
Corporate
Governance
Report

2021

AdP-Águas de Portugal, SGPS, S.A.

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I. Executive Summary

The executive summary should ensure easy comprehension of the report's content and, in particular, mention the most significant changes in terms of Good Corporate Governance Practices adopted in 2021.

The 2021 Corporate Governance Report is prepared in keeping with the terms of paragraph 1 of Article 54 of Decree-Law no. 133/2013, of 3 October, and in accordance and in compliance with the guidelines issued for this purpose by the Supervision and Monitoring Technical Unit for the Public Business Sector (UTAM) and reflects the governance structure of the company and the practices adopted by the company in matters of Corporate Governance, in strict compliance with the Law and Best Management Practices, in the year 2021.

In 2021, we highlight the enactment of legislation of great relevance to the AdP Group, specifically Decree-Law no. 16/21, of 24 February, which establishes the framework for the production and supply of Water for Reuse (ApR) as a core activity in the essential public service, complementing Decree-Law no. 119/2019 that had established the legal regime for ApR production.

The AdP Group drew up its Reuse Action Plan in conjunction with regional plans aimed at studying the feasibility of water reuse in the context of each operating company and defining specific measures for each region. Several reuse projects have already been developed on various scales and in different regional contexts - for example for agricultural irrigation, golf courses and urban green spaces, washing and industrial purposes among others - which have contributed to increasing knowledge, creating synergies between stakeholders, overcoming barriers, and developing safe and appropriate solutions.

Also noteworthy was the presentation of the 360° Innovation Strategy, through which innovation is assumed as a vector for accelerating and deepening the AdP Group's commitment for the decade, defining the path in the paradigm shift needed to respond to new societal challenges.

The partnership with Global Compact Network Portugal was strengthened following over a decade of AdP SGPS membership. In order to reinforce its contribution to achieving the Sustainable Development Goals, AdP SGPS joined the SDG Ambition in Portugal, a program striving to accelerate the implementation of the United Nations Agenda 2030.

AdP SGPS backed its subsidiaries in their subscribing to the BCSD Portugal Manifesto "Towards COP26", which includes a set of highly relevant objectives for debate at the 26th United Nations Climate Change Conference (COP26).

In the international field, we would also highlight the co-organisation of the Financiers' Conference for the urban water supply investment program in Mozambique for the 2022-2032 period, sponsored by FIPAG - Fundo de Investimento do Património da Água de Moçambique, which took place in Maputo in September 2021.

Furthermore in 2021, AdP SGPS and its subsidiaries feature among the eight Portuguese flagship companies leading the goal of achieving 40% of women in decision-making positions by 2030, having signed up to the National Goal for Gender Equality.

Our commitment to active and sustainable corporate citizenship was also reinforced in 2021, especially by joining the business association GRACE and the #EmpresasResponsáveis (#ResponsibleCompanies) movement in Portugal, dedicated to promoting corporate responsibility and developing sustainable corporate cultures.

As major events in 2021, the review of the AdP Group's integrity model stands out, with the systematisation of an Integrity Policy which identifies the different bodies and internal instruments that undertake the implementation of commitments in the field of ethics, compliance and other related legal obligations. The AdP Group's integrity commitment, which was publicly presented in December, stems from a governance model incorporating the highest ethical standards, transparency, accountability, and excellence in public management practices and subscribed to by every Group company.

The situation described in this document demonstrates that, in 2021, AdP SGPS complied with the Good Corporate Governance Practices, specifically those defined in Section II of Decree-Law no. 133/2013, of 3 October, which establishes the Legal Regime for the State Enterprise Sector (RJSPE), and other applicable legislation.

The Corporate Governance Report for the financial year of 2021 was approved by the Board of Directors at the meeting of 26th April 2022.

CHAPTER II of the RJSPE - Good Governance Practices		yes	no	date
Article 43	presented an activity plan and budget for 2021 appropriate to the resources and funding sources available	x		27.12.2020 11.11.2021 (Re-submission)
	obtained approval by the sectoral and financial supervisors for the 2021 business plan and budget	x		Order SET/1155/2021, de 10.12.2021 Order 229/ SEAMB/2021, of 18.12.2021
Article 44	disclosed information on shareholder structure, shareholdings, operations with shareholdings, financial guarantees and assumption of debts or liabilities, achievement of objectives, accountancy documents, quarterly reports on budget implementation alongside the report from the supervisory body, the identity and curricula vitae of the members of the corporate bodies, remuneration and other benefits	x		
Article 45	submitted the annual financial information to the Statutory Auditor responsible for the legal certification of the company's accounts	x		
Article 46	prepared the 2021 report identifying occurrences, or risk of occurrences, associated with corruption prevention	x		
Article 47	adopted a code of ethics and released the document	x		17/12/2021
Article 48	has a contractual agreement to provide a public service or a service in the general interest whenever so encharged		n.a.	
Article 49	pursued socially and environmentally responsible goals	x		-
Article 50	implemented human resource policies and equality plans	x		
Article 51	demonstrated the independence of all members of the Board of Directors and that they abstain from participating in any decisions involving their own interests	x		
Article 52	demonstrated that all Board of Directors members complied with the obligation to declare shareholdings and relationships that may generate conflicts of interest with the Board of Directors, the Supervisory Board and the IGF	x		
Article 53	ensured UTAM is able to post all information due for dissemination on the Technical Unit's website	x		-
Article 54	presented the report of the supervisory body that assesses whether the annual report on corporate governance practices contains current and complete information on all matters dealt with in Chapter II of the RJSPE (good governance practices)	x		

II. Mission, Objectives and Policies

1. Indication of the mission and how it is pursued as well as the vision and values that guide the company (see Article 43 of the RJSPE).

AdP – Águas de Portugal, SGPS, S.A. (AdP SGPS) is a holding company that, through its subsidiaries, holds the **mission** of designing, building, operating and managing Water Supply Systems, Wastewater Sanitation and Treatment Systems and Recovery of Urban and Industrial Solid Waste Systems, within a framework of economic, financial, technical, social and environmental sustainability, developing a strong and highly competent Portuguese business group, able to respond effectively to the major challenges currently faced by the environment sector. Founded as the State's corporate instrument for the implementation of public policies and national objectives in the environmental sector, the AdP Group **aims** to promote (a) universality, continuity and quality of service; (b) sector sustainability and (c) the protection of environmental values.

The AdP Group's fundamental values are the sustainability in the use of natural resources and the preservation of water as a strategic resource essential to life, balancing and improving environmental quality, equity of access to basic services and fostering well-being by improving people's quality of life.

2. Indication of policies and lines of action triggered under the scope of the defined strategy (see Article 38 of RJSPE), specifically:

- a) Objectives and results defined by the shareholders regarding the development of the business activity to be achieved in each year and three-year period, particularly the economic and financial targets;**

The objectives of the AdP Group are determined by the public policies for the sector, through the directions set out in the strategic plans for its areas of business, the general orientations issued by ministerial order and the specific guidelines issued by the shareholders. Under the terms of the juridical regime for the state business sectors and the Statute of Public Manager, the State, as the shareholders through indirect means, defines the strategic orientations.

The Board of Directors in office on 31 December 2021 was elected, for the 2020-2022 mandate, on 4 May 2020.

At the Shareholders General Assembly of 10 May 2021, the guidelines, objectives and performance targets were set for the current mandate, as detailed in the attached document (Annex 1).

In 2021, the Board of Directors acted in compliance with the legal stipulations in effect and with the action orientations that were conveyed by the shareholders and the sector and financial regulators, specifically but not exclusively, through the development of contributions and measures to leverage the national economy within this particular and difficult context of the pandemic, with a focus on innovation, resilience, energy and carbon neutrality, the circular economy and solidarity with shareholder partners, while equally ensuring compliance with its Mission, strengthened by the sector regulator order (Order no. 3547-A/2020, of 23 March), through the continuous and uninterrupted provision of an essential public service of excellence and safeguarding the public health of the community. The instructions issued regarding the preparation of forecast instruments and the provisions of the State Budget Law were also considered.

The Board of Directors also promoted a set of actions and initiatives, fully described in point 4. below.

- b) ***The degree of compliance with these, as well as the justification for the deviations noted and the corrective measures applied or to be applied.***

In 2021, the degree of achievement with the objectives set (also joins as Annex 2 for better visibility) was as follows:

	Indicator	Calculation	Scale	Value reached	Evaluation	Weighting	Weighting (adjusted)	Evaluation
Financial	Management Efficiency	$CRP = \frac{[(VC+ECS+PC)/Turnover]}{ABP}$ Variation compared to the proposed ABP	1. var > +0.10pp 2. -0.10pp <= var <= +0.10pp 3. var < -0.10 pp	-3,38pp.	3 Overcome	10.0%	14.3%	0.43
	Commercial debt of municipal debtors	$CDMD = \frac{[Balance\ of\ overdue\ debt\ of\ municipalities\ (Year\ N)]}{[Balance\ of\ overdue\ debt\ of\ municipalities\ (Year\ N-1)]}$	1. CDMD > 110% 2. 90% <= CDMD <= 110% 3. CDMD < 90% *consolidated values	87,3%	3 Overcome	10.0%	14.3%	0.43
	Limit on indebtedness	Debt = I - Debt Stock (Year N) / Debt Stock (Year N-1)	1: X > 2% 2: 1,5% <= X <= 2% 3: X < 1,50% *materially relevant investments are excluded from the calculation, the percentage adopted corresponds to that defined in the legislation, evaluated based on consolidated values	-4,8%	3 Overcome	10.0%	14.3%	0.43
	Respect for Payment Terms	Variation in the APT compared to the previous year	1: Nr days _n > Nr days _{n-1} + 1 2: Nr days _{n-1} - 1 <= Nr days _n <= Nr days _{n-1} + 1 3: Nr days _n < Nr days _{n-1} - 1	-10	3 Overcome	10.0%	14.3%	0.43
	Profitability	Change in net income compared to ABP assignable or SGPS	1. Var > 105% 2. 95% <= Var <= 105% 3. Var < 95%	99,6%	2 Achieved	10.0%	14.3%	0.29
Environmental and business	Maintenance plan	Compliance with the Preventive Maintenance Plan	1. No. of Actions performed against the forecast < 80.00% 2. No. of Actions performed against the expected <= 80.00% < 90.00% 3. No. of Actions performed against the forecast >= 90.00%	89,6%	2 Achieved	5.0%	7.1%	0.14
	Quality of water provided	WQE	1. WQE < 97.00% 2. 97.00% <= WQE < 99.00% 3. WQE >= 99.00%	99,7%	3 Overcome	5.0%	7.1%	0.21
	Quality of wastewater	WWQE	1. WWQE < 90.00% 2. 90.00% <= WWQE <= 95.00% 3. WWQE > 95.00%	96,7%	3 Overcome	5.0%	7.1%	0.21
	Energy neutrality	Implementation of the Energy Neutrality Plan	1. Launch, each year, of tenders for facilities with a production capacity equal to or greater than 50% compared to that provided for in the ABP 2. Launch, each year, of tenders for facilities with a production capacity equal to or greater than 75% compared to that provided for in the ABP 3. Launch, each year, of tenders for facilities with a production capacity equal to or greater than 90% compared to that provided for in the ABP	n.a.	- -	5.0%	0.0%	0.00
	Sludge Plan	Implementation of the Sludge Plan	1. Launch, each year, of tenders for 20% of the sludge production foreseen in the ABP 2. Launch, each year, of tenders for 40% of the sludge production foreseen in the ABP 3. Launch, each year, of tenders for 60% of the sludge production foreseen in the ABP	n.a.	- -	5.0%	0.0%	0.00
Environmental and Business	Water for Reuse	Implementation of Water for Reuse as a core activity	1. Delivery of FEVE of reuse main activity after 31.03.2022 2. Delivery of FEVE of main reuse activity until 31.03.2022 3. Delivery of FEVE of main reuse activity until 12.31.2021	n.a.	- -	5.0%	0.0%	0.00
	Agro-industrial and agricultural effluents	Implementation of accessory and complementary activity in the Bulk Wastewater Sanitation Systems and Implementation of the integrated digital platform for management of last resort operator activity in the national territory	1. Delivery of accessory and complementary activity authorization request after 03.31.2022 2. Delivery of accessory and complementary activity authorization application until 03.31.2022 3. Delivery of accessory and complementary activity authorization application until 12.31.2021	n.a.	- -	5.0%	0.0%	0.00
	Corporate Center Reorganization	Reorganization of the corporate center, optimizing centralized processes and developing new businesses	1. Restructuring completed by 12.31.2021 2. Restructuring completed by 09.30.2021 3. Restructuring completed by 06.30.2021	01/12/2020	3 Overcome	5.0%	7.1%	0.21
Corporate	Innovation	Implementation of a financing and management model to promote the AdP Group's Strategic Innovation	1. Launch of the first internal Strategic Innovation Call, for the participation of AdP Group companies, after 12.31.2021 2. Launch of the first internal Strategic Innovation Call, for the participation of AdP Group companies, until 12.31.2021 3. Launch of the first internal Strategic Innovation Call, for the participation of AdP Group companies, until 09.30.2021	n.a.	- -	5.0%	0.0%	0.00
	Internationalization	Increase in the international activity of the AdP Group	1. Presentation to the Grantor of a project for a new international operation (business plan), long-term (>=3 years), until 06.30.2023 2. Presentation to the Grantor of a project for a new international operation (business plan), long-term (>=3 years), until 12.31.2022 3. Presentation to the Grantor of a project for a new international operation (business plan), long-term (>=3 years), until 06.30.2022	n.a.	- -	5.0%	0.0%	0.00
Global evaluation							100.0%	2.8

