

ANNUAL REPORT 2022

MAKING A DIFFERENCE IN THE LIVES OF PEOPLE

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A REFERENCE LIVES PEOPLE"

ÁGUAS DE PORTUGAL GROUP

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A portrait of José Furtado, a middle-aged man with grey hair, wearing a dark suit jacket over a light blue shirt. He is smiling slightly and looking towards the camera. The background is a blurred cityscape with buildings and a blue sky. A faint, semi-transparent image of a person's face is visible in the background on the right side.

**"WE MAKE A DIFFERENCE
TO PEOPLE'S LIVES
EVERY DAY"**

JOSÉ FURTADO, CHAIR OF THE BOARD OF DIRECTORS ÁGUAS DE PORTUGAL

MESSAGE FROM THE CHAIR

The Águas de Portugal Group is commemorating three decades of existence in 2023. This is always an important landmark in the lives of institutions to the extent this provides the opportunity to highlight the achievements, re-evaluate the paths taken and plan for the future with redoubled enthusiasm and the ambition to continuously and consistently comply with the goal of "making a difference in the lives of people".

The current management report and accounts thus emerges as an instrumental tool in this exercising of public scrutiny in order to ascertain the effective utility, the standard of performance and the technical, economic and financial robustness of the business Group with the greatest impact on the lives of the Portuguese through ensuring an essential public service for current and future generations.

In these 30 years, Portugal registered notable progress in the water management sector. The investments made throughout the country in the building of the water supply system that enabled the coverage rate for controlled and good quality tap water to rise from 50% to 99%. In terms of sanitation services, that covered 31% of the population in 1993, they have today attained a rate of 86%, with clear benefits both for the quality of coastal bathing waters and the quantity of blue flags attributed to beaches in Portugal, above the average for European Union member states.

Águas de Portugal Group companies, which form a multipolar network of competences spanning the north to the south of the country, mobilise the knowledge and skills of 3,700 workers and thereby making a major contribution to the excellent results that the environmental sector turns in for our country.

Given the global challenges faced, in which the environment sector appears as the stage for the deepest transformations, the Águas de Portugal Group maintains a

well-defined path in order to correspond to the inherent demands of water scarcity, the control of pollution and the efficient utilisation of resources.

The year of 2022 was characterised by the strong restrictive factors that effectively serve to demonstrate why it is essential to maintain and accelerate the actions to comply with these objectives. Just as we were hoping to move on from two consecutive years of pandemic, the expectations of recovery were hit by the geopolitical crisis and, as regards water management, the consequences of the extreme drought that afflicted not only Portugal but also all of Europe.

The invasion of Ukraine generated a generalised pressure on the prices of services and raw materials, especially in the case of energy followed up by interest rate hikes in efforts to control the inflationary pressures.

In this adverse context, the good economic-financial and operating performance of the Águas de Portugal Group in the 2022 financial year enabled the maintenance of the stability and resilience necessary for its companies to develop their activities and implement their investment plans, essential to leveraging efficiency, refurbishing and expanding infrastructures and responding to the drought caused emergency situations.

This furthermore highlights how drought and water scarcity adaptation measures already implemented in the past, as well as the contingency action plans, enabled Group companies to guarantee water supplies without any failures in service supply.

In 2022, total investment amounted to EUR 237.8 million, representing a rise of over 50% and highlighting the subsequent impact of integrating assets with a total value of EUR 63.4 million. In accordance with turnover totalling EUR 742.7 million euros, the high capacity to generate gross cashflows, the corresponding self-

financing, enables the circumscribing of the debt level to 3.2 times EBITDA, a clearly robust indicator for such a capital intensive industry and with a relatively stable profile and large horizons ahead in the concession periods.

This financial year saw the net consolidated result rise to EUR 100.3 million, with operational efficiency improvements and the rise in the reference interest rate for shareholder remuneration contributing towards this alongside a favourable trend in cost recovery deviation, adding EUR 40.2 million. Naturally, a final mention of recognition is due to the dedication and professionalism of AdP Group company staff who, over the last three years, have faced extremely severe contingencies and conditioning factors, as was particularly to the fore during the worst phases of the pandemic, but have always shown their real commitment to the public interest in their provision of services essential to life, public health and the environment.



José Furtado
Chair of the Board of Directors

2022 IN HIGHLIGHTS

OUR MISSION

WATER SUPPLY

9.2

MILLION INHABITANTS

POPULATION COVERED
IN WATER SUPPLY



627.53

MILLIONS m³

BULK WATER SUPPLIED



99.7%

BULK WATER SUPPLIED SAFELY

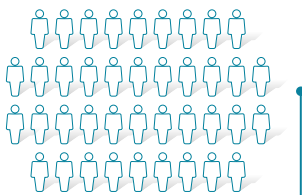


WASTEWATER TREATMENT

8.29

MILLION INHABITANTS

POPULATION COVERED
IN WASTEWATER TREATMENT



489.74

MILLIONS m³

WASTEWATERS TREATED



98.2%

WASTEWATER TREATED SAFELY



REUTILIZATION



9.38

THOUSAND TONS
TREATMENT SLUDGE RECOVERED
(WTP)



373.79

THOUSAND TONS
TREATMENT SLUDGE RECOVERED
(WWTP)

OUR PEOPLE

3 742

WORKERS



40.2%

WITH HIGHER EDUCATION

30%

FEMALE WORKERS



46 YEARS

AVERAGE AGE



42%

OF WOMEN IN
DECISION-MAKING ROLES

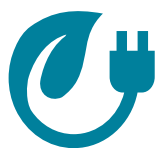


96%

OPEN ENDED CONTRACT



OUR ENERGY



38.5 MWh/year

ENERGY PRODUCED
(SOLAR, MINI HIDRO, BIOGAS)



8.326 THOUSAND TONS

REDUCTION CO₂:
INHOUSE PRODUCTION OF ENERGY
(SELF-CONSUMPTION AND ENERGY SOLD)

OUR ECONOMIC-FINANCIAL RESULTS



742.7

MILLION EUROS

BUSINESS TURNOVER

(+2.4% comparing 2021)



3.2

Net debt/ Adjusted EBITDA

(3,6 in 2021)



237,8

MILLION EUROS

INVESTMENT

(+52.7% comparing 2021)



100,3

MILLION EUROS

NET OPERATING RESULT

(+20.5% comparing 2021)



EQUALITY AND RECONCILIATION

47% of AdP Group companies are certified in the Reconciliation Management of Professional, Family and Personal Lives under NP 4552:2016. 2022 saw compliance with the Equality Plan and the renewal of the commitment to iGen- the Organisational Forum for Equality.

By 2030, 40% of the decision-making roles in the AdP Group will be held by women and 100% of our companies will hold Reconciliation Management certification.



INTERNAL SOCIAL RESPONSIBILITY

In 2022, a total of 76 Study Grants for higher education and special needs teaching were awarded to family members of AdP Group company staff under the auspices of a program launched in 2013 in order to contribute to the development and learning of children and young adults, which has already awarded a total of 409 grants.

INTERNATIONAL COOPERATION

Various partnership and cooperation projects are now ongoing, specifically with the World Bank under the auspices of its "Utilities of the Future" program and following the signing of a protocol in 2022 to expand the scope of the partnership between the AdP Group and the aforementioned institution. This correspondingly saw the launch of projects in new geographies, for example, in Lima (Peru), Goa (India), Lebanon, Cape Verde and Grenada.

ENERGY NEUTRALITY

Approval was granted to the ZERO Program investments designed with the objective of bringing about energy neutrality in 2030, involving every Group company and activity and integrating the reduction of energy consumption and sharply boosting in-house production of 100% renewable energy.

In 2022, Group production of 100% renewable energy grew 5.2% year-on-year, attaining a total of 38.51 GWh/year, which enabled a reduction of 8,319 tons of CO₂ emissions. The implementation of the ZERO Program will ensure a reduction of 185,070 tons/year of CO₂ emissions in 2031.



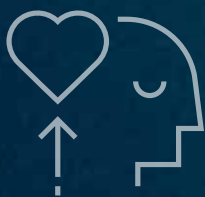
DECARBONISATION

The decarbonisation process of the AdP Group company vehicle fleets received approval for the implementation of the Green Fleet concept. In 2022, the 131 100% electric vehicles travelled a distance of over 2 million kilometres, thus avoiding the consumption of over 172,000 litres of fossil based fuels, reflecting a reduction of -394 tons (-86.2%) in terms of the CO₂ emissions made by combustion engine vehicles.

Currently under development is an emissions monitoring tool for application at every AdP Group company in order to implement NEUTRO – the Energy Neutrality Program.

