLLECTIVE AGREEMENTS AND UNION REPRESENTATIVES BY COUNTRY

	Spain	Colombia (includes Panama)	Brazil	Ecuador	Dominican Republic	TOTAL Group
Personnel covered by company’s own collective agreement	2,958	-	-	-	-	2,958
Personnel covered by sectoral collective agreement	573	-	1,078	-	-	1,634
Personnel not covered by agreement	39	200	-	81	342	662
Employees adhered to union organisations	648	-	98	-	-	746

AVERAGE HOURS OF TRAINING ACCORDING TO DUTIES, GENDER AND COUNTRY (I)

	Spain	Colombia (includes Panama)	Brazil	Ecuador	Dominican Republic	TOTAL Group
Management						
Male	49	4	-	58	11	44
Female	64	3	-	58	44	53
Total	54	4	-	58	35	47
Management support staff						
Male	68	9	96	16	24	62
Female	65	25	-	50	27	59
Total	67	15	96	43	25	61
Post-graduate degree holders						
Male	60	30	-	44	-	57
Female	57	24	-	58	13	55
Total	59	28	-	51	13	56
Graduate degree holders						
Male	61	-	-	131	5	61
Female	70	-	-	22	-	69
Total	66	-	-	76	5	65

AVERAGE HOURS OF TRAINING ACCORDING TO DUTIES, GENDER AND COUNTRY (II)

	Spain	Colombia (includes Panama)	Brazil	Ecuador	Dominican Republic	TOTAL Group
Middle managers						
Male	30	29	-	-	6	28
Female	22	-	-	-	31	23
Total	29	29	-	-	11	27
Technicians						
Male	47	1	-	27	5	30
Female	56	-	-	-	-	56
Total	50	1	-	27	5	36
Clerical and auxiliary staff						
Male	32	2	96	44	18	29
Female	36	7	-	29	14	32
Total	34	4	96	37	16	31
Office staff						
Male	29	8	-	27	4	28
Female	25	9	-	-	-	46
Total	29	8	-	27	4	29

CANAL GROUP WORKFORCE TURNOVER BY AGE, SEX AND COUNTRY

	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic	TOTAL Group
TOTAL HIRED	555	32	14	417	8	36	1,062
Male	395	27	4	320	4	21	771
Female	160	5	10	97	4	15	291
Under 30 years old	233	12	9	129	8	30	421
Between 30 and 50 years	289	17	5	249	-	6	566
Over 50 years old	32	3	-	39	-	-	74
TOTAL RESIGNED/DISMISSED	430	54	37	2,272	11	83	2,887
Male	302	31	11	1,899	6	65	2,314
Female	128	23	26	373	5	18	573
Under 30 years old	186	13	21	437	7	52	716
Between 30 and 50 years	200	35	16	1,500	4	25	1,780
Over 50 years old	44	6	-	335	-	2	387
VOLUNTARY DISMISSALS	62	26	8	44	10	38	188
Male	46	18	2	37	5	27	135
Female	16	8	6	7	5	11	53
Under 30 years old	27	8	6	13	7	24	85
Between 30 and 50 years	28	15	2	30	3	14	92
Over 50 years old	1	3	-	1	-	1	6

CANAL GROUP INFORMATION ON PREVENTION BY COUNTRY (I)

	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic	TOTAL Group
OCCUPATIONAL ACCIDENTS AND ILLNESSES							
Total number of workers exposed to occupational risks	3,417	200	122	2,324	81	342	6,486
Accidents at work (excluding <i>in itinere</i>)	195	7	13	-	-	1	216
Accidents with leave (excluding <i>in itinere</i>)	85	6		-	-	4	95
Average duration (days)	10	6	4	-	-	5	9
Days lost	1,864	41	54	-	-	5	1,964
Frequency rate of accidents with sick leave	15	14		-	-	4	10
Frequency rate of total accidents (excluding <i>in itinere</i>)	35	17	171	-	-	1	22
Severity rate	0.34	0.10	0.71	-	-	0.01	0.20
Incidence rate of accidents with leave (excluding <i>in itinere</i>)	24.88	30.00	-	-	-	11.70	14.65
Fatalities (number)	-	1	-	-	-	-	1
No. of cases of work-related illnesses	-	2	-	-	-	-	2
Rate of work-related illnesses	-	-	-	-	-	-	0.0002

CANAL GROUP INFORMATION ON PREVENTION BY COUNTRY (II)

	Spain	Colombia	Panama	Brazil	Ecuador	Dominican Republic	TOTAL Group
HOURS WORKED							
Hours worked	5,551,068	420,472	76,130	2,434,432	180,585	940,248	9,602,934
Total hours worked by employees with indefinite contracts	3,552,183	376,200	75,504	2,434,432	180,585	940,248	7,559,151
Total hours worked by employees with temporary contracts	1,998,885	44,272	626	-	-	-	2,043,783
ABSENTEEISM							
Total absenteeism (hours)	337,018	15,071	5,008	3,611	3,751	115	364,574
Permanent employee hours lost due to absenteeism (hours)	259,540	8,928	2,912	3,611	3,751	115	278,742
Temporary employee hours lost due to absenteeism (hours)	77,478	6,143	2,096	-	-	115	85,832
Total absenteeism	6.07 %	3.58 %	6.58 %	0.15 %	2.08 %	0.01 %	3.80 %
Absenteeism of employees with permanent contracts	7.31 %	2.37 %	3.86 %	0.15 %	2.08 %	0.01 %	3.69 %
Absenteeism of employees with temporary contracts	3.88 %	13.88 %	334.82 %	-	-	-	4.20 %