- 1) Scale to be considered: 1= Not Achieved; 2= Achieved; and 3= Exceeded.
- 2) Global evaluation method to be considered: $GC < 1.8$ Goals Not Achieved / $1.8 \leq GC < 2.5$ Goals Achieved / $GC \geq 2.5$ Goals Exceeded
- 3) In the event that any indicator is not applicable in the year of evaluation, the respective weighting distribution shall be proportional to the remaining indicators.
- 4) Results are expressed to one decimal place (whenever applicable)
- 5) Identify the unit used in each indicator (e.g.: %, €, days or units).

The following objectives are not subject to evaluation in 2021: i) “Energy Neutrality” and “Sludge Plan (C+Valor Plan)” as approval for the investments by the Ministries has not yet been obtained; ii) “Water for Reutilisation”, the preparation of the EVEF’s for water for reutilisation as the main activity required a review of the concept of water for reutilisation (product concept) and respective market prior to the development of the aforementioned studies, requiring a greater investment of time; iii) “Agro-industrial and agricultural effluents” and “Innovation” are based on the new AdP Valor operating model which, following the approval of the reorganisation of AdP SGPS and AdP Valor (former AdP Serviços) only being authorised for 2022; iv) “Internationalisation”, because the established metric only defines its evaluation in 2022.

3. Indication of the critical factors of success on which the company’s results depend.

The AdP Group’s activities are subject to a number of key factors that impact on results, of which we would highlight :

- Revision of the legislative framework for the structure of this sector;
- National and Community environmental requirements of relevance within a framework of spending restraints in the public sector;
- Action by the Sectoral Regulator, with guaranteed independence, strongly impacting on the economic-financial, environmental and behavioural sustainability due to the decisive role the Regulator plays both in defining tariffs and in reducing shareholder remuneration for expenses not accepted under the tariff charge;
- Significant relevance of the energy price, as a non-controllable variable and which constitutes, within the set of operating costs, the largest single item in External Supplies and Services;
- Management of the relational balance with municipal partners in their dual capacity as minority shareholders and system users;
- Settlement, through the negotiation of payment agreements, of large amounts of overdue municipal customer debts, in a context of severe municipal budgetary restrictions;
- Access to end-user’s cash-flow and measures to ensure this progressive access within a context in which, across a significant proportion of the territory, the AdP Group does not manage the integrated water cycle (bulk and retail) and where the critical nature of the service does not allow for interruptions to supply following municipal service failure;

➤ Strong asymmetry and insufficiency (in some systems) in end-user tariffs and the consequences of non-payment of services in both the bulk and retail systems managed by the AdP Group;

➤ Asymmetry of economic and financial viability between more densely populated systems and extensive, low-population systems;

➤ In order to ensure acceptable levels of tariff accessibility, access to non-refundable EU funding is critical to sharing the major investments associated with the infrastructures required by the strategic plans established for the sector;

➤ Difficulty in recruiting and retaining the necessary human resources despite the AdP Group having a collective labour agreement signed with the trade unions and approved by the Ministry of Finance and the Ministry of Labour, Solidarity and Social Security.

4. Evidence of performance in conformity with the guidelines defined by the sectorial ministries, in particular those relating to the sector policy for implementation, the specific guidelines for each company, the objectives to be achieved in operating activities and the level of public service to be rendered by the company (vide Article 39 n.4 of RJSPE).

Throughout 2021, the exercising of the AdP SGPS Board of Directors functions was guided by compliance with the legislation in effect, particularly the statute of public manager and the legal regime set for the public business sector, including but not exclusively:

- ✓ Meeting all the company's objectives as defined by the shareholders;
- ✓ Ensuring the implementation of the guidelines defined in accordance with the law and achieving the company's strategy;
- ✓ Monitoring, verifying and controlling the evolution of company activities and business across all their components;
- ✓ Assessing and managing the risks inherent to company activities;
- ✓ Ensuring the sufficiency, veracity and reliability of information relating to the company as well as its confidentiality.

The AdP SGPS Board of Directors has acted in compliance with the ethical standards in effect for its sector of activity and in compliance with the best practices of corporate governance and business management, particularly as regards transparency, preventing corruption, standards of ethics and behaviour, social responsibility, human resource policies, promotion of equality, conflict prevention, etcetera.

Highlights of AdP activities in 2021 including the following:

The AdP Group has drawn up its Reuse Action Plan coupled with regional plans to study the feasibility of reusing water in the context of each operating company and to define specific measures for each region. A number of reuse projects have already been developed on different scales and in different regional contexts – for example, irrigation for agriculture, golf courses and urban green spaces, washing and industrial uses among others – which have helped to increase knowledge, create synergies between stakeholders, overcome barriers and develop safe and appropriate solutions.

The 360° Innovation Strategy was defined, whereby innovation is assumed to be a vector for accelerating and deepening the AdP Group’s commitment over the next decade, defining the path for the paradigm shift needed to respond to new societal challenges. Over the next three years, the AdP Group will allocate more than EUR 1 million to a fund created specifically to finance new projects and accelerate strategic innovation.

The results of COVIDetect were presented. This research project, which began in 2020 and was developed by a consortium including several AdP Group companies, the Faculty of Science of the University of Lisbon and the Analysis Laboratory of the Higher Technical Institute of Lisbon, was set up to create an early warning system for the presence of the SARS-CoV-2 virus in wastewater and to contribute to improving the response to possible new outbreaks of the disease. Through collaboration with the European Commission, within the pan-European initiative on the utilisation of wastewaters as a sentinel for the presence of SARS-CoV-2 in the population, the consortium responsible for the Covidetect pilot project contributed to the final drafting of the Commission Recommendation (EU) 2021/472 on a common approach to establishing systematic surveillance of SARS-CoV-2 and its variants in EU wastewaters, published on 17 March 2021.

Reinforcing the partnership with Global Compact Network Portugal, an organisation the Group has been a member of for over a decade, and with a view to strengthening the contribution to achieving the Sustainable Development Goals, SDG Ambition was launched in Portugal, a program aiming to accelerate the implementation of the United Nations 2030 Agenda.

AdP was represented as a guest entity and participated in two UN sessions, specifically:

- At a session of the ministerial forum on “Enabling the SDGs through inclusive, just energy transitions” in preparation for the High Level Dialogue on Energy held in September at the 76th session of the UN General Assembly, with the presentation of the Group’s work on the water-energy nexus, the energy neutrality strategy, green energy production and promoting the circular economy.

- At the event organised by the European Union Delegation, the Permanent Missions of Portugal, Mozambique and Antigua and Barbuda to the UN and the Alliance of Small Island States, under the theme of “Accelerating Adaptation in the Decade of Action for SDGs – Scaling up Planning and Mobilising Finance for Adaptation Actions” and at which examples of climate change adaptation strategies were presented, specifically two projects carried out in developing countries, with a special focus on the AdP Group’s mission to Mozambique in 2019, following the devastation caused by Cyclones Idai and Kenneth, and the work to assist the Government of East Timor in drafting the Dili Drainage and Sanitation Master Plan.

AdP SGPS supported the signing by all Group companies of the BCSD Portugal Manifesto “Towards COP26”, which included a set of objectives of great relevance to the debate at the 26th United Nations Conference on Climate Change (COP26).

Dedicated to the theme “From local knowledge to global value – on track for sustainability”, the 13th AdP Group Engineering Days, which were held in a virtual format in 2021, confirmed their role as a privileged stage for sharing knowledge and experience and promoting our new projects among the Group’s engineering professionals as well as staging sessions open to the general public.

As regards the commitment towards an energy transition for a more sustainable and decarbonised economy, highlights include the renovation of the energy certification of the AdP Group operating fleet, which includes vehicles powered by conventional fuels as well as 100% electric vehicles under the auspices of the ADENE Move+ program. This certificate provides information on the energy and environmental efficiency of the fleet while simultaneously identifying opportunities for energy savings, cost reductions and the minimisation of greenhouse gas emissions, all objectives of the ZERO energy neutral program.

Also of significance was the signing of a cooperation protocol with EDM – Empresa de Desenvolvimento Mineiro and ADENE – Agência para a Energia designed to deploy environmentally restored former mining areas for the production of electricity from renewable sources.

In the international area, we may highlight the signing of two contracts with the Ministry of Energy and Water of the Republic of Angola, in the amount of USD 10.5 million, with funding from the World Bank and the European Investment Bank, for technical assistance to develop water supply and sanitation services that will benefit 2.5 million people in several provinces, as the leading international activities ongoing in 2021.

In Cape Verde, under the auspices of the new environmental agenda signed with Portugal for the next four years, the AdP Group holds responsibility for two projects, one focused on the circular economy and reusing water and sludges in agriculture on the island of Santiago while the other involves producing a sanitation plan for the island of Fogo.

There was also the co-organisation of the financiers’ conference for the Mozambique urban water supply investment program for the period 2022-2032 promoted by FIPAG – the Investment Fund for Mozambican Water Heritage, which took place in September 2021 in Maputo. Subsequently, within the scope of cooperation with FIPAG, there was the organisation of the first Water Days bringing together specialists from Mozambique and Portugal for a technical working session focused on regulation, the institutional and management framework of the sector, investment management and the challenges of operational management.

Another noteworthy achievement came from the Group’s inclusion among the eight Portuguese Flagship Companies leading the goal of ensuring 40% of women hold decision-making positions by 2030 in keeping with our commitment under the National Goal for Gender Equality and recognition that only serves to strengthen

the objective of promoting equal treatment and opportunities and the balanced participation of men and women in professional activities.

We also reinforced our commitment to active and sustainable corporate citizenship in 2021, especially through the AdP SGPS membership of the business association GRACE and the *#EmpresasResponsáveis em Portugal* movement, dedicated to promoting corporate responsibility and developing sustainable business cultures.

Among the major events taking place in 2021, the review of the AdP Group's integrity model stands out, involving the systematic definition of an Integrity Policy identifying the different bodies and internal instruments that operationally implement the commitments to ethics, compliance and other related legal obligations – the Code of Ethics and Conduct; the Plan for the Prevention of Risks of Corruption and Related Infringements; the Regulation on the Voluntary Whistleblowing of Irregularities; the Manual for the General Public Procurement Regime for and the Procurement Manual – with some of the tools and procedures in effect having been subject to updating in addition to alignment with the European directive on protecting whistleblowers.

The governance structure of organisational ethics was also reinforced with the creation of an Ethics Board, as a consulting body, along with the enlargement of the Ethics Committee, the executive body with attributions within the scope of analysing reports of malpractice, questions and ethical dilemmas submitted through the confidential and secure communication channels set up for this purpose, particularly as regards the reporting of irregularities.

The AdP Group Integrity Commitment was publicly presented in December 2021 and is based on a governance model with the highest ethical standards, transparency, accountability and excellence in public management practices and was subscribed to by all Group companies.