ETHICS AND COMPLIANCE

Our ethical reference framework received recognition from APEE – the Portuguese Business Ethics Association in the second edition of its Ethical Code of Compliance, with the AdP Group distinguished in the category “Ethics and Compliance Leadership”.





SDG 6

SDG 14

PRESERVING THE OCEANS

Subscribing to the “Sustainable Ocean Principles” of the United Nations in 2022, integrating the Group into the 150 companies worldwide committed to evaluating their impacts on the ocean and integrating ocean sustainability into their general strategies.

There was the High Level Symposium on Water that Portugal organised under the auspices of the United Nations Oceans Conference, which took place in Lisbon in June, contributing to the reflections on how to improve the coordination between freshwater policies and the oceans, strengthening the partnerships existing and better understanding of how the sustainable management of water supply and wastewater treatment goals stipulated under SDG 6 may impact on the implementation of SDG 14.



DROUGHT MANAGEMENT

In order to manage the effects of the 2022 drought and within the scope of strengthening the operating teams and guaranteeing the monitoring of water availability, the identification of critical situations and contingency and mitigation measures, a taskforce was set up with representation from every water supply company in the AdP Group. In order to strengthen the contingency measures, awareness raising campaigns contained warnings and suggestions over the reduction of water consumption by different users.

CIRCULAR ECONOMY

The AdP Group circularity strategy traverses various dimensions: the production of ApR – water for reutilisation at Group installations for the irrigation of agricultural crops and gardens, urban and industrial or service facility cleaning operations; recycling the nutrients contained in wastewaters and producing organic fertilisers through the transformation of wastewater plant sludges, capitalising on the flows of subproducts generated in water and wastewater treatment processes, rendering them circular raw materials for other sectors of activity, for example, inert materials for incorporating into ceramics and civil construction as well as producing green reagents through taking advantage of the flows of renewable materials and gases for their application in water and wastewater treatment processes.

THE ÁGUAS DE GROUP





PORTUGAL

A close-up photograph of a woman with dark hair and a slight smile, holding a clear glass of water up to her eye. She is looking through the glass, which is slightly out of focus, creating a sense of depth and connection. The background is softly blurred, suggesting an indoor setting with natural light.

**"WE MAKE A
DIFFERENCE EVEN
WHEN YOU CAN'T
SEE US"**

ÁGUAS DE PORTUGAL GROUP

WHO WE ARE

The AdP Group - Águas de Portugal, founded in 1993, is an entirely publicly owned Group set up to ensure the integrated management of the urban water cycle, encompassing all of its phases, from the collection, treatment and distribution of water for public consumption through to the collection, transport, treatment and disposal of urban and industrial wastewaters, including their recycling and reutilisation.

With regional operations spanning the extent of continental Portugal and an international presence in several countries, the Group is also active in renewable energies, maximising the energy outputs of its assets and endogenous resources and approaching new business areas and circular economy products.

Subsidiary companies in Portugal, when resulting from partnerships between the State and Municipalities for the management of water services, may assume the model either of State-owned system (multi-municipal systems) concessionary companies or of municipal system management companies under a public partnership regime in which AdP SGPS holds a majority of the share capital on behalf of the State.

The provision of public services essential to life, public health, the environment and sustainable development, through Group companies, reinforces our objective of **"MAKING A DIFFERENCE IN THE LIVES OF PEOPLE"**.

VISION

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

MISSION

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

COMMITMENTS

Due to the structural role played in the environment sector, contributing decisively to managing the resources available to the country and putting public policies into practice and striving for national objectives in the environmental field, with transversal impacts across every human activity, the Grupo AdP assumes the following commitments to society in striving for its mission:

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



HISTORY

1868

Founding of CAL - Companhia de Águas de Lisboa, concession holder for the water supply to the city of Lisbon until 1974, then succeeded by EPAL - Empresa Pública das Águas de Lisboa. In 1991, EPAL became a public limited company with fully state-owned capital, and was renamed EPAL - Empresa Portuguesa das Águas Livres, S.A. (EPAL).

1993

Founding of Águas de Portugal as part of IPE - Investimentos e Participações do Estado, with responsibility for developing the multi-municipal water supply and wastewater treatment systems and also awarded the entire own capital of EPAL.

Creation of the first Multi-Municipal Water Supply Systems: for the North and South Greater Oporto Metropolitan Area, the Greater Lisbon Area, Eastern and Western Algarve [Decree Law no. 379/93, 5 November].

1995

Creation of the Multi-Municipal Wastewater System of Costa do Estoril and creation of SANEST. EPAL was in charge of the Multi-Municipal Water Supply System of the Greater Lisbon Area.

1996

Receipt of European Union funding following approval of the first applications to the Cohesion Fund, which enabled the Group to undertake the necessary investments in water supply and wastewater management infrastructures.

1997

Launch of Aquapor - Serviços, S.A. (Aquapor hereafter), a company formed to participate in the municipal systems market and to support the Group's intervention in international markets, prioritising Portuguese speaking countries such as Angola, Brazil, Cape Verde and Mozambique.

Completion of AdP's first European Investment Bank (EIB) financing operation.

Creation of the first Multi-Municipal Wastewater Management system of Ria de Aveiro.

1998

First Aquapor holding, in consortium with private companies, in a municipal system concession for exploration and management of the municipal water and sanitation system (Figueira da Foz).

Intensification of the activity in international markets, with the holding company investing in companies in Brazil (EBAL and Prolagos) and in Mozambique (Aquatec).

1999

Creation of the Multi-Municipal Sanitation System of the Lis River.

International consortium for the concession of the water supply to the five main cities of Mozambique, giving rise to the Águas de Moçambique concessionaire. Entry into the Cape Verdean market, with the acquisition, in a consortium with EDP, of the majority of the capital stock of Electra, an electricity and water company.

2000

Integration of Empresa Geral do Fomento, S.A. (EGF) into the AdP Group as a sub-holding for the waste area.

Creation of three more Multi-Municipal Sanitation Systems: Baixo Cávado and Ave, Algarve and Greater Oporto.

Merger of the companies Águas do Barlavento Algarvio and Águas do Sotavento Algarvio and founding of Águas do Algarve.

Creation of the first Integrated Multi-Municipal Water Supply and Wastewater Management: Zêzere e Côa, North Alentejo, West and Minho-Lima and the establishment of the three respective concessionaires (Águas do Zêzere e Côa, S.A., Águas do Minho, S.A. and Lima and Águas do Oeste, S.A.).

Beginning of the cooperation project in East Timor.

2001

Creation of AdP - Águas de Portugal Internacional - Environmental Services, SA, (AdP Internacional), with the mission of managing the AdP Group's businesses outside the national territory.

Creation of new Integrated Multi-Municipal Water Supply and Wastewater Management Systems (of Trás-os-Montes and Alto Douro and the Border Region, Zêzere and Nabão) and the Wastewater Multi-Municipal System of the Tagus and Trancão rivers.

Establishment of Águas de Santo André, SA, the concessionaire of the System for the Collection, Treatment and Distribution of Water for Public Consumption, Collection, Treatment and Rejection of Effluents and Collection, Treatment and Final Destination of Solid Waste of Santo André, formerly managed by Instituto da Água.

Acquisition of Luságua - Gestão de Águas, SA by Aquapor, which becomes the market leader for private concessions.

2002

Completion of the decommissioning, closure and environmental recovery process of about 300 rubbish dumps by EGF.

Creation of the Water Supply and Wastewater Management Multi-Municipal System of Vale do Ave.

Acquisition of 55% of the capital of AQUASIS - Sistemas de Informação, SA (AQUASIS), an information systems company designed for the water sector.

2003

Creation of the Multi-Municipal System of Water Supply and Wastewater Management for Central Alentejo.

2004

Creation of the Multi-Municipal System of Water Supply and Wastewater Management of the Setúbal Peninsula.

Creation of the Multi-Municipal System of Water Supply and Wastewater Management of Baixo Mondego-Bairrada.

2005

Publication of the Water Law, transposing the Water Framework Directive into Portuguese law. Portugal also experienced an unprecedented drought this year. AdP collaborated in the development and implementation of a wide-reaching awareness campaign on the rational usage of water and minimising the effects of the drought.



2007

Restructuring of the AdP Group to ensure greater focus on the management of multi-municipal water supply and wastewater treatment systems. Beginning of the Aquapor disposal process alongside other companies with complementary activities in international markets.

Beginning of studies by the AdP Group related to the integration projects for a set of more than 150 municipalities, including the definition of the state of municipal systems, the investment plan, the associated schedule and the estimated business turnovers.