Appendix 3: GRI Contents Index



GRI-100 UNIVERSAL STANDARDS							
GRI 101 Fundamentals 2016							
GRI 102 General Content 2016							
Profile of the organisation		Chapter	Page in the report	Direct Responses	Omissions Identified	Reason for the omission	Explanation of the omission and observations
102-1	Organisation name			Canal de Isabel II, S.A.			
102-2	Activities, brands, products and services	1.2. Our business: the integrated water cycle 4. The Canal Group	18, 197	Canal does not market any product or perform any service that is questioned by stakeholders or is the subject of public debate.			
102-3	Location of headquarters			Calle de Santa Engracia, 125. Madrid (España).			
102-4	Location of operations	4.1. Canal Group: activities and geographical location	198-199				
102-5	Ownership and legal structure	1.3. Organisation of our company	26	Limited Company with 100 % public capital.			
102-6	Markets served	4.1. Canal Group: activities and geographical location	198				
102-7	Organisation size	1.1. Main figures in the Community of Madrid 2019, 4.1. Canal Group: activities and geographical location	16, 198				

102-8	Information about employees and others	#8 Decent work, 4.4., Appendix 1, Appendix 2	143, 206-207, 239, 331	<p>The information comes from information systems (SAP) of the management areas of human resources.</p> <p>Employees with temporary contracts carry out the same duties as those with permanent ones.</p>		At the end of 2018, total indirect employment generated by Canal Group companies was 4,594 workers in its contractors. Said companies generally carry out operation and maintenance works and services of facilities, commercial services, security and support for administrative activities.
102-9	Supply chain	#8 Economic growth	191			
102-10	Significant organisational changes and its supply chain	#8 Economic growth	191	<p>During 2018 the new Public Sector Contracts Act came into force. Therefore, and, among other new features, the inclusion of environmental and social conditions in our documents has been strengthened in 2019.</p>		
102-11	Precautionary principle or approach	#13 Climate action, #16 Peace, justice and strong institutions	76, 134-136			
102-12	External initiatives	#17 Partnerships to reach goals	177	United Nations Global Compact.		
102-13	Membership in organisations	2.3, #17 Partnerships to reach goals	45, 177			

Strategy		Chapter	Page in the report	Direct Responses	Omissions Identified	Reason for the omission	Explanation of the omission and observations
102-14	Statement from senior decision makers	Message from the Chairperson of the Board of Directors, Message from the Executive Vice-chairman	10-14				
102-15	Main impacts, risks and opportunities	2.1. A 100 % sustainable strategy	36-42				
Ethics and integrity		Chapter	Page in the report	Direct Responses	Omissions Identified	Reason for the omission	Explanation of the omission and observations
102-16	Values, principles, standards and conduct norms	#16 Peace, justice and strong institutions	134-136				
102-17	Advisory mechanisms and ethical concerns	#16 Peace, justice and strong institutions	127, 134				

Government	Chapter	Page in the report	Direct Responses	Omissions Identified	Reason for the omission	Explanation of the omission and observations
102-18	Governance structure	1.3. Organisation of our company	26	Decisions on economic, social and environmental issues are approved by the Council, with all decisions related to the Strategic Plan highlighted in 2019.		
102-19	Delegation of authority	1.3. Organisation of our company	26	The Council delegates some decisions in the Management Committee.		
102-20	Executive-level responsibility for economic, environmental and social issues	1.3. Organisation of our company	26	Management Committee.		
102-21	Stakeholder consultation on economic, environmental and social issues	1.3.4, 1.3.5, 2.3, 5	31-32, 45, 224			
102-22	Composition of the highest governing body and its committees	1.3. Organisation of our company	26			
102-23	President of the highest governing body	1.3. Organisation of our company	26			
102-24	Nomination and selection of the highest governing body	1.3. Organisation of our company	26	Board members are appointed according to their positions in the different entities. Members are proposed by the Appointments and Remuneration Committee. In all cases, the Shareholder's Meeting approves their nomination.		