III. Capital structure

1. Disclosure of the capital structure (as applicable: statutory capital or share capital, number of shares, distribution of capital among shareholders, etcetera), including indication of the different categories of shares, rights and duties inherent to them and the percentage of capital each category represents (see paragraph a) of Article 44(1) of the RJSPE).

On 31 December 2021, AdP – Águas de Portugal, SGPS, S.A.'s share capital was fully held by the following shareholders:

Shareholders	%	Shares	Amount (Eur)
Caixa Geral de Depósitos, SGPS, S.A.	19.00	16,511,000	82,555,000
Parpública – Participações Públicas, SGPS, S.A.	81.00	70,389,000	351,945,000
TOTAL	100.00	86,900,000	434,500,000

AdP-Águas de Portugal, SGPS, S.A. share capital is made up of 86,900,000 shares, all nominative and of the same category.

At the present date, the information reported above remains unchanged.

2. Identification of any limitations on the ownership and/or transferability of the shares.

There are no direct limitations on the transferability of AdP SGPS shares, except those set forth in Article 5 of the Company's Articles of Association (available for consultation via the link: https://www.adp.pt/pt/grupo-adp/governo-da-sociedade/estrutura-juridica-da-sociedade/downloads/file5_pt.pdf) and those resulting from the legislation in effect, in particular Decree Law no. 133/2013, of 3 October.

Without prejudice to the above, the disposal of any group of shares of AdP SGPS or by AdP SGPS in subsidiary companies, which grants a majority of the share capital (or votes) to entities not majority owned by the Portuguese state, may constitute a breach of financing agreements currently in effect in AdP SGPS and the Group.

3. Information on the existence of shareholder agreements that the company is aware of and that may lead to possible restrictions.

There are no shareholder-agreements known to the company.

IV. Shareholdings and Bonds held

1. Identification of natural (corporate bodies) and/or legal persons (company) who, directly or indirectly, own shareholdings in other companies, with detailed indication of the percentage of capital and votes imputable, as well as the source and cause of imputation, in accordance with the provisions of Article 447 of the Companies Code (CSC) (see subparagraphs a) and b) of paragraph 1 of Article 44 of RJSPE).

The members of the AdP SGPS governing bodies do not hold qualified shareholdings either in the company or in other entities. As of December 31, 2021, AdP SGPS held the following shareholdings:

Shareholdings Portfolio

Empresa	Holding	Headquarters	Activity
EPAL, S.A.	100.00%	Lisbon	Bulk water and retail water distribution
Águas do Vale do Tejo, S.A.	68.35%	Guarda	Bulk water and sanitation
Simarsul, S.A.	51.00%	Quinta do Conde	Bulk sanitation

Águas do Tejo Atlântico, S.A.	50.68%	Lisbon	Bulk sanitation
Águas de Centro Litoral, S.A.	60.33%	Coimbra	Bulk water and sanitation
Águas do Norte, S.A.	68.73%	Vila Real	Bulk water and retail sanitation
Águas do Douro and Paiva, S.A.	51.00%	Oporto	Bulk water
Simdouro, S.A.	58.52%	Gaia	Bulk sanitation
Águas do Algarve, S.A.	54.44%	Faro	Bulk water and sanitation
AdRA - Águas da Região de Aveiro, S.A.	51.00%	Aveiro	Retail water and sanitation
AgdA - Águas Públicas do Alentejo, S.A.	51.00%	Beja	Bulk water and sanitation
AdAM - Águas do Alto Minho, S.A.	51.00%	Viana do Castelo	Retail water and sanitation
Águas de Santo André, S.A.	100.00%	V.N. Sto. André	Water, sanitation and waste
AdP Internacional, S.A.	100.00%	Lisbon	Sub-holding
(*)Aquatec, Lda.	100.00%	Mozambique	Provision of technical services
Águas do Brasil, S.A.	100.00%	Cabo Frio - Brazil	Sub-holding for Brazil
(*)AdP Timor-Leste, Lda.	100.00%	East Timor	Provision of technical services
AdP Serviços, S.A.	100.00%	Lisbon	Instrumental - provision of shared services
AdP Energias, S.A.	100.00%	Lisbon	Carrying out environmental management activities
Trevo Oeste, S.A.	43.24%	Alcobaça	Treatment and recovery of livestock waste

(*) Indirect participation by AdP SGPS, through AdP Internacional (in this case of Aquatec and AdP Timor)

The information reported was unchanged on the date of approval of this report.

In the case of companies and in accordance with the respective Articles of association, majorities in decision-making matters are quantifiable by the percentage of capital held by each shareholder, and there is no secret ballot.

2. Clarification of the acquisition and sale of shareholdings, as well as the participation in any companies of an associative or foundational nature (see Article 44(1)(c) of the RJSPE).

In 2021, AdP SGPS neither sold nor acquired any shareholdings. In 2021, AdP SGPS participated in the following associative entities:

Associations:

- IWA - International Water Association
- APDA- Associação Portuguesa de Distribuição and Drenagem de Águas
- APRH- Associação Portuguesa dos Recursos Hídricos
- PPA - Parceria Portuguesa para a Água
- CEEP - European Centre of Employers and Enterprises providing Public Services
- BCSD – Business Council for Sustainable Development
- Fórum de Administradores de Empresas
- IPAI – Instituto Português de Auditoria interna
- WWC – World Water Council
- WSSTP – The European Water Platform
- EACD – European Association of Communication Directors
- Foundation for the Global Compact
- Global Water Intelligence
- Associação Girlwave Portugal
- Proforum – Associação para o Desenvolvimento da Engenharia
- IHRH – Instituto de Hidráulica and Recursos Hídricos
- GUSP – Associação de Utilizadores SAP
- Grace

AdP SGPS participates in the following entity as a founding member: (i) the Serralves Foundation.

AdP is a meritorious founding member but does not incur any membership fees, donations or any payments whatsoever.

AdP SGPS is not a member but annually contributes to the budget of the association Gotas Felizes - Clube Recreativo das Águas. Some AdP SGPS employees are members of this association.

3. Indication of the number of shares and bonds held by members of the management and supervisory bodies, whenever applicable pursuant to Article 447(5) of the CSC.

The members of the Management and Supervisory Boards of AdP SGPS, do not hold any shares and bonds in the company nor did they acquire, encumber or cease ownership, for whatever the cause, of shares and bonds

in AdP SGPS and/or companies with which the latter maintains a controlling or group relationship. There is also no situation as foreseen in Article 447, paragraphs 2 and 3 of the Companies Code.

4. Information on the existence of relationships of a commercial nature between the owners of shareholdings and the company.

In 2021, there were no relationships of a commercial nature between the owners of shareholdings and the company.

V. Governing Bodies and Committees

A. Governance Model

The company must present a corporate governance model that ensures the effective separation between the executive management functions and the supervisory functions (see Article 30(1) of the RJSPE).

1. Identification of the governance model adopted.

The governing bodies are the General Assembly, the Board of Directors, the Executive Committee, the Supervisory Board and the Statutory Auditor.

The General Assembly deploys the powers attributed by the Articles of association and commercial legislation. The Group is managed by a Board of Directors and by an Executive Committee, with powers delegated by the former, as described in C.2 below. The Group's Board of Directors maintains supervisory, control and monitoring functions for strategic matters as well as those operational functions that stem from the daily running of the Group.

Group supervision is carried out by a Supervisory Board and by a Statutory Auditor. The Supervisory Board and the Statutory Auditor have their competences defined by law and their respective members are independent.

B. General Assembly

1. Composition of the board of the general assembly during the year in question, identifying the positions and members of the board of the general assembly and respective terms of office (start and end date). In the event of a change of mandate during the year of reporting, the company must indicate the respective mandates (outgoing and incoming).

The Board of the General Assembly was elected for the term 2020-2022, by a unanimous written resolution signed by the shareholders on 4 May 2020.

In 2021, the Board of the General Assembly held the following composition:

Term of office (Beginning-End)	Position	Name	Appointment	
			Form ⁽¹⁾	Date
2020-2022	Chair	Isabel Sofia Sousa Santos Albuquerque	DUE	04/05/2020
2020-2022	Vice-Chair	Maria Helena Dias Duarte	DUE	04/05/2020
2020-2022	Secretary	José Espírito Santo Menezes e Teles	DUE	04/05/2020

Key: (1) Resolution (R) / General Assembly (GA) / Unanimous Written Deliberation (DUE) / Order (D)

2. Identification of shareholder resolutions that, imposed by the Articles of association, can only be passed by a qualified majority, in addition to those legally provided for, and in conjunction with an indication of these majorities.

There are no shareholder resolutions in AdP SGPS that, imposed by the Articles of association, can only be passed by a qualified majority, apart from those legally provided for, except in the situation stipulated in Article 11, paragraph 3 of the Articles of association, which reads as follows: **“Three. Both at the first and at the second call of the General Assembly, resolutions on amendments to the Articles of association, merger, demerger, transformation or dissolution of the company shall be approved by fifty-one per cent of the votes corresponding to the capital.”**

C. Administration and Supervision

1. Indication of the statutory rules on the procedures applicable to the appointment and replacement of members, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board.

The Board of Directors is elected by the General Shareholders Assembly or by unanimous written resolution subscribed to by shareholders holding the entirety of the share capital.

Likewise, Board members are elected, under the terms of the Public Manager's Statute, as executive managers or non-executive managers, by decision of the General Assembly of Shareholders or by Written Unanimous Deliberation subscribed to by shareholders holding the entirety of the share capital. The Chairman of the Board of Directors is also elected at a General Assembly or by a Unanimous Written Deliberation.

The substitution of members can be decided by the Board of Directors, by co-optation, under the terms foreseen in the Companies Code and in Article 12, paragraph 5 of the company's Articles of Association, without infringement on their subsequent ratification by the General Assembly or by a Unanimous Written Deliberation.

The day-to-day Group management may, under the terms of the law and the Articles of Association, be delegated to an Executive Committee by simple resolution of the Board of Directors, under the terms of Article 12(1) of the Company's Articles of Association.

The Chairman of the Board of Directors is empowered to appoint, whenever so wishing, a Vice-Chair of the Board of Directors (see paragraph 4 of the aforementioned Article 12 of the Articles of Association).

2. Details of the composition of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board, as the case may be, indicating the minimum and maximum number of members, duration of terms of office, number of full members, date of first appointment and end date of the term of office of each member. If there has been a change in mandate during the reporting year, the company must indicate the respective mandates (outgoing and incoming).

Under the terms of Article 12(1) of the Company's Articles of Association, the Board of Directors is composed of five (minimum) to seven (maximum) Directors, one of whom serves as Chair and the others are members.

The Board of Directors is elected by the General Assembly (or by a unanimous written resolution passed by the shareholders), which also appoints the Chair from among the elected Directors.

The Board of Directors is elected for a three-year term of office and may be re-elected once or more times, provided that compliance with the Public Manager Statute is ensured as regards the maximum limit of renewals (three). The members of the corporate bodies are deemed to have taken office on their election, remaining in office until the members that replace them take office, except in cases provided for by law, in particular, suspension(*), removal(*) or resignation(**).

(* effective immediately

(**) takes effect at the end of the month following the waiver date

Under the terms of **Article 13 of the Company's Articles of Association**, the Board of Directors is responsible for:

- a) Approving the company's management objectives and policies (**);
- b) Approving the annual financial activity plans as well as any amendments subsequently deemed necessary;
- c) Managing corporate business and carrying out all acts and operations relating to the Company's object that do not fall within the competencies attributed to other Company bodies;
- d) Representing the Company in and out of court, actively or passively, with the power to withdraw, settle and plead in any legal proceedings as well as entering into arbitration agreements;
- e) Acquiring, selling or in any way disposing of or encumbering rights or immovable property;
- f) Incorporating companies and subscribing, acquiring, encumbering and disposing of shareholdings;
- g) Establishing the technical-administrative organisation of the Company and the internal operating rules, specifically those relating to staff and their remuneration;
- h) Appointing proxies with the powers it deems appropriate, including powers to appoint proxies;

i) Exercising any other powers that may be attributed to it by law or by the General Assembly.