Internationalisation in the waste sector, through an EGF consortium with the Mozambican company Neoquímica, to win the tender for waste collection in the urban area of Maputo, Mozambique

2008

Sale of Aquapor and other companies in non-core activities (Recigroup and Electra).

2009

The new model for the integrated management of the urban water cycle based on the signing of partnership agreements between the State and municipalities is established, and the first partnerships established: in the region of Aveiro, involving 10 municipalities and having AdRA - Águas da Região of Aveiro, SA as the management entity, and in the Alentejo region, involving 21 Municipalities and AgdA - Águas Públicas do Alentejo, SA as managing entity.

Creation of the Multi-Municipal System of Water Supply and Wastewater Management of Greater Oporto.

2010

Creation of the Multi-Municipal Water Supply and Wastewater Management System of the Northwest by merging the Multi-Municipal water supply systems in the north of the Greater Oporto area and supplying water and sanitation services to Minho-Lima and the Ave Valley.

Incorporation of the AdP Internacional subsidiary in Angola (AdP Angola).

2012

A set of territorial, organisational, regulatory and financing reforms of the water sector in general takes place to ensure continuity, universality, quality and sustainability in the delivery of these essential public services.

Launching of the Integrated Energy Efficiency Plan of the AdP Group (PEPE) by AdP Energias.

2013

The Public Partnership between the Portuguese State and eight Municipalities for the creation of the Water System of the Northwest Region and attributing its management to the Partnership thereby established.

2014

The new statutes of the Water and Waste Services Regulatory Body (ERSAR) and the detailed bill for water and waste services are published. The Operational Program for Sustainability and Efficiency in the Use of Resources (PO SEUR) 2014-2020, an instrument of the Europe 2020 Strategy for Sustainability and the Efficient Use of Resources, is approved.

2015

The Strategic Plan for Water Supply and Wastewater Sanitation is approved (PENSAAR 2020).

The territorial reorganisation of the AdP Group's bulk water supply and sanitation systems is legislated through a process of aggregation into larger systems that leads to the creation of three companies, Águas do Norte, SA, Águas do Centro Litoral, SA and Águas de Lisboa and Vale do Tejo, SA.

Establishment of AdP Guiné-Bissau and AdP Cabo Verde. Sale of 95% of EGF's share capital.

2016

Approval, at the general shareholders meeting, of the creation of four additional companies, through the spin-off of Águas do Norte and Águas de Lisboa and Vale do Tejo, based on criteria of efficiency, fairness and solidarity between systems.

2017

Operational launch of companies Águas do Douro e Paiva, SA, SIMDOURO - Saneamento do Porto Grande, SA, Águas do Tejo Atlântico, SA and SIMARSUL- Sanitation of the Setúbal Peninsula, SA. Sale of the remaining holding (5%) in EGF's share capital.

2018

Signing of the Collective Working Agreement with the CGTPIN and UGT trade unions, establishing the terms and conditions relating to salaries, careers, fringe benefits and the organisation of work in the AdP Group company not yet covered by collective working agreements. Approval of the liquidation of MIESE - Vila Real/Alijó - Sistemas Energéticos a Biomassa, Lda..

Sale of the 55% stake in the own capital of AQUASIS.

Commemorations of the 25th anniversary of AdP SGPS.

Celebrations of the 150th anniversary of EPAL.

Inauguration of the Environment Education Centre "Water at 360°" by the AdP Group in Lisbon.

2019

AdP Group company bills for direct consumer services begin detailing the consumption of water in litres within the framework of fostering awareness about the consumption of water and raising awareness over its rational usage.

Establishing the partnership between the Portuguese state and seven municipalities for the founding of the Alto Minho Water System and attributing its operation and management to a new AdP Group company, AdAM - Águas do Alto Minho, S.A.

Awarding the management of three dams (Azibo, Apartadura and Odeleite-Beliche) to AdP Group companies following the entrance into effect of Decree Law no. 160/2019, of 24 October.

2020

Definition of the Strategic Commitment Framework for the AdP Group for the triennial 2020 – 2022.

Launch of the ZERO Program seeking to obtain energy neutrality in AdP Group national and international operations through the production of 100% renewable energy by 2030.

Reorganisation of the AdP Group Corporate Centre and the reconversion of the shared service provider company to AdP Valor, which thereby assumes the mission to drive strategic innovation and the circular economy.

2021

Establishing the production and supply of Water for Reutilisation as a core activity essential to public service.

Conclusion of the COVIDetect pilot-project with the objective of producing an early warning system for the SARS-CoV-2 virus in wastewaters to contribute to improving responses towards any eventual new outbreaks of disease.

Launching the Innovation 360° Strategy, assuming the innovation as a vector for speeding and accelerating the AdP Group commitment for the decade and defining the path of the AdP Group in evolving towards the paradigm necessary to meet the new societal challenges.

Systematising the Integrity Commitment of the AdP Group, strengthening the governance model based on the highest ethical standards, on transparency, responsibility and excellence in public management practices.

2022

Presentation of the Sustainability Commitment that sets out the Group's ambitions in keeping with the principles of efficiency, innovation and service quality, within the strategic framework of corporate, environmental and social responsibility.

A photograph of two workers in white hard hats and high-visibility yellow safety vests. They are standing outdoors, possibly at a construction or industrial site, with a blurred background. The worker on the right is gesturing with his hand while talking to the worker on the left. The lighting is warm, suggesting a sunset or sunrise.

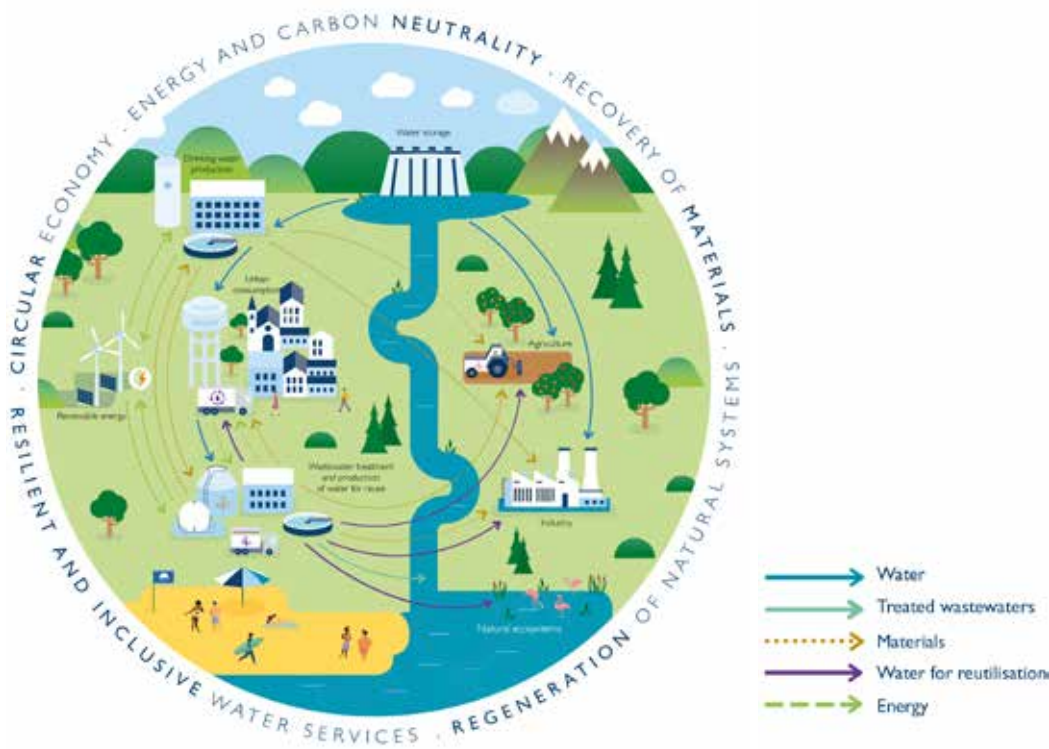
**"WE MAKE A
DIFFERENCE WHEN
WE PRODUCE
GREEN ENERGY"**

ÁGUAS DE PORTUGAL GROUP

VALUE CHAIN

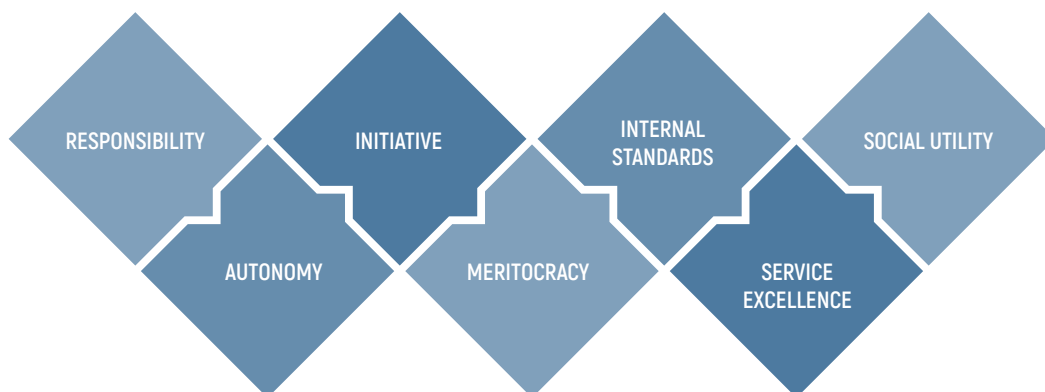
The AdP Group, through its subsidiaries, deploys a widespread presence across the Portuguese geography, with its core activity the integrated management of the urban water cycles throughout all of its phases, ranging from capture through to recycling and reutilisation while passing through the treatment and distribution of water for public consumption, collection, transport, treatment and the rejection of urban and industrial wastewaters, and the production of water for reutilisation (ApR).