102-25	Conflicts of interest			They do not exist.	They do not exist.	More information can be found in our Annual Corporate Governance Report which is in the shareholders' section of our website.
102-26	Role of the highest governing body in the selection of objectives, values and strategy	1.3. Organisation of our company	26			
102-27	Collective knowledge of the highest governing body			In 2019, a programme for updating board members launched.		
102-28	Performance evaluation of the highest governing body			It is not done.	It is not done.	It will be included in the Board Regulations (in preparation).
102-29	Identification and management of financial, environmental and social impacts	5. About this Report	224			
102-30	Efficiency of risk management processes	#16 Peace, justice and strong institutions	134			
102-31	Evaluation of economic, environmental and social issues	1.3.1, 1.3.3, 1.3.4, 1.3.5	26, 30-32			
102-32	Role of the highest governing body in sustainability reporting	1.3.3, 1.3.4, 1.3.5	30-32	The material issues have been defined and approved by the governing and management bodies in the process of preparing the new Strategic Plan 2018-2030.		
102-33	Communication of critical concerns	1.2.5. Implementation of the Strategic Plan 2018-2030, 5. About this Report	32, 222			
102-34	Nature and total number of communication of critical concerns	2.2. Strategic Plan 2018-2030 Results in 2019	43			

102-35	Compensation policies	#16 Peace, justice and strong institutions	138			Employee compensation is established by the Collective Bargaining Agreement and approved by the Regional Ministry of Economy and Finance of the Autonomous Community of Madrid.	
102-36	Process for determining compensation	#16 Peace, justice and strong institutions	138				
102-37	Stakeholder involvement in compensation				It is not done.	It is not done.	
102-38	Ratio of total annual compensation	#16 Peace, justice and strong institutions	138	Compensation and increases of the same are regulated by the Regional Ministry of Economy and Finance in accordance with the provisions of the annual budget laws.			
102-39	Ratio of the percentage increase in the total annual compensation	#16 Peace, justice and strong institutions	138				
Stakeholder participation		Chapter	Page in the report	Direct Responses	Omissions Identified	Reason for the omission	Explanation of the omission and observations
102-40	List of stakeholders	2.3. Our stakeholders	45-46				
102-41	Collective bargaining agreements	#5 Equal opportunities, #10 Reducing inequalities	151				
102-42	Identification and selection of stakeholders	2.3. Our stakeholders	45-46				
102-43	Approach to Group participation	2.3. Our stakeholders, #11 Sustainable cities and communities	45-46, 114, 120				
102-44	Key issues and concerns mentioned	5. About this Report	224-226				

Key issues and concerns mentioned		Chapter	Page in the report	Direct Responses	Omissions Identified	Reason for the omission	Explanation of the omission and observations
102-45	Entities included in the consolidated financial statements	5. About this Report	233				
102-46	Definition of the contents of the reports and the Topic coverage	5. About this Report	224-227				
102-47	List of material issues	5. About this Report	225-227				
102-48	Restatement of information	5. About this Report	223				
102-49	Changes in the preparation of reports	5. About this Report	222	Since 2006, Canal has always reported in accordance with the GRI sustainability reporting framework.			
102-50	Period subject of the report			Yearly (2019).			
102-51	Date of last report			2018			
102-52	Reporting cycle.			Yearly.			
102-53	Point of contact for questions regarding the report	5. About this Report	223	atención_rcs@canaldeisabelsegunda.es			
102-54	Statement on the preparation of the report in accordance with GRI standards	5. About this Report	222				
102-55	GRI Contents Index	Appendix 3	346				
102-56	External verification	5. About this Report	222	Verification by AUREN Auditores.			

GRI 103 Management approach 2016 (Includes all material affairs: Ensure the supply guarantee, Guarantee the quality of drinking water, Strengthen service continuity, Boost environmental quality and energy efficiency, Develop cooperation with the municipalities of Madrid, Strengthen the commitment to and proximity with users, Enhance Transparency, Good Governance and Commitment to society, Encourage the talent, commitment and health of our professionals, Spearhead innovation and development, Maintain sustainability and efficiency in management. Informed with the subject specific Standards listed below.							
		Chapter	Page in the report	Direct Responses	Omissions Identified	Reason for the omission	Explanation of the omission and observations
103-1	Explanation of the material topic and its coverage	2.1. A 100 % sustainable strategy, 3. Our performance in 2019 and future objectives, 5. About this Report	36, 49, 224-227				
103-2	The management approach and its components	1.3.4, 1.3.5, 3, #13, #11, #16, #5 y #10	31, 32, 49, 76, 114, 134, 150				
103-3	Evaluation of the management approach	1.3.4, 1.3.5	31-32				

GRI-200 Economic dimension							
GRI 201 Economic performance 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
201-1	Direct economic value generated and distributed	#15, #9, #17, #8, 4.4.	97, 159, 170-171, 182, 208	Efficient use of economic resources. Adaptation of the debt to the strategy.	Internal.		
201-2	Financial implications and other risks and opportunities arising from climate change	#6 Clean water and sanitation, #13 Climate action	50, 71	Adaptation to climate change. Development of renewable energy.	Internal. Mixed (internal and external).	The consequences are expressed in terms of increased energy consumption in the event of drought. They are not quantified economically.	
201-3	Defined benefit and other retirement plan obligations	#5 Equal opportunities, #10 Reducing inequalities	152	Commitment and sense of belonging to the workforce.	Internal.	The company's contribution to the Pension Plan is suspended by law.	
201-4	Financial assistance received from the government	4.5 Canal Group economic performance	222	Development of renewable energy.	Mixed (internal and external).		
GRI 202 Market presence 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
202-1	Ratio of standard entry level wage by gender to local minimum wage	Appendix 2	334	Commitment and sense of belonging to the workforce.	Internal.		
202-2	Proportion of senior executives recruited from the local community	Appendix 2	339	Promotion of professionals' managerial activities.	Internal.		