(***) *In compliance and alignment with the guidelines determined by the holders of the shareholder position.*

In accordance with **Article 12(1) of the Company's Articles of Association**, the day-to-day management, as already mentioned, may be delegated to an Executive Committee composed of three (minimum) to five members (maximum). The setting up of the Executive Committee and the definition of the scope of its functions are the responsibility of the Board of Directors

During the current term of office of the Board of Directors (2020-2022), the day-to-day management of the Company was delegated to an Executive Committee (composed of five directors), in accordance with Article 12(1) of the Company's by-laws and Article 407(3) of the Companies Code.

The following powers were delegated to the Executive Committee of AdP SGPS incorporated on 5 May 2020 (for the 2020-2022 term of office):

- | |
|---|
| <p>a) <i>Manage corporate business and perform all acts relating to the Company's purpose that do not fall within the competences attributed to other Company bodies by the Articles of Association;</i></p> <p>b) <i>Represent the Company in and out of court, actively or passively, with the power to withdraw, settle or plead any legal claims as well as to enter into arbitration agreements;</i></p> <p>c) <i>Manage the day-to-day business of the Company, specifically the management of human resources, procurement and service provision, contracting and applying financial resources;</i></p> <p>d) <i>Develop the necessary activities for the fulfilment of the objectives pursued in the strategic guidance documents and implement the budgets and annual activity plans;</i></p> <p>e) <i>Authorise the investments and expenses foreseen in the Budget approved by the Board of Directors as well as those not budgeted for whenever involving amounts of less than five million euros or not in excess of 5% of the respective annual allocation;</i></p> <p>f) <i>Implement the acquisition or sale of stakes in companies as well as approve changes in the share capital and financing for affiliated companies within the limits established in the previous sub-paragraph;</i></p> <p>g) <i>Appoint both Company representatives to the corporate bodies of subsidiaries and proxies with the powers deemed appropriate;</i></p> <p>h) <i>Ensure the necessary conditions for the dynamic operations necessary to enabling the Executive Committee to fully meet the objectives set for the Company;</i></p> <p>i) <i>Open and operate accounts, both debit and credit, with any financial institution;</i></p> <p>j) <i>Enter into any contracts necessary for the purposes and goals of the Company.</i></p> |
|---|

In 2021, the Board of Directors was composed as follows:

Term of office (Beginning-End)	Position	Name	Appointment		Remuneration	
			Form ⁽¹⁾	Date	[Paying entity]	(O/D) ²
2020-2022	Executive Chair	José Carlos dos Remédios Athaide Furtado	DUE	04/05/2020	AdP - Águas de Portugal, SGPS, S.A	O
2020-2022	Executive Vice-Chair	José Manuel Leirão Sardinha	DUE	04/05/2020	EPAL – Empresa Portuguesa das Águas Livres, SA	O
2020-2022	Executive Member	Catarina Isabel Climaco Monteiro d'Oliveira	DUE	04/05/2020	AdP - Águas de Portugal, SGPS, S.A	O
2020-2022	Executive Member	Carla da Conceição Afonso Correia	DUE	04/05/2020	AdP - Águas de Portugal, SGPS, S.A	O
2020-2022	Executive Member	João Pedro Moura Castro Neves	DUE	04/05/2020	AdP - Águas de Portugal, SGPS, S.A	O
2020-2022	Non-executive voting member, in representation of Parpública, SGPS, S.A.	Parpública, rep. Jaime Serrão Andrez ^(**)	DUE and appointment by Parpública's BD	04/08/2020	n.a.	'---

Minimum and maximum statutory number of members - [minimum number] / [maximum number].

Key: (1) Resolution (R) / General Assembly (GA) / Unanimous Written Deliberation (DUE) / Order (D) (2) O/D - Origin / Destination

(**) The manager appointed on 31/07/2020 took office on 04/08/2020. The remuneration set for the non-executive member function is not earned by the manager. The amount is correspondingly invoiced by Parpública, SGPS, S.A.

3. Distinction between executive and non-executive members of the Board of Directors and, regarding the non-executive members, identification of the members that may be considered independent, or, whenever applicable, identification of the independent members of the General and Supervisory Board (see Article 32 of the RJSPE).

As regards the distinction between executive and non-executive members, please refer to the information contained in nr. 1 and 2 above.

Under the terms of DL 133/2013, of 3 October, the executive member Catarina Isabel Clímaco Monteiro d'Oliveira was elected on 4 May 2020 in accordance with the terms and conditions of paragraph 4 of Article 31 of the aforementioned legal diploma¹. All members of the Board of Directors perform their duties independently and are not associated with any group interested in the company nor are they in any situation or circumstance that might affect their impartiality of analysis and/or decision.

In the 2021 financial year, no General and Supervisory Board or Audit Committee was created.

¹ n.4 of article 31 of DL 133/2013, of 3 October "Without prejudice to the provisions of the previous numbers, the board of directors of public companies always includes an element appointed or proposed by the member of the Government responsible for the area of finance, which must expressly approve any matter whose financial impact on the public company is greater than 1% of net assets."

4. Submission of relevant curricular information on each of the members of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, whenever applicable. The professional activities undertaken must be specifically indicated for at least the last five years (see Article 44(1)(j) of the RJSPE).

Presentation of the relevant curricular information of the Members of the Board of Directors in office during the 2021 financial year.

Chair - José Carlos Athaíde dos Remédios Furtado

Holding a degree in management, a researcher and lecturer in Financial Management (ISCTE), he pursued post-graduate studies in finance in the United Kingdom (*London City University - PhD Programme*) and in the USA (*MIT Sloan - Advanced Study Program*).

On May 4, 2020, he assumed the position of Chairman of the Board of Directors of AdP - Águas de Portugal, SGPS, S.A.

Previously he was member of the Executive Committee of BCI – Banco Comercial and de Investimentos, S.A. (a leading institution in the Mozambican market), Vice-President of IAPMEI (public agency for investment promotion and support to SMEs), director with CFO functions for the IPE Group (state owned corporate holdings group) and Águas de Portugal Group.

He was Chairman of IPE Capital and of the Guarantee Fund for the Securitisation of Credits, and held management and supervisory positions in Caixa Capital, PME Investimentos, SPGM (Mutual Guarantee manager), Portugal Ventures, Turismo Fundos, Fundo de Sindicação de Capital de Risco, and also in the ISCTE and INDEG business schools.

He was responsible for configuring the framework programs for financial innovation within the management of structural funds (PEDIP, PRIME, POE) and for launching new instruments to finance SMEs (the National Mutual Guarantee System, Securitisation of Credits, PME Excelência, PME Líder).

He represented Portugal in international forums (European Union and OECD), took on the vice-presidency of the Mozambican Association of Banks and the presidency of the Portuguese Venture Capital Association, served on the board of the European Private Equity and Venture Capital (EVCA and EVFIN) and Mutual Guarantee (AECM) associations and headed the founding of an international venture capital network (iVC). He was Coordinator of the European Observatory for SMEs for Capital and Finance and member of the Advisory Board of MIT Portugal Management.

He started his professional career in auditing, management control and financial management (Centrel and Siemens Groups).

Vice-Chair - José Manuel Leitão Sardinha

He holds a degree in Environmental Engineering, specialising in Sanitation Engineering, from the Nova University of Lisbon.

He started his professional activities in 1991 as a consultant in water, wastewater and urban solid waste and also collaborated with the Department of Environmental Sciences and Engineering of the Faculty of Sciences and Technology of Nova University of Lisbon.

From 1998 to 2002, he was an employee of Hidrocontrato where he worked in technical/commercial, production and operation management. In March 2002, he joined the Águas de Portugal Group, where he became CEO of Águas do Oeste, S.A. until November 2004, after which he became a non-executive member of the Board of Directors of Águas do Oeste, S.A. until May 2012.

Between March 2004 and May 2012, he served as an executive member of the Board of Directors of Simarsul, S.A..

A member of the Board of Directors of AdP - Águas de Portugal, SGPS, S.A. since June 2015, and the Board of Directors of AdP - Águas de Portugal, Serviços Ambientais, S.A. since July 2016.

Chairman of the Board of Directors of EPAL - Empresa Portuguesa das Águas Livres, S.A. since February 2012, Chairman of the Board of Directors of Águas do Vale do Tejo, S.A. since June 2015.

Vice-Chairman of the Board of Directors of AdP - Águas de Portugal, SGPS, S.A. since May 4, 2020.

Guest Lecturer at the Department of Environmental Sciences and Engineering of the Faculty of Sciences and Technology of Nova University of Lisbon since September 2000.

Senior Member, Elected Member (2014-2016, Board Member of the College of Environmental Engineering and Member of the Directive Council of the Southern Region) and Sanitation Engineering Specialist in the Order of Engineers

Full Member of the Academy of Engineering.

Executive Member - Carla da Conceição Afonso Correia

She obtained her Law degree from the Autónoma University of Lisbon.

She began her professional career in 1996 in the law firm Fernando Seara, José Luís Seixas and Gonçalo Ribeiro da Costa, where she primarily practised commercial law.

She joined the Águas de Portugal Group in 1999 as head of legal services for AQUAPOR, a company operating in the municipal water supply and sanitation concessions sector.

In January 2000, she moved to AdP Serviços as Head of Legal Services, coordinating the legal advice provided to the holding company and the various Group companies, a post she held until March 2005, while also acting as Company Secretary for AdP SGPS and other Group companies.

As Head of Office to the Assistant Secretary of State for Public Works and Communications in the 17th Constitutional Government, between 2005 and 2009, she monitored the drafting of the Public Procurement Code and the creation and implementation of the e.escola programme.

From 2010 to 2012, she was a Member of the Executive Committee of SANEST and, for the two following years, she served as a Member of its Board of Directors, also with executive functions.

As advisor to the EPAL Board of Directors, between May 2014 and November 2015, she was also Director of the Image and Communication Office and advisor on strategic projects.

In November 2015, she assumed the position of Head of Office to the Secretary of State for the Environment in the 21st Constitutional Government, with responsibility for monitoring pre-litigation and community litigation processes, transposition of directives, audits of the Court of Auditors, among other processes related to companies and institutes under the responsibility of the Secretary of State.

She furthermore held the position of Vice-Chair of the Board of Directors of AdP - Águas de Portugal, SGPS, S.A. between June 2016 and May 2020.

Since May 4, 2020, she has served as Executive Director of AdP - Águas de Portugal, SGPS, S.A..

Executive Member - Catarina Isabel Clímaco Monteiro d'Oliveira

She obtained a degree in Business Organisation and Management from ISCTE - IUL.

She also holds an MBA from the Open University and attended Advanced Management Programs at the Catholic University of Portugal and Kellogg University, United States.

She began her professional activities in 1996 as an auditor at Ernst & Young, having worked as a financial auditor and information systems auditor.

In 2001, she was Financial Controller at Novabase Serviços, SA.

In 2002, she joined Jerónimo Martins as an internal information systems auditor. In 2008, she became Director of the Internal Audit Department, with responsibility for this Group's companies in Portugal and Poland.

In 2013, she took over leadership of the Information Systems Department of Jerónimo Martins Group companies in Poland, participating in their Executive Management.

In 2017, she launched the Data Protection Department and, in 2018, accumulated this role with the Risk Management Department, with responsibility for Jerónimo Martins Group companies in different geographies.

Executive Member - João Pedro Moura Castro Neves

Holding a degree in Civil Engineering, specialising in hydraulics, from the Faculty of Engineering at the University of Porto.

He began his career in 1997 at the company Irmãos Cavaco, where he performed site management functions.

In 1999, following a short period with the Municipal Water and Sanitation Services of Matosinhos, he began working at APDL - Administração dos Portos do Douro and Leixões, S.A. where he remained until May 2013, having held the Head of Works Division role.

He won the National Civil Engineering Award for having submitted the best project for acceptance into the Order of Engineers in 1999.

Between 2013 and 2017, he worked for the company MPDC - Sociedade de Desenvolvimento do Porto de Maputo, in Mozambique, where he was Director of Engineering and a member of the Executive Board.

From 2017 until 3 May 2020, he served as Executive Director of the companies Águas do Douro and Paiva, S.A. and SIMDOURO, S.A.

Non-Executive Member – Jaime Serrão Andrez, in representation of Parpública, SGPS, SA.