Water and energy efficiency are strategic Group objectives within the context of managing water scarcity and adapting to climate change and fostering the circular economy, highlighting the production of ApR and valuing the sub-products resulting from water treatment processes, with examples including sludges and nutrients, and capitalising on the energy capacities of assets and endogenous resources, specifically biogas from anaerobic digestion as well as energy produced by water, wind and photovoltaic sources.



OUR PEOPLE

The strategic development, sustainable growth and lifelong learning of all our People continues to remain a core strategic axis, contributing to deepening the involvement and commitment and a solid corporate culture based on the following principles:



Hence, we strive to promote the AdP Group through an equation in which the main variable is our People.

Our core objective is thus to humanise the AdP Group and apply a people management strategy capable of guaranteeing the Group's development, hence able to:

- Create value for the business by optimising, adapting and simplifying human resource policies, monitoring their implementation and taking corrective actions;
- Maximise business results, creating value through people;
- Guide people towards the values considered organisationally strategic;
- Align individual objectives with those of the business and the trends in the sector;
- Deploy the right people in the right places at the right times;
- Motivate, retain and develop critical competencies, retain talents and high potential people;
- Distinguish and reward good performances;
- Manage each person according to their individuality in a context of full inclusion; and
- Integrate the social dimension into the AdP Group strategy as this stands as a key pillar.

Aware that our greatest asset is our People, we carried out an in-depth survey of the entire human resource cycle and, in accordance with the results thereby obtained, we outlined an effective change management plan for 2022 and 2023. This incorporates initiatives designed to be truly transformational and impactful, both in terms of the digitalisation of human resource functions and in terms of the value proposition that we provide our People and never overlooking the empowerment of relevant leadership, ensuring the scope so they may lead by example.

In order to fulfil our ambitions, we also set about:

- Reviewing the human resource strategy, policies and processes to ensure consistency with the purpose and goals established for the AdP Group;
- Investing in the skills of AdP Group People, attracting, motivating and retaining them;
- Strengthening a common culture; and
- Listening to our people as internal stakeholders as we believe in the power of good diagnosis to build the future and nurture working environments capable of boosting the results, both of teams and People individually.

Our People Management mission involves ensuring personal and professional growth in a climate of trust, respect, resilience and agility, which promotes the well-being of each and every one of our People.

Simultaneously, issues such as motivation and satisfaction, qualifications and valuing work, equal opportunities and guaranteed working conditions, with a strong emphasis on promoting health and safety, are continuous and transversal challenges for the AdP Group.

Today, we may state that our vision for people management revolves one key word - humanisation.

Furthermore, over the course of 2022, our sustainability commitment aligned its strategy with the ambition of working with purpose, valuing the relationship with our People, encouraging their professional and personal development and setting targets that mean 40% of AdP Group decision-making positions will be occupied by women and 100% of companies will be certified in Reconciliation Management by 2030.

2022 was therefore a year of implementation with the consolidation of a number of initiatives and projects, in particular the human resource dimensioning project.

The last two years were transformational for the AdP Group. Extensive work took place on diagnosis and organisation, launching important projects to promote and strengthen working with purpose, emphasising the development, well-being, motivation and happiness of our People.

In parallel, the Group carried out a diagnosis of the quality of the SAP system human resource database, the first step to improving the quality and access to information, which should always be up-to-date, timely and reliable, an essential factor not only for reporting and supporting decision-making but also for strengthening predictive analysis. This represents the first step towards implementing a People Management cloud solution that guarantees the best means of managing the daily processes, from recruiting talents to integrating them into the company's culture, through to career management and learning management systems and ensuring the participation capable of improving business results.

This extended to reviewing and clarifying the performance evaluation system, maintaining the focus on continuous process improvement, through training actions that foster the mental growth and responsibility of our People, raising awareness of unconscious biases in order to make this process increasingly robust, objective and consistent.

Internal recruitment, and the respective scope for intra and inter-company mobility, continues as a priority tool for the personal and professional development of our People, allowing their exposure to new contexts and challenges that enhance the acquisition of new learning and skills.

We correspondingly rethought and developed a new induction manual and kit in order to better introduce the evaluation process and the experience of People in the six months following their entry, an innovative facet that promotes a culture of analysis and data evaluation that also enables the correcting of actions while focusing on that most relevant and transformative.

We launched the leadership pipeline within the ambition of gaining recognition as a benchmark reference in terms of leadership in the public sector, developing an internal and external school of leaders, reinforcing the clear focus on learning, through the various programs run by the Águas Livres Academy as well as through implementing personal development plans.

We develop our learning focus across the following dimensions:



As regards Collective Labour Agreements (CLAs), the Group was already able to reclassify workers in some companies, following approval of their respective Activity Plans and Budgets, in 2022.

There was a very significant commitment made to social dialogue, with meetings and intense interactions with the different social partners, embarking on a new cycle of negotiations, with the constant underlying goal of improving the existing Collective Labour Agreements and enhancing the salaries of our People, following the general 1.2% increase applied in the AdP Group in 2022 (authorised by Order no. 110/2022-SET of 28/01/2022).

DIVERSITY, EQUALITY AND INCLUSION

At the AdP Group, we promote equal opportunities and the treatment of people regardless of their political, social or economic backgrounds. We believe that diversity drives value and strengthens our organisational culture. Our 2022-2025 sustainability commitment includes the goals of "ensuring equal opportunities and promoting diversity and inclusion" and "promoting a balance between professional, family and personal life".

We have a longstanding gender equality policy and a set of other non-discriminatory human resource policies, such as our own code of ethics and conduct and our certifications according to the SA 8000 social responsibility and work-life balance standards.

We have been members of iGen – Business Forum for Equality since 2017, strengthening our commitment to ensuring gender equality and improving the terms of sustainability, organizational justice and satisfaction of our People

We joined the Portuguese Association for Diversity and Inclusion, set up to manage and ensure the sustainability and development of the Portuguese Charter for Diversity and Inclusion and GRACE – the Responsible Companies Association.

Among other initiatives, we also participated in the "Divers@s e Ativ@s: Promoting Diversity and Non-Discrimination in the Workplace" project run by the APPDI, in association with the following partners: European Anti-Poverty Network (EAPN); European Intercultural Club; KUN - Centre for Equality and Diversity.

TRAINING AND DEVELOPMENT

Our People contribute to defining their own personal development plans in conjunction with their managers. This plan is composed not only of strategic actions across the AdP Group but also issues specific to their functions and they are thereby encouraged to participate in training programs in areas directly related to their activities that unequivocally enhance their intellectual capital. We also encourage participation in associations either able to contribute to professional enhancement or are appropriate to the pursuit of the Company's goals.

However, we view development within a broader scope, thus, we urge people to seek initiatives that do not exclusively involve formal training but rather deploy informal training and training through other people and on-the-job training practices.

A set of simple metrics, for example evaluating the satisfaction and effectiveness of training actions, are currently under real time evaluation, embodying the culture of continuous improvement at the heart of our strategy.

In 2022, we began implementing a transversal training plan for the entire AdP Group approaching themes that are fundamental to our strategic alignment and market presence: training in the AdP Group Ethics and Conduct (online and in-person), in Cybersecurity and in Corporate Governance.