GRI 203 Indirect economic impacts 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
203-1	Investments in infrastructures and supported services	#8 Economic growth	186	Efficient use of economic resources.	Internal.		
203-2	Significant indirect economic impacts	#17 Partnerships to reach goals, #8 Economic growth	170, 186	Collaboration and dynamisation of the Sierra Norte municipalities. Commitment to society.	External.		
GRI 204 Procurement practices 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
204-1	Proportion of expenses on local suppliers	#8 Economic growth	191	Better efficiency in internal processes.	Internal.		The exact figure is unknown. Canal contracts under public procurement legislation and therefore the local nature of suppliers cannot prevail.
GRI 205 Anti-corruption 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
205-1	Operations evaluated for corruption-related risks	#16 Peace, justice and strong institutions	134	Good Corporate Governance.	Internal.	Compliance practices began to be implemented in 2018, and in 2019 a Sub-Directorate was created for this type of assessment.	
205-2	Communication and training about anti-corruption policies and procedures	#16 Peace, justice and strong institutions, #4 Quality education	134, 154	Good Corporate Governance.	Internal.		
205-3	Confirmed cases of corruption and measures taken	#16 Peace, justice and strong institutions	131	Maximum transparency in management.	External.		

GRI: 206 Unfair competition 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
206-1	Legal actions related to unfair competition and monopolistic practices and against free competition						Does not apply to Canal de Isabel II.
GRI-300 Environmental dimension							
GRI 301 Materials 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
301-1	Materials used by weight or volume	#12 Responsible production and consumption	87-88	Promotion of the circular economy.	Mixed (internal and external).	Reagent and paper data are provided as they are among the most significant consumptions.	
301-2	Consumables recycled	#6 Clean water and sanitation,, #12 Responsible production and consumption	52, 87, 90-91, 93	Expanding regenerated water consumption. Promotion of the circular economy.	Mixed (internal and external).		
301-3	Products reused and packaging materials	#6 Clean water and sanitation,, #12 Responsible production and consumption	52, 90-91, 93	Expanding regenerated water consumption. Promotion of the circular economy.	Mixed (internal and external).		
GRI 302 Energy 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
302-1	Energy consumption within the organisation	#7 Affordable and clean energy	81	Development of renewable energy.	Mixed (internal and external).		
302-2	Energy consumption outside the organisation				Not available.		Information not available.
302-3	Energy intensity	#7 Affordable and clean energy	81	Development of renewable energy.	Mixed (internal and external).		

302-4	Reduction of the energy consumption	#7 Affordable and clean energy	82	Development of renewable energy.	Mixed (internal and external).		
302-5	Reduction of energy requirements for products and services	#7 Affordable and clean energy	82-83	Development of renewable energy.	Mixed (internal and external).		
GRI 303 Water 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
303-1	Water extraction by source	1.2.1. Supply: treatment, #12 Responsible production and consumption	19, 88	Maximum efficiency in the use of existing resources. Efficient management of the demand.	Internal. External.		
303-2	Water sources significantly affected by water extraction	1.2.1. Supply: treatment	19	Maximum efficiency in the use of existing resources. Efficient management of the demand.	Internal. External.		
303-3	Recycled and reused water	1.2.5, #6 Clean water and sanitation	24, 52	Expanding regenerated water consumption.	Mixed (internal and external).		
GRI 304 Biodiversity 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
304-1	Owned, leased or managed operations centres located within or adjacent to protected areas or areas of high biodiversity value outside protected areas.	#15 Life of terrestrial ecosystems	95				
304-2	Significant impacts of activities, products and services on biodiversity	#15 Life of terrestrial ecosystems	95				They are insignificant.

304-3	Protected or restored habitats	#15 Life of terrestrial ecosystems	96				
304-4	Species on the IUCN Red List and on national conservation lists the habitats of which are in areas affected by operations	#15 Life of terrestrial ecosystems	96				
GRI 305 Emissions 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
305-1	Direct GHG emissions (scope 1)	#13 Climate action	71-72	Adaptation to climate change.	Internal.		
305-2	Indirect GHG emissions from power generation (scope 2)	#13 Climate action	71-72	Adaptation to climate change.	Internal.	There have been none in 2019. All the energy consumed had guarantee certificates of renewable origin.	
305-3	Other indirect GHG emissions (scope 3)	#13 Climate action	71-72	Adaptation to climate change.	Internal.		
305-4	Intensity of GHG emissions	#13 Climate action	72	Adaptation to climate change.	Internal.		
305-5	Reducing GHG emissions	#13 Climate action	71-72	Adaptation to climate change.	Internal.		
305-6	Emissions of ozone-depleting substances (ODS)					The emissions of this type of gas are minimal, although the calculation of our carbon footprint is included. In 2018 they were only 213,47 tonnes of CO ₂ eq.	
305-7	Nitrogen oxides (NOx), Sulphur oxides (Sox) and other significant air emissions	#13 Climate action	73	Adaptation to climate change.	Internal.		