Graduated in Company Organisation and Management from ISEG – Higher Institute of Economics and Management, of the University of Lisbon, in 1978.

He is currently Chairman of the Board of Directors of PARPÚBLICA - Participações Públicas SGPS and Visiting Full Professor at ISEG.

He is also Chairman of the Board of Directors of CE - Circuito do Estoril, S.A. and of SAGESEGUR Sociedade de Estudos Desenvolvimento and Participações em Projetos. S.A., and non-executive Member of the companies EPS - EFACEC POWER SOLUTIONS, SGPS and Águas de Portugal, (SGPS), S. A.

Previously, among other positions, he was Chairman of the Executive Committee of the COMPETE 2020 Program, Member of the Board of the Competition Authority, Chairman of the Board of Directors of IAPMEI (Support Institute for SMEs and Innovation), Chairman of the Board of Directors of Inovcapital (Sociedade de Capital de Risco, S.A.), Chairman of the Board of Directors of INPI (National Institute of Industrial Property), Member of the Higher Council for Science, Technology and Innovation, Member of the Executive Board of the EPO (European Patent Organisation), Member of the Board of CTCOR (Cork Technological Centre), Member of the Board of Directors of IFEA (Institute for Advanced Business Training) and Coordinator of PEDIP and PEDIP II.

Between 1996 and 1997, he was Secretary of State for Trade and Tourism (18th Constitutional Government)

5. Evidence of the submission of declarations by each member of the management body to the management and supervisory bodies, as well as to the Inspectorate General for Finance (IGF), of any equity holdings they may own in the company as well as any ongoing relationships with suppliers, clients, financial institutions or any other business partners that may generate conflicts of interest (see Article 52 of the RJSPE).

The management body members have delivered to the management and supervisory bodies, as well as the Inspectorate-General for Finance (IGF), a declaration of non-existence of any shareholdings in the company as well as the non-existence of any relationships with suppliers, clients, financial institutions or any other business partners susceptible of generating conflicts of interest (see Article 52 of RJSPE).

6. Identification of regular and significant family, professional or commercial relationships of members, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, with the shareholders.

The executive and non-executive members of AdP SGPS Board of Directors, in office in 2021, do not hold any equity interest in the company nor do they have any regular or significant relationships with shareholders, suppliers, customers, financial institutions or any business partner susceptible of generating conflicts of interest.

With regard to the communication of the non-existence of conflicts, the management body members have complied with the provisions of the Statute of Public Manager on this matter, the stipulations of art. 52 of DL 133/2013, of 3 October and as well as the Recommendation issued by the Council for the Prevention of Corruption on 8 January 2020.

There is no General or Supervisory Board.

7. Presentation of organisation charts or functional maps setting out the distribution of competences among the various corporate bodies, committees and/or company departments, including information on delegating competences, particularly as regards the delegation of the company's daily management.

The distribution of Executive Director areas of responsibility/competencies is as follows:

José Carlos Athaíde dos Remédios Furtado

- ✓ Responsibility for the overall coordination of the AdP Group:
 - Supervision of Group Companies;
 - Definition and Implementation of Strategy, Business Development and Management of Corporate Resources;
 - Liaison with the Corporate Bodies and Company Secretary.

- ✓ Stakeholders Relations, Representation and Corporate Image:
 - Government, Shareholders and Regulatory Authority;
 - Public Bodies, Local Authorities and Institutional Partners.

José Manuel Sardinha

- ✓ Management of Group Companies EPAL, S.A. and Águas de Vale do Tejo, S.A..
- ✓ Development of the Corporate Strategy for a Circular Economy, in particular for the Energy Sector, and Representation at International Organisations for the Sector.

Catarina Isabel Clímaco Monteiro d'Oliveira

- ✓ Responsibility for the Financial Function, focusing on Current Financial Management and Structured Finance Policies alongside Access to Financial Incentives.
- ✓ Responsibility for Controlling Efficiency in the Allocation of Resources, through the Implementation of Support Instruments for Regulation, Planning and Management Control.

Carla da Conceição Afonso Correia

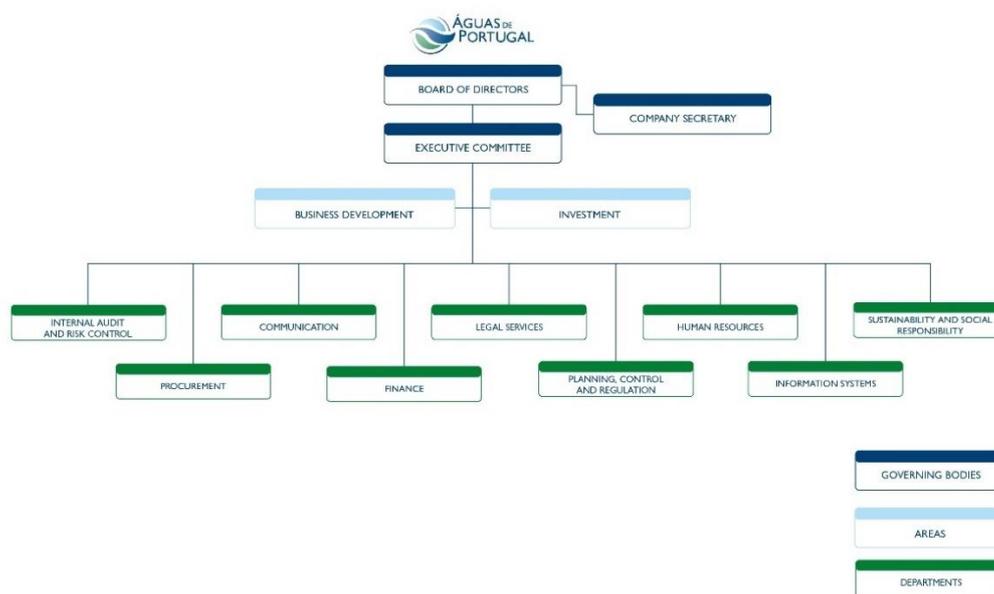
- ✓ Responsibility for the Risk, Compliance and Legal Function, focusing on Legal Compliance, Data Protection and Legal Advice, as well as Internal Audit and Risk Control Activities.
- ✓ Development of the Corporate Strategy for Human Resources, for Communications on Sustainability and Social Responsibility, as well as Corporate Policies in the Purchasing and Logistics Area.

João Pedro Moura Castro Neves

- ✓ Monitoring the Effectiveness and Operational Performance of the Water Supply and Sanitation Concessions and Partnership Arrangements.
- ✓ Responsibility for Investment Planning and Control and for the Development of the Corporate Strategy for the Engineering and Information Technology Areas.

Organisational Chart and Functional Structure

As at 31 December 2021, the functional organisation chart of the company was as follows and so remains at the present date:



Description of the functional areas

AdP - Águas de Portugal, SGPS, S.A. maintains a series of functional bodies to support the management of both the Group and each of its subsidiaries, which are responsible for defining and implementing policies, managing corporate resources and evaluating and controlling them.

- Financial

Responsible for defining and coordinating the Group's financial policy, ensuring the Group's accounting and fiscal management, in particular by harmonising criteria, procedures and practices in accordance with national standards.

- Planning, Control and Regulation

Responsible for ensuring the provision of the correct management information to the decision-making bodies for appropriate decision-making, as well as implementing corrective measures and coordinating the regulatory strategy, including tariffs and ensuring the relationship with the regulatory authority, identifying the key factors for minimising regulatory risk and the respective impacts on the AdP Group's assets.

- Human Resources

Responsible for defining the Group's human resource policies and strategy as well as for managing its resources.

- Internal Audit and Risk Control

With the mission of identifying the risks inherent to the Group's business, carrying out internal audits of all companies in which the Group holds a majority stake, characterising the key control factors necessary to minimising or eliminating their impact and carrying out compliance tests to evaluate the results.

- Communications

With the mission of defining the Group's communication strategy and policy and directly advising the Board of Directors on these matters.

- Sustainability and Corporate Social Responsibility

With the mission of planning, coordinating and implementing the AdP Group's sustainability policy and social responsibility program, bringing about the organised expression of the Group's vision, strategy and commitment to the principles of sustainable development.

- Business Development

With the mission of identifying, studying and developing new businesses, contributing to detecting and studying new market opportunities and developing new management models or improving existing solutions

- Investment

With the core functions of monitoring the annual investment planning process by the companies and their respective implementation throughout the year, coordinating the technical component to European Investment Bank loan applications and the corresponding reporting to the bank and project closure processes as well as centralising various procedures, both internal and external, relating to AdP Group investments.

- Legal

With responsibility for providing legal advice to the Group in accordance with the defined strategy and ensuring both the defence of AdP interests and Group compliance with the Law.

- Procurement

With responsibility for undertaking negotiations over the procurement of supplies for the Group, seeking to optimise the cost/benefit ratio with the best quality available on the market and thereby contribute to the Group's results.

- Information Systems:

With responsibility for supporting the definition and ensuring the implementation of strategies related to Information and Communication Systems and Technologies within the scope of providing greater operability/functionality to the Companies/Group and contributing to their results.

- Data Protection Officer

The DPO shall assist the controller or processor in all matters relating to the protection of personal data. In particular, the DPO shall: (i) inform and advise the controller or processor as well as their employees on their obligations under data protection law; (ii) monitor the organisation's compliance with all legislation related to data protection, including audits, awareness raising activities and training of staff involved in the processing operations; (iii) provide advice where a Data Protection Impact Assessment has been carried out and monitor its progress; (iv) act as a contact point for requests from individuals regarding the processing of their personal data and exercising of their rights; (v) cooperate with the Data Protection Authorities and act as their contact point on issues related to processing.

- Company Secretary (Article 446 B CSC)

The Company Secretary's responsibilities include, among other matters that are especially assigned by the company's administrative body, those resulting from the provisions of Article 446-B of the Companies Code and its amendments, specifically rendering support to the meetings of corporate bodies and monitoring the respective resolutions across the company's internal structure, subsidiaries and respective managers.

Delegation of powers by Board of Director members regarding the approval of expenditure, in effect in 2021:

Without infringing on the distribution of the Departments among the members of the Executive Committee and the rules of public procurement, the following delegation of powers for the approval of expenditure is in effect (as in the previous term of office):

(a) To any one Director, the powers to acquire movable assets, contract services or make other necessary expenditures for the normal functioning of the company, foreseen in the annual budget, the value of which does not exceed 25,000 euros (twenty-five thousand euros);

(b) To any two Directors, the powers to, in cases of urgency, acquire movable assets, contract services or make other necessary expenditures for the normal functioning of the company, set forth in the annual budget, the value of which does not exceed 125,000 euros (one hundred and twenty-five thousand euros), without prejudice to the subsequent ratification of decisions at a meeting of the Board of Directors.

The following are excluded from the delegation of powers:

✓ the approval of continuous expenses or those resulting from the fractioning of invoices issued by the same supplier under the scope of the same or related contracts;

✓ the approval of expenses related to the attribution of sponsorships, trips abroad, vehicles, training, subscriptions and other matters that are or may come to be specially regulated, which should always be submitted for collegial decision-making;

✓ the approval of expenses incurred by directors by the directors themselves.

8. Characterisation of the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, indicating in particular:

a) The number of meetings held and the attendance rate of each member at these meetings;

In 2021, the Board of Directors met 12 (twelve) times and the Executive Committee met 60 (sixty) times. No member was absent without providing due justification.