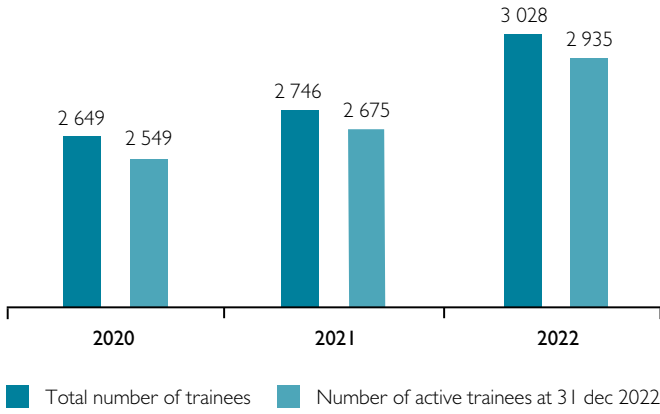
This transversal training plan for the Águas de Portugal Group seeks to respond to the challenges the Group proposed in its Strategic Commitment Framework and aligning knowledge considered critical to the business and to the development of People in every Group company, taking the following aspects into particular consideration:

- Ethics and Conduct in the AdP Group: five online sessions were held for all AdP Group senior managers, and with the e-learning content made generally available to everyone, awarded with a satisfaction rating of 4 (on a scale of 1 to 5) and a recommendation rating of 8 (on a scale of 1 to 10), reinforcing the importance and alignment of our people in this area.
- Cybersecurity: in keeping with this highly topical, urgent and important issue, an e-learning format course was made available to all Group staff - "Cybersafe Citizen" – raising awareness of this issue across the domestic, professional and public contexts. Around 1,500 People have already completed this training course, which is available on the Águas Livres Academy platform with more content due to be added during 2023 to deepen the global knowledge on this subject.
- Corporate Governance: this program, for all Águas de Portugal Group managers, was developed in partnership with the Portuguese Institute of Corporate Governance and designed to bring about greater alignment between Group companies in promoting and disseminating good corporate governance practices as an essential instrument for economic efficiency, sustainable growth and financial stability, with the management staff participation rate now attaining approximately 90%.

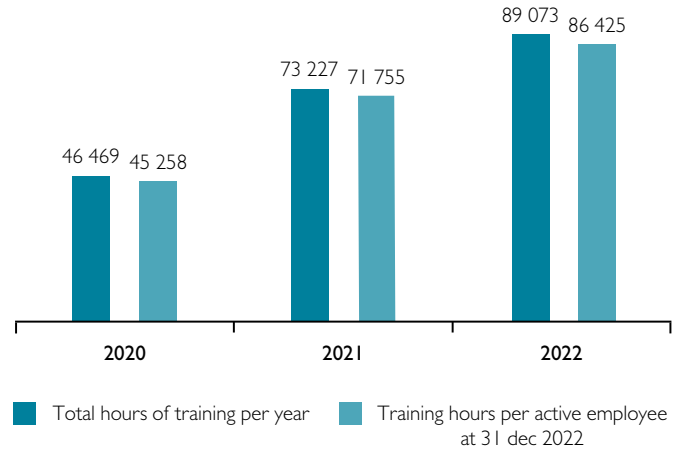
We would note that this transversal AdP Group training plan, which began in 2022, is to continue throughout 2023, with the aim of not only deepening and disseminating some of the knowledge and best practices in the above-mentioned areas but also nurturing the development and alignment of other key Group skills, such as Public Procurement, Digital Literacy and Internal Control.

This was also a year of great investment in the qualification of our People through various advanced training courses as well focusing greatly on specialist skills as is the case of the Power BI course and the pedagogical training of trainers, which initially certified 12 employees with a view to establishing an internal pool of trainers for launching and developing an internal faculty, a Group ambition for the forthcoming years.

TRAINEES



TRAINING PROVIDED



TOTAL NUMBER OF TRAINING HOURS



MANAGEMENT: 27%

LINE MANAGERS: 31%

TECHNICAL STAFF: 13%

OPERATIONAL STAFF: 29%

Both the number of hours of training provided and the number of trainees have increased constantly over the last three years, especially through digital format training courses that are provided to every AdP Group member of staff.

GENDER EQUALITY

Of the Group's active employees, 30% are female and 70% are male.

Gender representation in the Group directly relates to the nature of the functions performed in the operating companies, predominantly in the operation and maintenance areas.

GENDER DISTRIBUTION

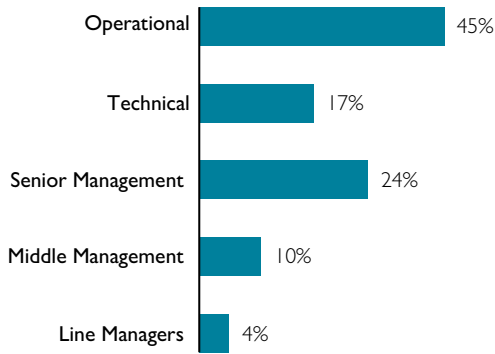


MANAGEMENT POSITIONS: 14%

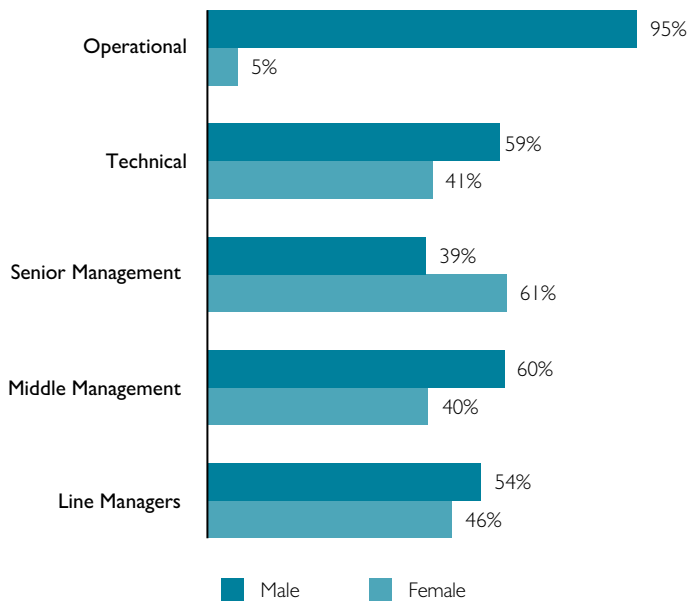


MEMBERS OF STAFF IN EMPLOYMENT ON 31/12/2022

PROFESSIONAL SEGMENTATION



PROFESSIONAL SEGMENTATION BY GENDER



In compliance with paragraph 2 of Council of Ministers Resolution 18/2014 of 7 March and the procedures in place in the AdP Group, AdP SGPS, S.A. promotes, disseminates and publishes online information about the remuneration paid to women and men in its annual sustainability report.

Among the working population, the Group has 76 people with disabilities and 29 people of minority nationality.

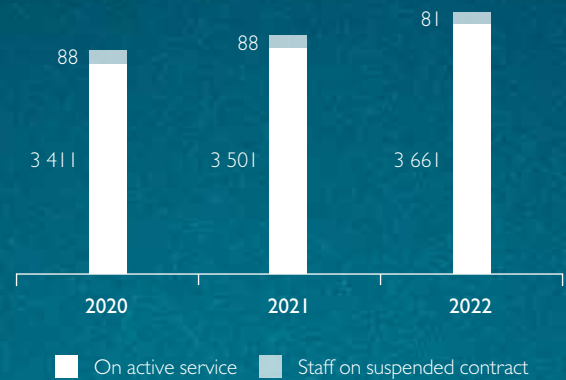


CHARACTERISTICS OF GROUP HUMAN RESOURCES

(not including Governing Bodies)

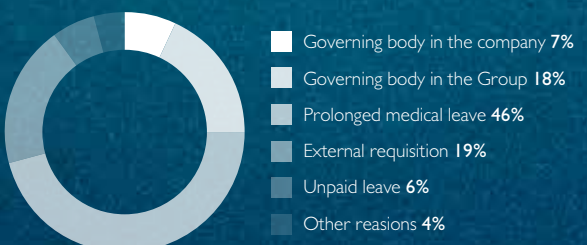
As at 31 December 2022, the Group employed 3,661 active members of staff, up 4.6% on the end of 2021. The number of employees on suspended contracts declined to 81.

TOTAL NUMBER OF GROUP AdP EMPLOYEES



Of the employees with suspended contracts, 46% were on long-term sick leave while 18% were undertaking administrative functions in Group companies. The remaining situations concern contracts suspended for the performance of public duties (external requisition), unpaid leave, and other reasons.