GRI 306 Wastewater and waste 2016			Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
306-1	Discharge of water depending on its quality and destination	#12	Responsible production and consumption	89	Efficiency in purification.	Internal.		
306-2	Waste by type and method of elimination.	#12	Responsible production and consumption	91	Promotion of the circular economy.	External.		
306-3	Significant spills	#12	Responsible production and consumption	90				
306-4	Transport of hazardous waste	#12	Responsible production and consumption	91	Promotion of the circular economy (waste).	External.	The waste is managed and transported by companies with the corresponding manager's permits. The priority final destination is its reuse.	Waste is not transported to other countries.
306-5	Bodies of water affected by discharges of water and/or run-off	1.2.4.	Sanitation: purification of waste water	23	Efficiency in purification. Excellence in sewerage systems.	Internal.		
GRI 307 Environmental compliance 2016			Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
307-1	Non-compliance with environmental legislation and regulations	#12	Responsible production and consumption	92				
GRI 308 Environmental evaluation of suppliers 2016			Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
308-1	New suppliers that have passed selection filters according to environmental criteria	#8	Economic growth	191	Better efficiency in internal processes.	Internal.	Clauses regarding environmental protection are included in all contracts, but no evaluations are carried out. If the performance of suppliers is monitored.	

308-2	Negative environmental impacts in the supply chain and measures taken	#8 Economic growth	Not available.			The most significant impact is the transport of waste, WWTP sludge and DWTP sludge, as well as our own vehicle fleet, and these are taken into account in Scope 3 of the calculation of our GHG emissions.	
GRI-400 Social dimension							
GRI 401 2016 Employment		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
401-1	New hires and staff turnover	#8 Decent work, 4.4. Workforce of the Canal Group companies	143-144, 206	Workforce adapted to the change in needs.	Internal.		
401-2	Benefits for full-time employees that are not given to part-time or temporary employees	#5 Gender equality, #10 Reducing inequalities	151-152	Commitment and sense of belonging to the workforce.	Internal.	Since the approval of the First Company Collective Bargaining Agreement there are no differences.	
401-3	Parental leave	#5 Gender equality, #10 Reducing inequalities	150	Commitment and sense of belonging to the workforce.	Internal.		
GRI 402 Employee-company relationship 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
402-1	Minimum notice periods for operational changes			Workforce commitment and sense of belonging.	Internal.		There is no minimum notice period. Organisational changes are analysed on a case-by-case basis, so that negative impacts on employees can be avoided or mitigated.

GRI 403 Occupational health and safety 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
403-1	Workers' representation in formal worker-employer health and safety committees	#5 Gender equality, #10 Reducing inequalities	151	Safety of the employees.	Internal.	100 % of the workforce is represented.	
403-2	Types of accidents and frequency of accidents, occupational illness, lost days, absenteeism and number of deaths due to occupational accidents or illness	#3 Health and wellbeing, Appendix 2	146, 340	Safety of the employees.	Internal.		
403-3	Workers with high incidence or high risk of activity related illness	#3 Health and wellbeing	146	Safety of the employees.	Internal.		
403-4	Health and safety issues addressed in formal agreements with trade unions	#3, #5, #10	146, 151	Safety of the employees.	Internal.	The collective agreement explicitly provides for employee representation in all matters relating to occupational health and safety in the company.	
GRI 404 Training and teaching 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
404-1	Average hours of yearly training per employee	#4 Quality education, 4.4. Workforce of the Canal Group companies	153, 209	Workforce adapted to the change in needs.	Internal.		
404-2	Employee skill enhancement and transition assistance programmes	#4 Quality education	153, 155	Promotion of professionals' directive activities.	Internal.		
404-3	Percentage of employees that receive periodic performance and professional development evaluations	#16 Peace, justice and strong institutions	138	Workforce commitment and sense of belonging.	Internal.	All employees, from all categories, receive these types of evaluations.	

GRI 405 Diversity and equality of opportunities 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
405-1	Diversity in governing bodies and employees	1.3.2, #5 y #10 , 4.4	27-28, 150, 207	Workforce commitment and sense of belonging.	Internal.		
405-2	Ratio of base salary and compensation of women to men	#5 Gender equality, #10 Reducing inequalities, Appendix 2	150, 334	Workforce commitment and sense of belonging.	Internal.	There is no difference. The Canal's collective agreement and the laws prevent any differences in this regard.	
GRI 406 No discrimination 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
406-1	Cases of discrimination and corrective measures undertaken	#5 Gender equality, #10 Reducing inequalities	150	Workforce commitment and sense of belonging.	Internal.		There have been none.
GRI 407 Freedom of association and collective bargaining 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
407-1	Operations and suppliers whose right to the freedom of association and collective bargaining could be at risk	#8 Economic growth	191	Better efficiency in internal processes.	Internal.	Our conditions of employment prevent this type of practices.	
GRI 408 Child labour 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
408-1	Operations and suppliers with significant risk of child labour	#8 Economic growth	191	Better efficiency in internal processes.	Internal.	Canal has been a signatory to the United Nations Global Compact since 2006 and supports the fight against child labour. Spanish legislation and that of the countries in which we operate prevents this.	