Manager	No. of Exec. Board meetings he/she was absent from	No. of Board meetings he/she was absent from	Justified (Yes/No)	Level of attendance Exec. Board	Level of attendance Board
José Carlos Athaide dos Remédios Furtado	0	0	n.a.	100%	100%
José Manuel Leitão Sardinha	0	0	n.a.	100%	100%
Catarina Isabel Clímaco Monteiro d'Oliveira	0	0	n.a.	100%	100%
Carla da Conceição Afonso Correia	0	0	n.a.	100%	100%
João Pedro Moura Castro Neves	0	0	n.a.	100%	100%
Parpública, rep. Jaime Serrão Andrez	n.a.	0	n.a.	Not a Board member	100%

b) Positions held simultaneously in other companies, inside and outside the group, and other relevant activities carried out by the members of these bodies during the financial year, presented in accordance with the following format:

Member of the Board of Directors	Accumulation of Positions		
	Entity	Position	Regime
José Carlos Athaide dos Remédios Furtado	No accumulation		n.a.
Catarina Isabel Clímaco Monteiro d'Oliveira	No accumulation		n.a.
Carla da Conceição Afonso Correia	Executive Member of the Board of Directors of AdP - Águas de Portugal, SGPS, S.A.		Public
José Manuel Leitão Sardinha	Executive Vice-Chair of the Board of Directors AdP - Águas de Portugal, SGPS, S.A., Executive Chair of the Board of Directors of EPAL, S.A. and Executive Chair of the Board of Directors of Águas de Lisboa e Vale do Tejo, S.A.; Assistant Prof. at Nova University of Lisbon and FCT and the Coordination of the South Regional Council of the Order of Engineers.		Public
Jaime Serrão Andrez (since 4 August 2020, when he took up the position)	Executive President of the Board of Directors of Parpública, SGPS, S.A Lecturer at the Higher Institute of Economics and Management, the University of Lisbon Executive Chair of the Board of Directors of Circuito do Estoril Non-executive member of the Board of Directors of EPS - EFACEC POWER SOLUTIONS, SGPS		Public

c) Company bodies competent to carry out the performance assessment of executive directors and pre-established criteria for their performance assessment;

Directors holding executive functions are evaluated annually by the shareholders at the General Assembly, assessing compliance with the strategic guidelines and management objectives set in accordance with the annual quantifiable targets contained in the management contracts signed with the directors.

Each year, the non-executive director(s) also issues a report on the performance of the executive directors, the terms of which assess compliance with the guidelines transmitted and periodic provision of technical and financial information to the non-executive member and shareholders they represent as well as the results obtained.

As there are management objectives and quantifiable targets defined for the financial year, the directors are assessed qualitatively at the General Assembly within the scope of the point "General appraisal of the administration and supervision of the company". The company's supervisory body assesses the degree of compliance with the management objectives.

d) Committees existing in the management or supervisory body, whenever applicable. Identification of the committees, their composition as well as their powers and a summary of the activities carried out in the exercise of those powers.

No committees have been created within the administrative body. There is no supervisory board.

D. Supervision

1. Identification of the supervisory body corresponding to the model adopted: Statutory Auditor, Supervisory Board, Audit Committee, General and Supervisory Board or Financial Affairs Committee

The company is supervised by a Supervisory Board and by a Statutory Auditor or a firm of chartered accountants who are not members of that body (Article 17(1) of the company's Articles of Association).

The Supervisory Board is composed of three effective members (one chair and two members) and a substitute member, appointed by the General Assembly. The Supervisory Board is elected by the General Assembly, for periods/mandates of three years, and may be re-elected one or more times.

The Statutory Auditor or Firm of Statutory Auditors is elected by the General Assembly, under the terms of the law, specifically the Portuguese Companies Code, following a proposal by the Supervisory Board.

2. Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, whenever applicable, during the year in question, indicating the minimum and maximum number of members, duration of the term of office, number of effective and alternate members, date of first appointment and date of end of the term of office of each member. In the event of a change of mandate during the year reported, the company must indicate the respective mandates (outgoing and incoming). Information to be presented according to the following format:

Under the terms of the Articles of Association, the Board of Auditors is made up of 3 (three) effective members and 1 (one) substitute, appointed by the General Assembly. The Statutory Audit Board is elected by the Shareholders General Assembly for three-year terms, and may be re-elected one or more times.

Mandate (Beginning - End)	Position	Name	Nomination	
			Means (1)	Date
2018-2020	Chair	Carla Maria Lamego Ribeiro	AG	27/04/2018
2018-2020	Member	Rui Mendes Cabeças	AG	27/04/2018
2018-2020	Member	Mário José Alveirinho Carrega	AG	27/04/2018

Minimum and maximum statutory number of members - [minimum number] / [maximum number].

Caption: (1) Resolution (R) / General Assembly (GA) / Unanimous Written Deliberation (DUE) / Order (D)

Supervisory Board member mandates:

Carla Maria Lamego Ribeiro – Mandate: 2012-2014 (elected on 1 November 2014), 2015-2017, 2018-2020.

Rui Mendes Cabeças – Mandate: 2018-2020

Mário Carrega – Mandate: 2012-2014, 2015-2017, 2018-2020

3. Submission of relevant curricular information for each member of the supervisory body. The professional activities carried out must be specifically indicated for at least the last five years.

Curricular details of the members of the Supervisory Board in office during the 2021 financial year:

President – Carla Maria Lamego Ribeiro

Date of birth: 15 August 1972

Academic Qualifications

- Post-Graduation in European Studies, the Faculty of Law, the University of Lisbon (1999)
- Undergraduate degree in Economics from the Higher Institute of Economics and Management, Technical University of Lisbon (1994)

Professional Activities

- Chair of the Supervisory Board of Águas de Portugal, SGPS
- Member of the Executive Board of the Municipal Support Fund (since December 2014)
- Non-Executive member of Board of Directors of the Foundation for Mobile Communications (December 2013)
- Attaché to the Assistant Secretary of State and Budget (2010-2011; 2013-2014)
- Attaché to the Assistant State Budget Secretary (2011-2013)
- Senior Inspector of Finances, General Inspectorate of Finances (2007-2010)
- Head of Audit Division, General Directorate of the Budget (2002-2007)
- Senior Technician at the General Directorate of the Budget (1996-2002)
- Senior Technician at the General Directorate of Regional Development (1996)

Other Professional Activities:

- Nominated as a member of the Reform Commission for the Business Framework Law, established by Order dated 13 August 2014, by the Minister of State and Finances

- Member of the commission for Municipal Financial Recovery
- Member of the Commission for the abolition and regulation of the Casa do Douro
- Participation in the negotiations for PAEF agreed by the Portuguese state and the IMF, the EC and the ECB and their subsequent accompanying, including reviewing the legal norms within the scope of financial and budget management of the state in direct collaboration with the IMF through participation in its diverse technical missions, with a particular role in the missions focusing on the health sector and local and regional government
- Representative of the Ministry of Finance to the National Council for the Social Economy chaired by the Prime Minister following nomination in November 2010
- Integration into the Working Group for Monitoring and Accompanying Budgetary Implementation following nomination by the Minister of State and Finances (January 2011)
- Representative of the Ministry of Finance accompanying the Protocol signed with APIFARMA (2011).

Member – Mário José Alveirinho Carrega

Date of birth: 18 August 1966.

Academic Qualifications

- Undergraduate degree in Business Organisation and Management, from the Higher Institute of Economics and Management (ISEG/UTL).

Professional Activities

- Since October 2013, head of the Analysis and Administration Division incorporated into the Service Department for State Holdings, the General Directorate of Treasury and Finance.
- From May 1993 to September 2013, senior manager in the General Directorate of Treasury and Finance – Ministry of Finance performing functions in the field of consultancy for the State Business Sector.
- From October 1992 to May 1993, senior manager at the Court of Accounts.
- From September 1990 to February 1992, Auditor at Price Waterhouse.
- From March 1992 to October 1992, senior manager in the Office of Information Technology, the General Directorate of the Treasury – Ministry of Finance.
- Vice-President of the General Assembly of Transtejo – Transportes Tejo, S.A. (triennial 2002-2004)
- President of the General Assembly of Hospital de Santa Marta, S.A. (triennial 2002-2004).
- Secretary of the General Assembly of PME - Investimentos - Sociedade de Investimento, S.A. (triennial 2004-2006).
- Vice- President of the General Assembly of SIMAB - Sociedade Instaladora de Mercados Abastecedores, S.A. (triennial 2005-2007).
- President of the General Assembly of Hospital de Santa Marta, S.A. (triennial 2005-2007).
- President of the Supervisory Board of the Museu do Douro Foundation (triennial 2006-2008).
- President of the General Assembly of Participantes Fundo para Investidores Qualificados API Capital - Sociedade de Capital de Risco, S.A. (2006 until its merger)
- Vice- President of the General Assembly of PME - Investimentos - Sociedade de Investimento, S.A. (triennial 2007-2009).
- Member of the Supervisory Board of Companhia Carris de Ferro de Lisboa, S.A. (triennial 2006-2008).

- President of the General Assembly of SIMAB - Sociedade Instaladora de Mercados Abastecedores, S.A. (triennial 2008-2010).
- Substitute for the Supervisory Board of APA - Administração do Porto de Aveiro, S.A. (triennial 2008-2010).
- Member of the Supervisory Board of Companhia Carris de Ferro de Lisboa, S.A. (triennial 2009-2011).
- President of the Supervisory Board of Fundação Museu do Douro, S.A. (triennial 2009-2011).
- DGTF trainer in the field of SEE for international cooperation.
- DGTF representative to the "Working Party on State Ownership and Privatisation Practices" at the OECD.
- Member of the Supervisory Board of AdP - Águas de Portugal, SGPS, S.A.

Member – Rui Manuel Mendes Cabeças

Date of Birth: 10 July 1971

Academic Qualifications

- Specialist qualification in financial accountancy and taxation, ISCAL (2010)
- Undergraduate degree in company management, Higher Institute of Languages and Administration (1994)

Professional Activities

- Team Leader, Taxation and Customs Inspectorate (since 2006)
- Expert in the Public Estate on Revision Commissions nominated by SEAF (since 2006)
- Tax inspector, Taxation and Customs Inspectorate (since 1995)

Other Professional Activities

- Treasurer of APIT – Association of Tax Inspectorate Professionals, (2004-2007)
- Member of the Supervisory Board of AdP - Águas de Portugal, SGPS, S.A.

4. Procedures and criteria applicable to the intervention of the supervisory body for the purposes of contracting additional services from the external auditor.

Under the terms of the legislation in effect, additional services contracted from the external auditor are not subject to prior approval by the supervisory board, notwithstanding the nature of AdP SGPS's PIE (during 2021), as this constitutes a contractual relationship that does not circumscribe the statutory audit, therefore falling beyond the scope of Article 77 of Law 140/2017, of 7 September.

Nevertheless, for the purposes of contracting additional services to audit services from the AdP SGPS External Auditor, the following procedures and criteria are observed - in compliance with Law 140/2015 of 7 September:

- ✓ An evaluation / monitoring is carried out by the External Auditor of all the services provided by it or its network to AdP Group companies, with the provision of additional services requiring approval by the External Audit Partner responsible for the AdP Group;

The External Auditor notifies the CMVM (whenever applicable) of the service provided.

5. Other roles of the supervisory bodies and, whenever applicable, the Financial Affairs Committee.

The supervisory body did not perform any other functions in the AdP Group. There is no Financial Affairs Committee.

6. Identification, as applicable, of those members of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee considered independent in accordance with Article 414(5) of the CSC.

All members of the Supervisory Board, in its current composition (Carla Ribeiro - Chair, Mário Carrega and Rui Mendes Cabeças - Members), are considered independent, in accordance with art. 414 no. 5 of the Companies Code.

In the current AdP SGPS governance model, there is no Audit Committee, General and Supervisory Board or Financial Affairs Committee.

7. Details of the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, indicating in particular, as applicable:

a) The number of meetings held and the respective attendance record of each member, presented in the following format

No. Meetings	Place	Meeting Participants	Absences of Supervisory Board members
01/2021 to 14 April 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member)	non applicable
02/2021 to 14 April 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member)	non applicable
03/2021 to 10 May 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member)	non applicable
04/2021 to 15 June 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member)	non applicable
05/2021 to 8 October 2021	AdP headquarters	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member). Also in attendance were the Board Member, Dra. Catarina Oliveira and Dra. Sandra Santos, Director of Control, Plantation and Regulation	non applicable
06/2021 to 10 November 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member)	non applicable

07/2021 to 16 November 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member). Also in attendance were the Board Member, Dra. Catarina Oliveira and Dra. Sandra Santos, Director of Control, Planning and Regulation, Dra. Sónia Pacifico, Financial Director and Dr. Pedro Lisboa Nunes, Chartered Accountant	non applicable
08/2021 to 14 December 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member)	non applicable
09/2021 to 17 December 2021	video conference	All members of the Supervisory Board were in attendance: Dra. Carla Ribeiro (Chair), Dr. Mário Carrega (Member) and Dr. Rui Cabeças (Member)	non applicable

In 2021, all members of the Supervisory Board registered a 100% attendance record.

b) Positions held simultaneously in other companies, internally or externally to the group, and other relevant activities carried out by members of these bodies during the financial year reported;

During the 2021 financial year, the Statutory Audit Board did not perform any other positions or activities within the AdP Group. Regarding other positions and activities performed outside the Group, reference is made to the respective curricular information in paragraph 3 above in addition to the brief description presented below:

Carla Maria Ribeiro – Chair of the Supervisory Board

- ✓ Member of the Executive Board of the Municipal Support Fund.