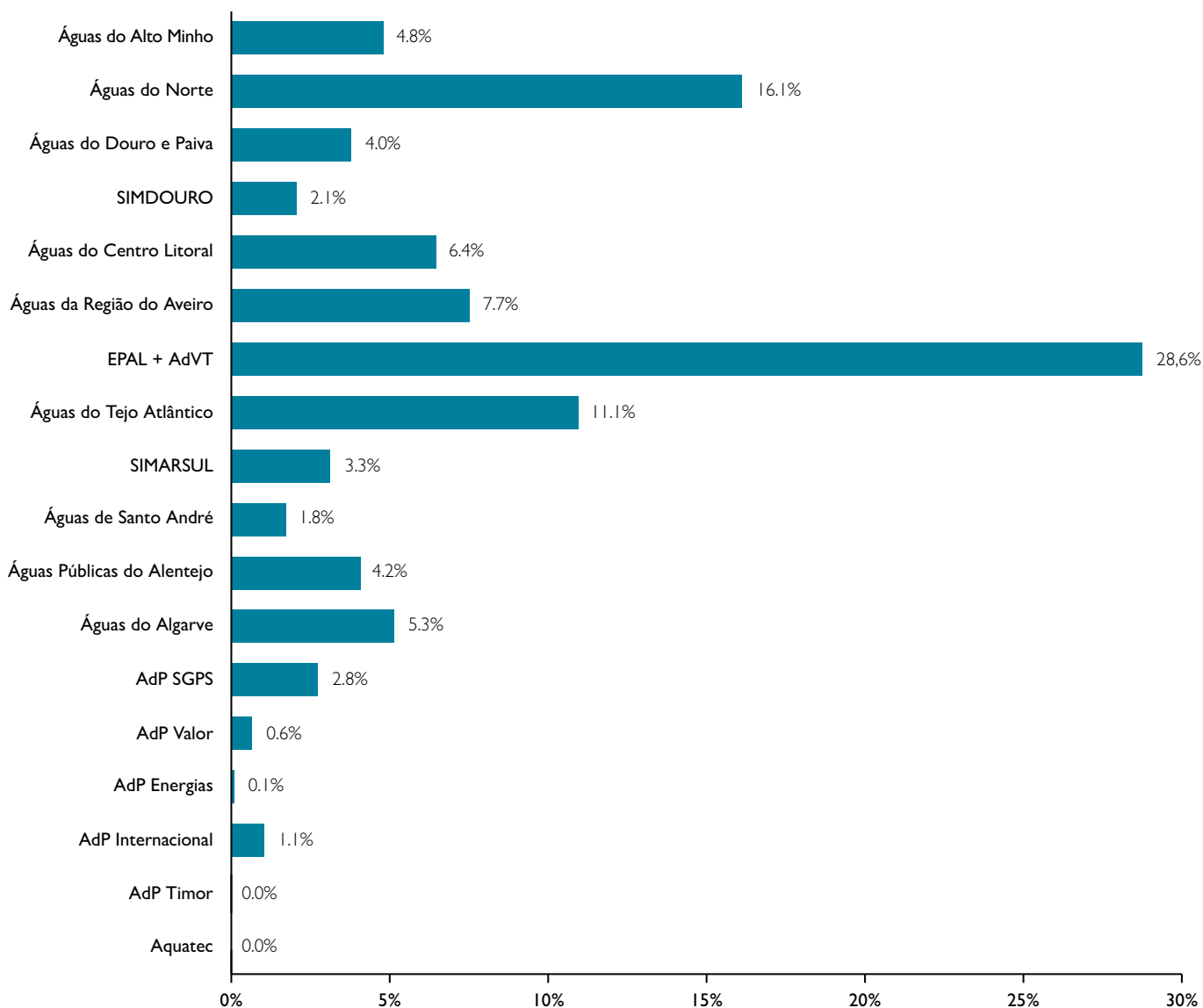
SUSPENDED CONTRACTS



CHARACTERISATION OF THE ACTIVE WORKERS IN AdP GROUP

The companies employing the largest number of workers are EPAL (which includes AdVT workers) with 28.6%, Águas do Norte with 16.1% and Águas do Tejo Atlântico with 11.1%. The remaining companies concentrate the remaining 44.2% of active workers.

ACTIVE WORKERS FOR COMPANY



46 YEARS

AVERAGE AGE

51% above 45 years

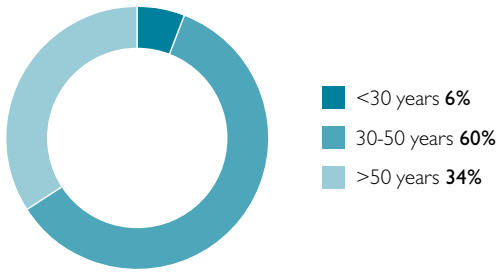
13 YEARS

AVERAGE LENGTH OF SERVICE

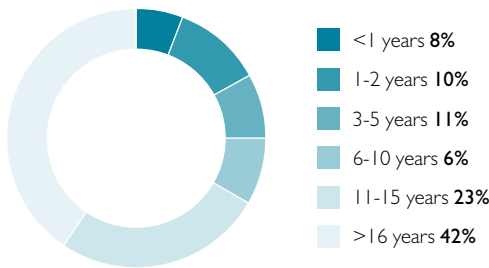
65% length above 10 years

The average age of AdP Group employees is 46, with 60% in the 30-50 age bracket and 34% aged over 50. Active people aged over 56 represent around 19% of all members of staff.

AGE DISTRIBUTION IN AdP GROUP

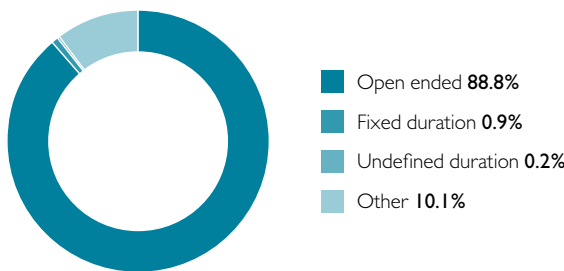


YEARS WORKED IN AdP GROUP

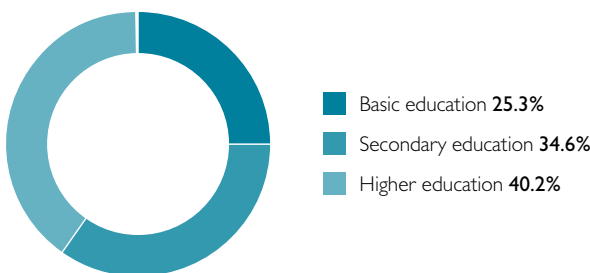


As regards the contractual relationship, 98.9% of the employees have permanent contracts (88,8%+10,1%). The employees on temporary assignment between Group companies, or on public interest assignment with other public bodies, represented in the chart as "other type of contract" are bound to their companies of origin with open-ended contracts.

TYPES OF CONTRACTS IN AdP GROUP



EDUCATION LEVELS IN AdP GROUP



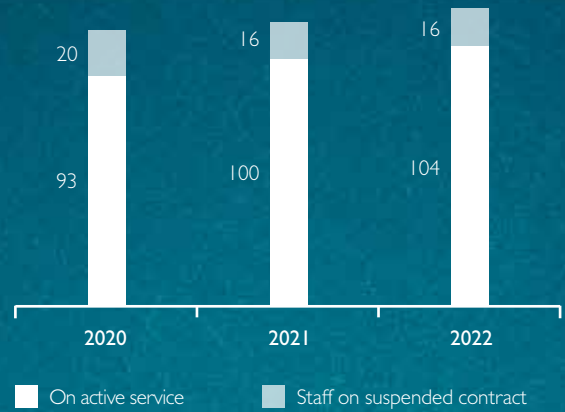
As regards the level of education qualification, approximately 40.2% of AdP Group members of staff hold at least undergraduate degrees.

CHARACTERISATION OF THE PEOPLE OF AdP SGPS INDIVIDUALLY

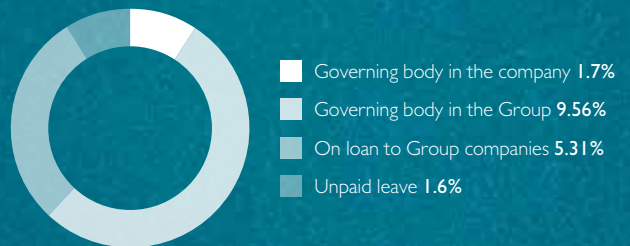
(not including Governing Bodies)

At the end of 2022, AdP SGPS employed 104 members of staff and with a further 16 on suspended contracts.