GRI 409 Forced or compulsory labour 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
409-1	Operations and suppliers with significant risk of forced or compulsory labour	#8 Economic growth	191	Better efficiency in internal processes.	Internal.	Canal has been a signatory to the United Nations Global Compact since 2006 and supports the fight against forced labour.	
GRI 410 Security practices 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
410-1	Security personnel trained in human rights policies or procedures	#6 Clean water and sanitation	66	Strengthening physical security of facilities.	Internal.	All security personnel have been trained in the fundamental rights of citizens, as required by the regulations in force.	
GRI 411 Rights of indigenous peoples 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
411-1	Cases of violations of the rights of indigenous peoples						Canal and all of its Group companies carry out their activity in urban areas where there are no indigenous communities.
GRI 412 Human rights assessment 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
412-1	Operations subject to human rights reviews or impact assessments						Not available. They were not done.
412-2	Employee training in human rights policies and procedures	#4 Quality education	153			Hours of training dedicated to human rights and the fight against corruption.	

412-3	Significant investment agreements and contracts with human rights clauses or subject to human rights assessment	#8 Economic growth	191	Better efficiency in internal processes.	Internal.	Clauses are included in all contracts regarding the labour and social practices of contractor companies.	
GRI 413 Local communities 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
413-1	Operations with local community participation, impact assessments and development programmes	#13 Climate action	78	Commitment to society.	External.	All environmental impact studies are subject to a public information phase in accordance with current legislation in Spain.	
413-2	Operations with significant negative impacts - both actual and potential - on local communities						There have been none.
GRI 414 Social assessment of the suppliers 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
414-1	New suppliers that have passed selection filters according to social criteria	#8 Economic growth	191	Better efficiency in internal processes.	Internal.	All suppliers must comply with this type of conditions, particularly on the basis of the new public sector contract legislation.	
414-2	Negative social impacts in the supply chain and measures taken						None were detected and measures were not taken.
GRI 415 2016 Public policy		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
415-1	Contributions to political parties and/or representatives						They are not done and are prohibited by law.

GRI416 Customer safety and security 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
416-1	Assessment of the impacts on health and safety of the product or service categories	#6 Clean water and sanitation	59	Improving water quality at the source.	Internal.		
416-2	Cases of non-compliance regarding the impacts on health and safety of the product and service categories					There have been none.	There have been none.
GRI 417 Marketing and labelling 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
417-1	Requirements for the information and labelling of products and services						They do not exist.
417-2	Cases of non-compliance regarding the information and labelling of products and services						There have been none.
417-3	Cases of non-compliance regarding marketing communications						There have been none.
GRI 418 Customer privacy 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
418-1	Substantiated claims regarding violations of customer privacy and loss of customer data	#6 Clean water and sanitation	67	Personal safety.	Internal.		There have been none.
GRI 419 Cumplimiento socioeconómico 2016		Chapter	Page in the report	Identified material issues	Coverage of material issues	Direct Responses	Omissions identified and reason for the omission
419-1	Non-compliance with the laws and standards in the social and economic areas						There have been none.

Verification Report I

AUREN AUDITORES SP. S.L.P. inscrito en el R.M. de Madrid, Tomo 33.829, Sección 8 Folio 89 Hoja M-608799, Inscripción 1 C.I.F. B/87352357 Avda. General Perón 38 - 28020 Madrid.



INFORME DE VERIFICACIÓN INDEPENDIENTE DEL INFORME ANUAL 2019
DE CANAL ISABEL II, S.A.

A la Dirección de CANAL ISABEL II, S.A.

De acuerdo con nuestra carta de encargo, hemos revisado la información contenida en el Informe de Sostenibilidad 2019 de Canal Isabel II, S.A. correspondiente al ejercicio cerrado a 31 de diciembre de 2019 (en adelante, “Informe”).

Responsabilidad de los administradores

La Dirección de Canal Isabel II, S.A. es responsable de la preparación y presentación del informe siguiendo los estándares para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative, en su opción exhaustiva, según lo que se describe en el apartado “Acerca de este Informe” y respondiendo a los indicadores GRI establecidos en el Anexo 3, también del Informe. Asimismo, es responsable del cumplimiento de los criterios de los indicadores 102-46 sobre “Definición de los Contenidos de los Informes y las Coberturas del Tema” y 102-47 “Lista de temas materiales”, habiendo obtenido confirmación de Global Reporting Initiative sobre la correcta aplicación de los mismos. La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo, de la determinación de los objetivos de Canal Isabel II, S.A. en lo referente a la selección y presentación de información sobre el desempeño en materia de desarrollo sostenible, incluyendo la identificación de los grupos de interés y de los asuntos materiales; y del establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información.

Estas responsabilidades incluyen el establecimiento de los controles que la Dirección considere necesarios para permitir que preparación de los indicadores con un nivel de aseguramiento limitado estén libres de errores materiales debidos a fraude o errores.

Nuestra independencia y control de calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código de Ética para Profesionales de la Contabilidad emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

Nuestra firma aplica la Norma Internacional de Control de Calidad 1 (NICC 1) y mantiene, en consecuencia, un sistema global de control de calidad que incluye políticas y procedimientos documentados relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información no Financiera y, específicamente, en información de desempeño económico, social y medioambiental.