Mário José Alveirinho Carrega – Member of the Supervisory Board

- ✓ Since October 2013, Head of the Analysis and Administration Division incorporated into the Service Department for State Holdings.
- ✓ Chair of General Assembly of SIMAB – Sociedade Instaladora de Mercados Abastecedores, S.A..
- ✓ Member of the Advisory Board of FCR Portugal Ventures Valor 2 (Triennial 2016-2018).

Rui Manuel Mendes Cabeças – Member of the Supervisory Board

- ✓ Team Coordinator, the Taxation and Customs Inspectorate (since 2006)
- ✓ Expert in the Public Estate on the Revision Commissions nominated by SEAF (since 2006)
- ✓ Tax Inspector at the Taxation and Customs Inspectorate (since 1995)

E. Statutory Auditor (ROC)

1. Identification, effective and alternate members, of the statutory audit firm (SROC), the statutory auditor and their respective Order of Statutory Auditors (OROC) and the Securities Market Commission (CMVM) membership numbers, whenever applicable, and of the partners representing the SROC alongside an indication of the number of years the statutory auditor has consecutively worked for the company and/or group. When there has been a change of mandate during the year under reporting, the company must indicate the respective mandate holders (outgoing and incoming).

On 2 January 2019, the firm of Statutory Auditors **Grant Thornton & Associados, SROC, Lda.**, (hereinafter SROC) registered with the Order of Statutory Auditors (OROC) under no. 67 and CMVM no. 20161403, represented by Pedro Miguel Raposo Lisboa Nunes, registered at OROC under no. 1202 and CMVM no. 20160813, was elected - for the supervisory mandate (2018-2020).

Carlos António Lisboa Nunes, registered with the OROC under no. 427 and CMVM no. 20160131, was also elected as alternate.

The election of the SROC was preceded by a consultation procedure, triggered by the Company's Audit Board, with a view to selecting the statutory auditor or statutory audit firm - under the terms deemed most appropriate. Following the aforementioned consultation, the Supervisory Board submitted to the AdP SGPS shareholders a proposal for the election of **Grant Thornton & Associados, SROC, Lda.**, which would be approved by Written Unanimous Social Resolution, taken by the shareholders with effect on 2 January 2019.

The Statutory Audit Firm elected with effect from 2 January 2019 has performed duties in the AdP Group since 2019. The representative of the Statutory Audit Firm has performed duties in the AdP Group since 2019.

In 2021, the election of the Statutory Auditor was not deliberated and a new mandate maintained **Grant Thornton & Associados, SROC, Lda.** in office for the 2021 financial year.

2. Indication of the limitations, legal and others, regarding the number of years that the Chartered Accountant has provided services to the company.

As regards the 2021 financial year, the company is not aware of any non-compliance by the statutory audit firm **Grant Thornton & Associados, SROC, Lda.** registered with the Portuguese Institute of Statutory Auditors (OROC) under no. 67 and CMVM no. 20161403 or by its representative, Dr. Pedro Miguel Raposo Lisboa Nunes, registered with the OROC under no. 1202 and CMVM no. 20160813.

Regarding the legal limit of mandates, the SROC is undertaking its first mandate in office, with AdP SGPS in compliance with the provisions of Regulation (EU) of the European Parliament and Council no. 537/2014, of April 16.

The Statutory Auditor is elected for a three-year mandate and its election must ensure at least two years of service in that mandate – whenever ongoing. The Statutory Auditor may be re-elected one or more times, without prejudice to the provisions of paragraph 3 of Article 54 of Law 140/2015 of September 7², which states the following: "the minimum initial period of the Statutory Auditor's or the Statutory Audit Firm's performance of statutory auditing duties is two years and the maximum period is two or three terms of office, depending on whether they are four or three years, respectively".

Notwithstanding the above, the replacement of the representative must take place after seven years of office as from the initial appointment while subject to reappointment after the lapse of a minimum period of three years (see the OROC by-laws).

² Wording amended by L99-A/2021, of 31 December, with the following wording "Article 54, no. statutory auditor cannot be less than two years, with a maximum duration of 10 years."

The term of office of the Statutory Audit Firm (2018-2020) coincides with the term of office of the Supervisory Board (2018-2020).

Although the company's Supervisory Board and the Statutory Auditor were elected for the 2018-2020 term, they remained in office in 2021 and the shareholders have not deliberated on the election of the supervisory structure for a new term.

3. Indication of the number of years the SROC and/or the Statutory Auditor have consecutively worked in the company/group as well as the number of years the Statutory Auditor has provided services in this company, including the year to which this report refers, as well as the remuneration for the year in question, presented according to the following formats:

Mandate (Beginning – End)	Position	SROC / ROC Identification			Designation			No. of years of Group service	No. of years of company service
		Name	OROC registration no.	CMVM registration no.	Means (1)	Date	Contracted		
2018-2020	SROC full time	Grant Thornton & Associados, SROC, Lda, represented by Dr. Pedro Lisboa Nunes (*)	67	20161403	DUE	02/01/2019	Sim	3	3
2018-2020	ROC Alternate	Carlos António Lisboa Nunes	427	20160131	DUE	02/01/2019	Sim	3	3
2018-2020	SROC full time	Grant Thornton & Associados, SROC, Lda, represented by Dr. Pedro Lisboa Nunes (*)	67	20161403	DUE	02/01/2019	Sim	3	3

Caption: (1) General Assembly (AG) / Unanimous Written Decision (DUE) / Order (D)

Note: Mention the full time (SROC and ROC) and the substitute (SROC and ROC)

Name	Annual Remuneration 2021 (€)	
	Gross	
Grant Thornton & Associados, SROC, Lda,	35,723	
Carlos António Lisboa Nunes (alternate)	n.a.	
	35,723	

4. Description of other services provided by the SROC to the company and/or provided by the Statutory Auditor representing the SROC, whenever applicable.

In 2021, the Statutory Auditor did not provide any other services to the company AdP SGPS.

The Statutory Auditor, who represents the Statutory Audit Firm, also did not provide any other services to the company.

F. Advisory Board (whenever applicable)

1. Composition, throughout the year reported, indicating the minimum and maximum number of members, duration of term of office, number of full and alternate members, date of first appointment and date of end of term of office for each member. If there has been a change of mandate during the year under reporting, the company should indicate the respective mandates (outgoing and incoming).

The corporate model of AdP-Águas de Portugal, SGPS, S.A. does not provide for an Advisory Board.

G. External Auditor (whenever applicable)

1. Identification of the external auditor and the partner appointed to carry out these duties, including their respective CMVM registration number as well as stating the number of years the external auditor and the respective partner have consecutively carried out duties with the company and/or group as well as the remuneration for the year in question, presented in accordance with the following format:

Identification of the External Auditor (SROC/ROC)			Contracting		Annual Remuneration 2020 (€)
Name	OROC registration no.	CMVM registration no.	Date	Period	Cost of Service Provision
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.	183	20161485	30-09-2019	2019-2021	24,500,00

Identification of the partner at PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. who represents the company in the External Auditor function:

- Dr. João Rui Fernandes Ramos, registered with OROC as no. 1333, and with the CMVM registration no. 20160943 and/or
- Dr. José Bizarro Duarte, registered with OROC as no. 1057, and with the CMVM registration no. 20200003.

2. Explanation of the policy and frequency of rotation of the external auditor and the respective partner carrying out these duties as well as indicating the body responsible for assessing the external auditor and the frequency with which this assessment is carried out.

In compliance with best management practices, AdP SGPS chooses the External Auditor through market consultation, and the External Auditor is preferably contracted for a period corresponding to the mandate of the company's governing bodies (three years).

The contract can be renewed one or more times. Notwithstanding the above, the replacement of the partner representing the External Auditor must take place after seven years in office but may be reappointed after a minimum period of three years (see OROC Statutes). In addition to the above, the clarifications provided by the CMVM on External Auditor rotation in the case of contractual auditing services should also be taken into account.

«(...) The mandatory rotation rules stipulated by Article 54 of the EOROC make reference to the carrying out of statutory audit duties. As regards EOROC Article 77, this determines the "Conditions for the carrying out of statutory audits of public interest entities". Thus, the rules set out in the abovementioned Articles 54 and 77, when they expressly refer (or follow rules that expressly refer) to the type of audit that the Chartered Accountant/SROC must carry out, limiting it to the statutory audit, performed in compliance with a legal or statutory provision [as defined in EOROC Article 42, a)], must be interpreted as applying only to the statutory (and not to any other) audit of the accounts. This includes the provision of statutory audit services with a view to issuing, in particular, legal certification of the accounts, audit reports on the half-yearly and annual financial information in compliance with the provisions of RGOIC Article 161, no. 8 and reports drawn up by an auditor provided for in Article 245, no. 1, b) of the CMVM code as well as for compliance with statutory requirements."

The contracting of the External Audit firm is subject to a public procurement procedure, duly justified - given the complexity and size of the company, considering its nature as a holding company.

In 2019, the public procurement procedure was carried out for the selection of an external auditor to the individual and consolidated statements of AdP SGPS, for a contractual term of three years (2019-2021). As a result of the aforementioned procedure, PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. was contracted for 2019-2021.

3. Identification of work, other than auditing work, carried out by the external auditor for the company and/or companies in a controlling Group relationship as well as indicating the internal procedures for approving the contracting of such services and describing the reasons for contracting these services.

	R.O.C.	Audit	Other services	Total
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.	€149,452	€24,500	€9,950	€179,952

As at 31 December 2021, the external auditor of AdP SGPS, PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda, provides statutory auditing services to all Group companies (AdP Valor, AdP Energias, AdP Internacional, Águas do Alto Minho, Águas do Norte, Águas do Douro and Paiva, Simdouro, Águas da Região de Aveiro, Águas do Centro Litoral, Águas do Vale do Tejo, Águas do Tejo Atlântico, Simarsul, EPAL, Águas de Santo André, Águas Públicas do Alentejo and Águas do Algarve), apart from AdP SGPS.

4. Indication of the amount of annual remuneration paid by the company, and/or by legal persons in a control or group relationship, to the auditor and other natural or legal persons belonging to the same network and details of the percentage relating to the following services, presented in accordance with the following format:

Remuneration paid to SROC (including the individual and consolidated accounts)		
Total for account revision services (and/or external audit)	€ 24 500.00	100.00%
Total for tax consultancy services	n.a.	n.a.
Total for other services other than the above items	n.a.	n.a.
Total paid to the SROC firm	€ 24 500.00	100.00%
By group member entities (including the individual and consolidated accounts)		
Total for account revision services	€ 149 452.13	93.76%
Total for tax consultancy services	n.a.	n.a.
Total for other services other than the above items	€ 9 950.00	6.24%
Total paid by group members to the SROC firm	€ 159 402.13	100.00%

Note: this should detail the amount of fees received and the percentage of the total fees invoiced by the firm to the company/group.

VI. Internal Organisation

A. Statutes and Communications

1. Indication of the rules applicable for amendments to the Company's Articles of Association.

The Articles of Association are amended by resolution of the shareholders at the General Assembly and are subject to the competent company registry. Amendments to the Articles of association are made public on the company's website www.adp.pt.

2. Characterisation of the means and policy for communicating irregularities occurring within the company.

The AdP Group pursues a public service mission, managing a strategic resource essential to life and human development, with a long-term vision, based on a robust organisational model and a strong ethical culture.

The AdP Group has prevention, implementation and control tools that aim to ensure it acts in accordance with its principles and values, in particular the Code of Ethics and Conduct, which was revised in 2021, the Social Responsibility Management Systems and the Plan for the Prevention of Risks of Corruption and Related Infractions, also revised and updated in 2021.