NUMBER OF AdP SGPS EMPLOYEES



SUSPENDED CONTRACTS



CHARACTERISATION OF THE ACTIVE POPULATION

At AdP SGPS, 59% of the active staff are female and 41% are male.

ACTIVE WORKERS AT 31/12/2022

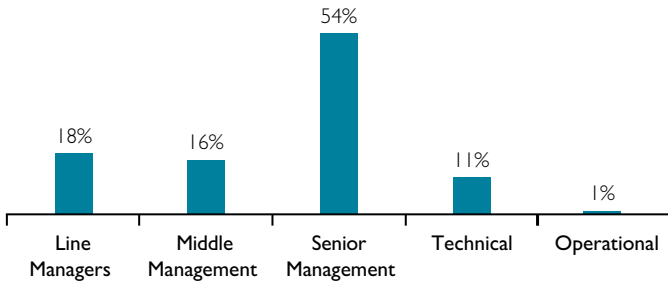


MANAGEMENT: 35%

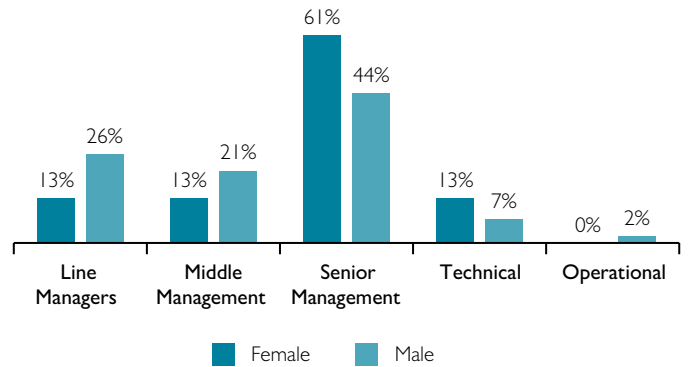


The majority of the staff employed are senior managers (54%) - 61% of women and 44% of men.

PROFESSIONAL SEGMENTATION IN AdP SGPS



PROFESSIONAL SEGMENTATION BY GENDER IN AdP SGPS



The average age of the active population is 49, with around 50% aged between 30 and 50.

The average length of service is 14 years while 72% have been with the company for over 10 years.

49 YEARS
AVERAGE AGE

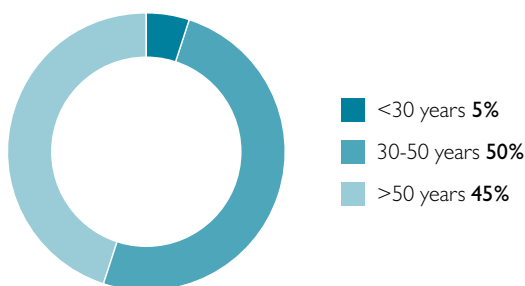
14 YEARS
AVERAGE LENGTH OF SERVICE

96%
OPEN ENDED

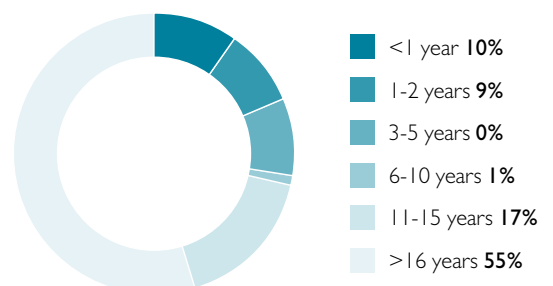
89%
HIGHER EDUCATION

As regards their contractual position, 96% of people in employment are on full time, open-ended contracts.

AGE DISTRIBUTION AdP SGPS



YEARS WORKED



In terms of educational qualifications, 89% of People hold higher education qualifications.

6.303

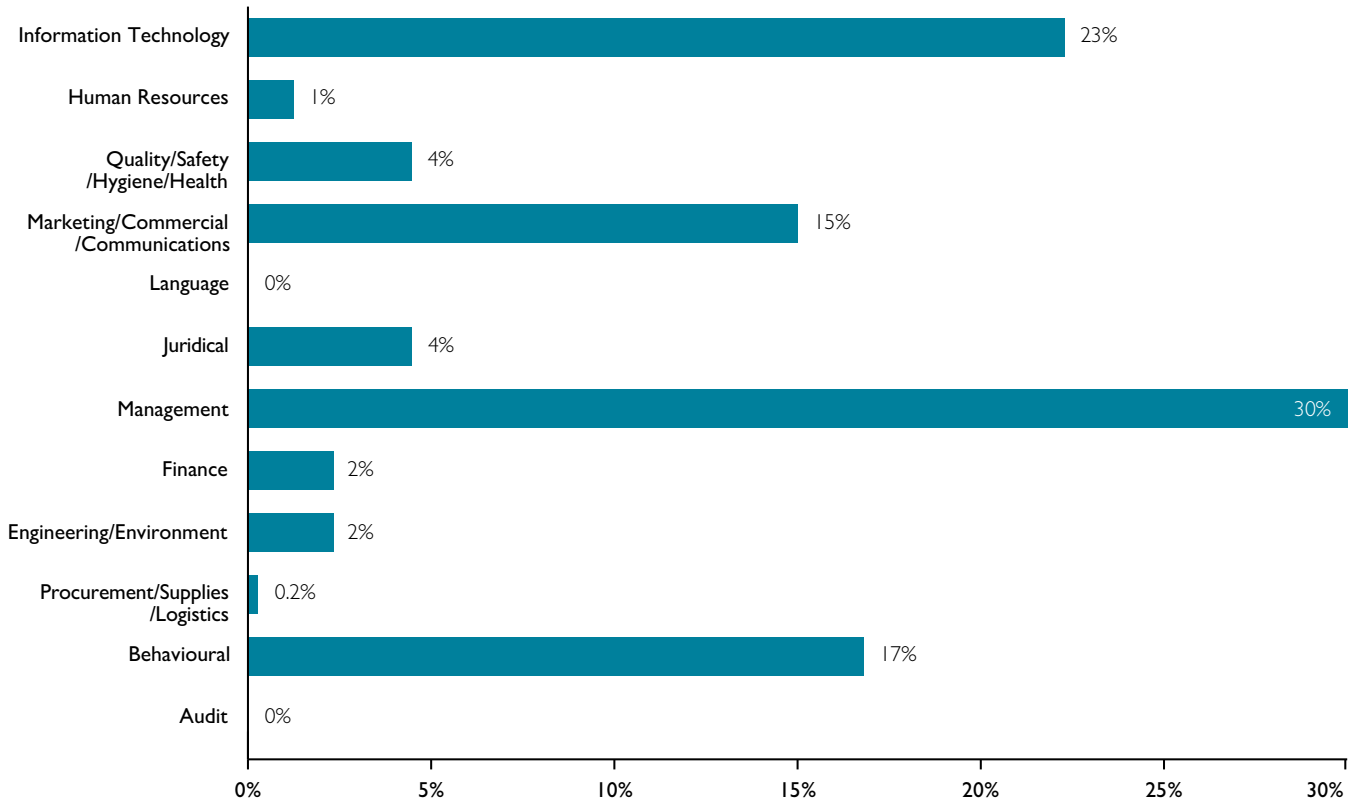
HOURS OF TRAINING

105

TRAINEES

In 2022, a total of 105 trainees received 6,303 hours of training at AdP SGPS.

TRAINING PROVIDED





**"WE MAKE A
DIFFERENCE EVEN
WHEN OUR WORK
IS INVISIBLE"**

ÁGUAS DE PORTUGAL GROUP

OUR STAKEHOLDERS

PA stakeholder may be any person or group that can affect and/or be affected by the strategic results of the Group and that holds legitimate demands as regards performance.

The involvement of stakeholders in AdP Group activities involves the exercise of sharing and transparency by companies in their relationships with society and particularly with those entities that either impact on Group companies or are impacted by them.

The AdP Group identified the following groups as its main stakeholders:

Through its Regulation, Planning and Management Control Department, the AdP Group maintains an appropriate informative relationship with stakeholders, acting as an interlocutor between the Executive Committee and the respective stakeholders, ensuring professional and constant involvement and communication with stakeholders, responsible for the promptness, credibility and robustness of all the available information.



The AdP Group's responsibility in this context is heightened and especially sensitive due its provision of public services and with its core business itself reflecting a decisive input into national sustainable development.