Avda. General Perón 38, 28020 Madrid
Tel. +34 912 037 400
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AUDITORÍA Y ASSURANCE

Nuestra responsabilidad

Nuestra responsabilidad es llevar a cabo una revisión limitada y, basado en el trabajo realizado, emitir este informe. Hemos llevado a cabo nuestro trabajo de conformidad con la Norma ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, y con la Norma ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, emitidas por el International Auditing and Assurance Standard Board (IAASB). Estas normas exigen que planifiquemos y realicemos nuestro trabajo de forma que obtengamos un nivel significativo de seguridad sobre si el informe está exento de errores materiales.

Se ha aplicado la norma ISQC1 (International Standard on Quality Control 1) y de conformidad con la misma mantenemos un sistema integral de control de calidad que incluye políticas y procedimientos documentados en relación al cumplimiento de los requerimientos éticos, estándares profesionales y requerimientos legales y regulatorios aplicables.

Hemos cumplido con los requerimientos de independencia y otros requerimientos éticos del Code of Ethics for Professional Accountants emitido por el International Ethics Standards Board for Accountants, el cual está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

Procedimientos de revisión limitada

Nuestro trabajo de seguridad limitada se ha llevado a cabo mediante entrevistas con la Dirección y las personas encargadas de la preparación de la información incluida en el informe y la aplicación de procedimientos analíticos y otros dirigidos a recopilar evidencias, como:

- La comprobación de los procesos que dispone Canal Isabel II, S.A. para determinar cuáles son los aspectos materiales, así como la participación de los grupos de interés en los mismos.
- La comprobación, a través de entrevistas con la Dirección y con otros empleados relevantes, tanto a nivel de grupo como a nivel de las unidades de negocio seleccionadas, en cuanto a la existencia de una estrategia y políticas de sostenibilidad y Responsabilidad Corporativa para atender a los asuntos materiales, y su implantación a todos los niveles de Canal Isabel II, S.A.
- La evaluación de la consistencia de la descripción sobre de la aplicación de las políticas y la estrategia en materia de sostenibilidad, gobierno, ética e integridad de Canal Isabel II, S.A.
- El análisis de riesgos, incluyendo búsqueda en medios para identificar asuntos materiales durante el ejercicio cubierto por el Informe.
- La revisión de la consistencia de la información que responde a los Contenidos Básicos Generales con los sistemas o documentación interna.
- El análisis de los procesos de recopilación y de control interno de los datos cuantitativos reflejados en el Informe, en cuanto a la fiabilidad de la información, utilizando procedimientos analíticos y pruebas de revisión en base a muestreos.
- La revisión de la aplicación de los requerimientos establecidos en los estándares establecidos para la elaboración de Memorias de Sostenibilidad de Global Reporting, según la opción de conformidad exhaustiva.

- La lectura de la información incluida en el Informe para determinar si está en línea con nuestro conocimiento general y experiencia, en relación con el desempeño en sostenibilidad de Canal Isabel II, S.A.
- El contraste de la información financiera reflejada en el Informe con la incluida en las cuentas anuales de Canal Isabel II, S.A., auditadas por Auren Auditores SP, S.L.P.

Nuestro equipo multidisciplinar ha incluido especialistas en el desempeño social, ambiental y económico de la empresa.

Los procedimientos llevados a cabo en un encargo de aseguramiento limitado varían en naturaleza y tiempo empleado, siendo menos extensos que los de un encargo de aseguramiento razonable. Consecuentemente, el nivel de aseguramiento obtenido en un trabajo de revisión limitado es inferior al de uno de aseguramiento razonable. El presente informe en ningún caso puede entenderse como un informe de auditoría.

Conclusiones

Nuestra conclusión se basa, y está sujeta a los aspectos indicados en este Informe de Revisión Independiente. Consideramos que la evidencia que hemos obtenido proporciona una base suficiente y adecuada para nuestras conclusiones.

En base a los procedimientos realizados y a la evidencia obtenida, tal y como se describe anteriormente, no se ha puesto de manifiesto ningún aspecto que nos haga creer que el Informe de Sostenibilidad 2019 de Canal Isabel II, S.A. del ejercicio cerrado a 31 de diciembre de 2019 no haya sido preparado, en todos los aspectos significativos, de acuerdo con los estándares definidos para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative, en su opción exhaustiva, según los detallado en el apartado “Acerca de este Informe” y respondiendo a los indicadores GRI establecidos en el Anexo 3 también del Informe, lo que incluye la fiabilidad de los datos, la adecuación de la información presentada y la ausencia de desviaciones y omisiones significativas.

En otro documento, proporcionaremos a la Dirección de Canal Isabel II, S.A. un informe interno que contiene todos nuestros hallazgos y áreas de mejora.

Propósito de nuestro informe

Nuestro informe se emite únicamente a la Dirección de Canal Isabel II, S.A., de acuerdo con los términos de nuestra carta de encargo, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

AUREN AUDITORES SP, S.L.P.