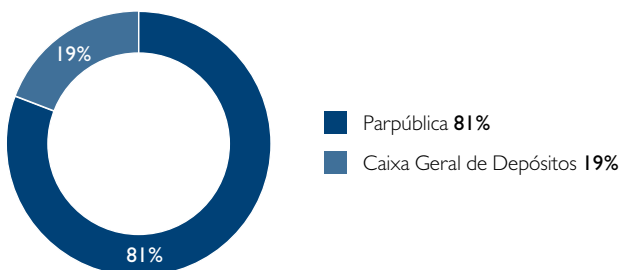
SPECIAL REPORTING OBLIGATIONS

The AdP Group complies with all its legal, statutory and contractual obligations as regards the disclosure of information, always in accordance with the principle of transparency and ensuring compliance with the duties inherent to an appropriate relationship with its stakeholders.

HOW WE ARE ORGANISED

SHAREHOLDER STRUCTURE

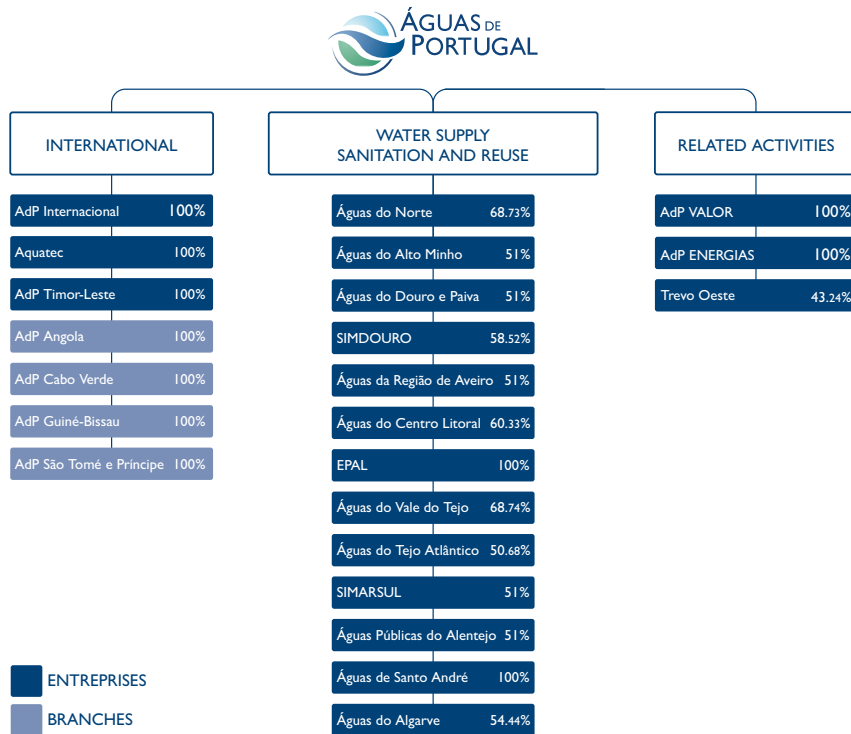
The shareholder structure of AdP - Águas de Portugal, SGPS, S.A. breaks down as follows:



The shareholder function is ensured by Parpública - Participações Públicas, SGPS, S.A. (81%) and Caixa Geral de Depósitos (19%).

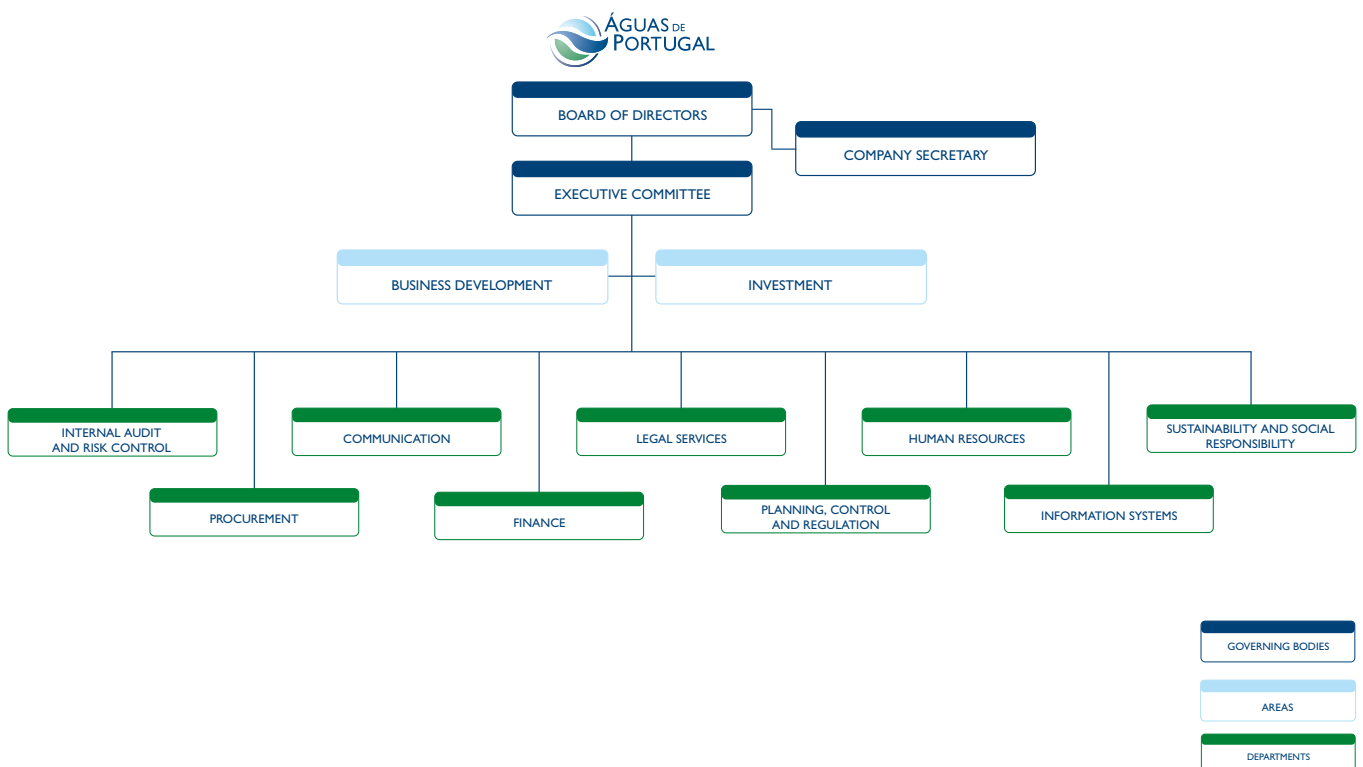
BUSINESS ORGANISATION CHART

On 31 December 2022, the AdP Group was made up of 19 companies, 13 of which are entities managing water supply and/or wastewater treatment systems while the others being engaged either in related activities or international markets.



THE AdP SGPS FUNCTIONAL STRUCTURE

AdP SGPS is structured into functional areas to best support the implementation of guidelines from the sector and financial authorities and manage the AdP Group, focusing on its social, environmental, technical and economic-financial sustainability; relationships with its various stakeholders; optimisation of capital and human resources and service excellence.



GOVERNING BODIES, SUPERVISORY BODIES AND THE EXTERNAL AUDITOR IN OFFICE IN 2022

BOARD OF THE GENERAL ASSEMBLY

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

BOARD OF DIRECTORS

Chair José Carlos dos Remédios Athaíde Furtado
Vice-Chair José Manuel Leitão Sardinha
Director Catarina Isabel Clímaco Monteiro d'Oliveira
Director Carla da Conceição Afonso Correia
Director Pedro Manuel Amaro Martins Vaz
Non-executive Director Jaime Serrão Andrez
(representing Parpública)

EXECUTIVE COMMITTEE

Chair José Carlos dos Remédios Athaíde Furtado
Vice-Chair José Manuel Leitão Sardinha
Director Catarina Isabel Clímaco Monteiro d'Oliveira
Director Carla da Conceição Afonso Correia
Director Pedro Manuel Amaro Martins Vaz

SUPERVISORY BOARD

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

THE CHARTERED ACCOUNTANT

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

COMPANY SECRETARY

Appointed Cristina Rebelo Pereira
Supplementary Ricardo Cortes Ribeiro

EXTERNAL AUDITOR

Pricewaterhousecoopers, SROC, Lda.
On 17 April 2023, the following Board of Directors was
elected for the 2023-2025 mandate.

BOARD OF DIRECTORS

Chair José Carlos dos Remédios Athaíde Furtado
Vice-Chair José Manuel Leitão Sardinha
Director Catarina Isabel Clímaco Monteiro d'Oliveira
Director Alexandra Maria Ramos da Cunha Serra
Director Pedro Manuel Amaro Martins Vaz
Non-executive Director Jaime Serrão Andrez
(representing Parpública)





ÁGUAS DE PORTUGAL