05258742E
JUAN JOSE
JARAMILLO (R:
B87352357)


Firmado digitalmente
por 05258742E JUAN
JOSE JARAMILLO (R:
B87352357)
Fecha: 2020.06.08
13:19:27 +02'00'

Juan José Jaramillo

8 de junio de 2020

Este informe se corresponde con el
sello distintivo nº 01/20/08603
emitido por el Instituto de Censores
Jurados de Cuentas de España

Verification Report II



INFORME DE VERIFICACIÓN INDEPENDIENTE DEL ESTADO DE INFORMACION
NO FINANCIERA

A los Accionistas de CANAL DE ISABEL II, S.A.

De acuerdo al artículo 49 del Código de Comercio hemos realizado la verificación, con el alcance de seguridad limitada, del Estado de Información No Financiera (en adelante EINF) correspondiente al ejercicio finalizado el 31 de diciembre de 2019, de CANAL ISABEL II, S.A. y Sociedades Dependientes (en adelante, el Grupo), que forma parte del Informe de Gestión consolidado del Grupo.

El contenido del EINF incluye información adicional a la requerida por la normativa mercantil vigente en materia de información no financiera que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información identificada en la tabla "Índice de contenidos GRI " incluida en el EINF adjunto en Anexo.

Responsabilidad de los administradores

La formulación del EINF incluido en el Informe de Gestión consolidado del Grupo, así como el contenido del mismo, es responsabilidad de los administradores. El EINF se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los Sustainability Reporting Standards de Global Reporting Initiative (estándares GRI) seleccionados, de acuerdo a lo mencionado en el Anexo: "Índice de contenidos GRI" del citado Estado.


Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los administradores de la Sociedad Dominante son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.

Nuestra independencia y control de calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código de Ética para Profesionales de la Contabilidad emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

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Avda. General Perón 38, 28020 Madrid
Tel. +34 912 037 400
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Nuestra firma aplica la Norma Internacional de Control de Calidad 1 (NICC 1) y mantiene, en consecuencia, un sistema global de control de calidad que incluye políticas y procedimientos documentados relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información no Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de verificación independiente de seguridad limitada basándonos en el trabajo realizado, que se refiere exclusivamente al ejercicio 2019. Hemos llevado a cabo nuestro trabajo de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 Revisada en vigor, “Encargos de Aseguramiento distintos de la Auditoría o de la Revisión de Información Financiera Histórica” (NIEA 3000 Revisada) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC) y con la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España.

En un trabajo de seguridad limitada los procedimientos llevados a cabo varían en su naturaleza y momento de realización, y tienen una menor extensión, que los realizados en un trabajo de seguridad razonable y, por lo tanto, la seguridad que se obtiene es sustancialmente menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades de la Entidad que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal del Grupo, para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.
- Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF del ejercicio 2019 en función del análisis de materialidad realizado por el Grupo y descrito en el capítulo “Acerca de este Informe - Proceso de materialidad y resultados: temas materiales y cobertura”, considerando los contenidos requeridos en la normativa mercantil en vigor.
- Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2019.
- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación a los aspectos materiales presentados en el EINF del ejercicio 2019.
- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2019 y su adecuada compilación a partir de los datos suministrados por las fuentes de información.
- Obtención de una carta de manifestaciones de los Administradores y la Dirección.

Member of





Conclusión

Basándonos en los procedimientos realizados en nuestra verificación y en las evidencias que hemos obtenido, no se ha puesto de manifiesto aspecto alguno que nos haga creer que el EINF del Grupo correspondiente al ejercicio anual finalizado el 31 de diciembre de 2019 no ha sido preparado, en todos sus aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los estándares GRI seleccionados de acuerdo a lo mencionado en el Anexo: “Índice de contenidos GRI” del citado Estado.

Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

AUREN AUDITORES SP, S.L.P.

05258742E
JUAN JOSE
JARAMILLO
(R:
B87352357)

Firmado
digitalmente por
05258742E JUAN
JOSE JARAMILLO
(R: B87352357)
Fecha: 2020.05.27
11:10:49 +02'00'

*Este informe se corresponde con el
sello distintivo nº 01/20/05758
emitido por el Instituto de Censores
Jurados de Cuentas de España*

Juan José Jaramillo
27 de mayo de 2020

CANAL DE ISABEL II, S.A. Y SOCIEDADES DEPENDIENTES

Diligencia para hacer constar que (i) el Estado de Información No Financiera fue formulado por el Consejo de Administración de la sociedad en su reunión de fecha 19 de mayo de 2020; (ii) el acuerdo fue adoptado por unanimidad, en un punto separado del Orden del Día respecto al de la formulación de las Cuentas Anuales Consolidadas y al del Informe de Gestión Consolidado; (iii) que el Estado de Información No Financiera forma parte del Informe de Gestión Consolidado del Grupo Canal; y (iv) el Informe de Gestión Consolidado del que forma parte el Estado de Información No Financiera fue firmado en ese acto por todos los administradores, sin que faltare la firma de ninguno de ellos.

Madrid, 19 de mayo de 2020

Manuel Beltrán Pedreira
Secretario no consejero del Consejo de
Administración de Canal de Isabel II, S.A.



Santa Engracia, 125
28003 Madrid

900 365 365

www.canaldeisabelsegunda.es