Furthermore, on 17 December 2021, the AdP Group presented its Integrity Commitment based on a governance model with the highest ethical standards, transparency, accountability and excellence in public management practices, reflecting the commitment to implementing the AdP Group's Integrity Policy, in particular, operationally deploying an integrity model, which includes all the necessary associated instruments and striving to ensure continuous internal training to foster a culture of integrity.

We share the vision on transparency and public integrity of international bodies such as the UN, the OECD and the European Union and we review our actions according to the OECD Recommendation on Public Integrity, which "recognises the priority of promoting a culture of consistent public integrity aligned with common values, principles and ethical standards to sustain and privilege the public interest over private interests in the public sector".

The AdP Group's integrity model is embodied in its Integrity Policy that identifies the different bodies and internal instruments that implement the commitments to ethics, compliance and other related legal obligations, in particular:

- Code of Ethics and Conduct;
- Prevention Plan for Risks of Corruption and Similar Infractions;
- Regulation for Voluntary Reporting of Irregularities (Whistleblowing);
- General Regime Public Procurement Manual;
- Procurement Manual.

The Integrity Policy describes the integrity model that serves as the guarantee of the ethical quality of the decisions and options of AdP Group companies, based on three axes structuring the respective actions into activities preventing situations of non-compliant or inappropriate conduct, mechanisms for detecting eventual situations in violation of the ethical framework and instruments and mechanisms for resolution, action and evaluation to restore responsible actions, all essential to consolidating an ethical culture, which has also demonstrated its positive effects in terms of employee commitment, the reduction in situations of inappropriate conduct, the credibility of internal mechanisms and enhanced transparency.

The effective articulation between the established ethical benchmarks and the different policies and internal processes implemented, from the policies ensuring legal compliance to the internal control processes, bring about the closure of the cycle and its respective review.

We would note that the organisational ethics governance structure is entrusted to two bodies with distinct and complementary attributions:

- The Ethics Board, a consultative body with an independent status, strives to promote the highest ethical standards in the AdP Group, in terms of culture, conduct and behaviour, and set the mission of advising and reflecting on excellence in the ethics of the AdP Group;

- The Ethics Committee, an executive body with an independent status, undertakes the analysis of whistleblowing reports, ethical questions and dilemmas submitted through the respective confidential, safe and purpose established channels of communications, particularly as regards any reports of irregularities.

The Integrity Policy substantiates the first pillar of the AdP Group's Strategic Commitment Framework, "Group Culture" while contributing to reinforcing the other two, "Service Excellence" and "Social Utility", and supporting the twelve strategic challenges defined.

The AdP Group's integrity model is based on the application of values and principles and is structured into three fundamental axes - Prevent, Detect and Solve - which incorporating the respective different support mechanisms and instruments.

The "Prevent" axis is based on the integration of ethical reflections, i.e., all decisions and options taken by managers and employees are based on compliance with the legislation in effect for state business sector companies, the values and principles defined, the external commitments existing in this field as well as the internal rules of conduct. This pillar results from continuous investment in awareness raising, open dialogue, coherence between what we defend and our actions, and which results in the culture of integrity that characterises us. This axis requires the greatest degree of investment and constitutes the first line of defence for integrity.

The "Detect" axis contains the respective different internal mechanisms for identifying situations and areas of risk, deviations from procedures or conduct, ethical dilemmas or anomalous circumstances and the means of defining corrective measures. The AdP Group operates channels to collect situations that may derive from internal or external interlocutors and also maintains corporate structures with the appropriate responsibilities and authority for defining the necessary measures for application.

The "Resolve" axis includes the measures for implementation, the correction methodologies to guarantee the model's full extent and alongside evaluating the AdP Group's ethical performance in accordance with the ethical performance indicators.



Figure I – The AdP Group Integrity Model

One feature of the internal Integrity Model is the AdP Group's Regulation on Voluntary Whistleblowing, which was approved in 2021 and prepared in accordance with the European Directive on the protection of whistleblowers and the Resolution of the Council of Ministers No. 37/2021 on the National Anti-Corruption Strategy 2020-2024.

This document, in addition to defining the objectives and scope of action, describes the means of communicating any irregularities occurring within the company and with the AdP group having furthermore defined and implemented the following channels through which **the anonymity of any report is preserved:**

- Sealed letter addresses to the Ethics Committee of Águas de Portugal, Rua Visconde de Seabra 3, postal code: 1700-421 Lisbon;
- Email addressed to etica@adp.pt;
- Phone call;
- In person, in Lisbon, at Rua Visconde de Seabra 3, between 09.30am and 5pm, whenever having previously scheduled an appointment;
- The voluntary reporting form available on the company Internet website;

AdP SGPS and Group companies have both adopted the General Data Protection Regulation (GDPR), having approved on 28 February 2019, the internal and external Personal Data Protection Policy, with all employees, as well as customers and suppliers, informed and additionally available for consultation on the company's website through the following link: <http://www.adp.pt/pt/grupo-adp/governo-da-sociedade/politica-de-protecao-de-dados-pessoais/?id=200>

AdP SGPS also defined the Governance Model of Personal Data Protection as well as the necessary procedures for its implementation.

The adoption and compliance with the GDPR demonstrate the commitment of the Group and its corporate bodies to complying with the legislation on personal data protection, security and privacy of information in order to protect the personal data and privacy of data subjects.

AdP SGPS is the controller and hence determines the purposes and means of processing personal data. Therefore, the exercising of rights by data subjects should be addressed to the Data Protection Officer of the company, regarding matters related to the processing of personal data, through the email address dpo@adp.pt or in writing to the Data Protection Officer at AdP SGPS (Rua Visconde Seabra, no. 3, 1700-421 Lisbon)

3. Indication of the anti-fraud policies adopted and the identification of the tools existing to mitigate and prevent organised fraud.

In compliance with the Prevention of Corruption Council recommendation of July 1st 2009, AdP SGPS implements a Prevention Plan against the Risks of Corruption and Related Infractions, updated in 2021, which

identifies the most critical areas regarding the occurrence of potential acts of fraud or corruption as well as the main risks arising, the controls in place to mitigate them and the probability of their occurrence.

In order to comply with the provisions of Article 46, paras 1 and 2 of Decree-Law (DL) n.º 133/2013, of 3 October, there is annual an evaluation of compliance with the Plan for the Prevention of Risks of Corruption and Related Infractions of each company and with an annual report produced in conjunction with the respective conclusions, which is sent to UTAM - the Technical Unit and published on the company's website at <https://www.adp.pt/pt/grupo-adp/governo-da-sociedade/regulamentos/?id=14>

In keeping with the Council for the Prevention of Corruption recommendation of 8 January 2020 on the management of conflicts of interest in the public sector, the company has implemented Declarations of Conflict of Interest, subscribed to by Directors and employees with functions in areas potentially subject to the occurrence of acts of corruption.

Following the recommendations of the Court of Auditors/Council for the Prevention of Corruption, the entry into force in early 2018 of the new wording of the CCP – the Public Procurement Code, and the guidelines of AdP, SGPS, SA, declarations of no conflict of interest began being signed prior to taking up position, by members of the jury and all other participants in each process of proposal analysis/evaluation, in particular by experts.

B. Internal control and risk management

1. Information on the existence of an Internal Control System (ICS) compatible with the size and complexity of the company in order to protect investments and assets (this should cover all relevant company risks).

AdP Group and, in particular, AdP SGPS Board of Directors, pay great attention to themes such as internal control, risk management, fraud, the transparency of information and the reliability of financial reporting.

As these constitute transversal concerns to the AdP Group and, in order to enable the deployment of a systematic and appropriately visible internal control existing in all Group companies, in 2021, AdP SGPS approved the project for defining and implementing the **SCI – the Internal Control System transversal to the Group**. To this end, among the various internal control systems existing, the selection process opted for the CUBE of COSO (the Committee of Sponsoring Organisations of the Treadway Commission) as the model for implementation, considered the most adaptable to the company structures given its flexibility spanning the entire entity and any one of its units or business activities as well as its reliability regarding the responses provided to existing challenges.

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



• **Environment of Control**

This should reflect the importance of internal controls and establish the discipline and structure of the other SCI components. This encapsulates the set of rules, processes and structures that provide the basis for the performance of internal controls in the organisation.

This defines the spirit of the organisation, influencing the employee awareness of risks.

This provides the foundations for all other SCI components

• **Risk Evaluation**

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

Risk is defined as the possibility of an event occurring and affecting (positively or negatively) the achievement of the objectives defined by the organisation.

This involves a dynamic and interactive process to identify and analyse the risks affecting the achievement of the organisation's objectives, serving as a basis for understanding just how they should be managed.

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

• **Control Activities**

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

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

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

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

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

- **Information and Communication**

Established to ensure the capture, processing and exchange of relevant, comprehensive and consistent data, within a timeframe and in a manner that enables the effective and timely performance of the management and control of the institution's activities and risks.

Information is necessary for the organisation to exercise its IC responsibilities in support of the achievement of its objectives. The management obtains or generates and uses relevant and quality information from internal and external sources to support the functioning of IC.

Communication is the ongoing process that enables staff to understand the responsibilities of IC and the importance to achieving the objectives. This takes place both internally and externally and provides the organisation with the information necessary to execute controls on a daily basis. Internal communication represents the means by which information is disseminated throughout the Group, flowing in all directions and throughout the organisations. It enables all employees to receive a clear message from management that control responsibilities must be taken seriously. External communication serves a dual purpose: it allows relevant external information to flow in, and provides information to third parties in response to requirements and expectations.

- **Monitoring Activities**

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

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

Ongoing assessments, embedded in business processes at different levels of the organisation, provide timely information.

Periodic one-off/independent evaluations will vary in scope and frequency, depending on risk assessment, the effectiveness of ongoing evaluations and other management considerations.

The results are assessed in accordance with criteria established by the regulators, recognised by regulatory bodies, the management and the Board of Directors and with shortcomings communicated in a timely manner to the management and the Board of Directors, as appropriate, with the most relevant results always communicated to the Board of Directors.

The project **to implement the Internal Control System** referred to above contains the following phases

- Initial Stage - which includes the identification and approval of the methodology to be used, the determination by AdP SGPS of the 35 processes considered critical in the AdP Group, based on strategic guidelines and significant accounts
- Phase One - scheduled for completion by the end of 2021, includes the following stages:
 - The mapping of the 15 priority processes, with the identification of risk events and the controls implemented in their mitigation, in two pilot companies, through the preparation of the respective Risk and Control Matrices (MRC, Portuguese acronym);
 - The definition of the metrics to be used in the future evaluation of the ICS, and the preparation of the base version of the Group's Internal Control Manual, to be used by the companies, and which will include the Control and Risk Matrices of the mapped processes.
 - The mapping of priority processes in the Group's other companies, based on the information systematised in the MRCs of the pilot companies, and which implies their adjustment to the reality of the risks and controls implemented in each company.
- Second Phase - which is planned to start in the 1st quarter of 2022, includes the following stages
 - The mapping of the remaining critical processes, in the same pilot companies involved in Phase One, through the drafting of their respective MRCs;
 - The approval of the internal control manuals by the companies, the approved base version and the MRC information regarding the processes mapped in Phase One;
 - The mapping of the remaining processes in the Group's companies, based on the information systematised in the MRCs of the pilot companies, and which implies adjustments to cope with the realities of the risks and controls implemented in each company.

Following completion of the Initial Phase of the project in 2020, the First Phase was finalised during 2021, with the following activities taking place:

- i. Mapping the 15 initial processes in Group companies based on the information systematised in the Risks and Controls Matrices (MRCs) of the two pilot companies, implying the adjustment of the information collected to the reality of the risks and controls existing in each company. The work, which started in the 4th quarter of 2020, followed the initially defined timetable, having been concluded by almost every AdP Group company by the end of the 4th quarter of 2021;
- ii. Carrying out preliminary analysis of the maturity of the Internal Controls in the Group's other companies by means of a questionnaire completed by a sample of employees with a view to ascertaining the level of awareness prevailing in each company on this issue;;
- iii. Conclusion and sending of the MRCs for the purchasing process, which resulted from the audit carried out by companies on this process, through which the risk events and existing controls were identified;
- iv. Joint review of the MRCs completed by the companies so as to ensure the consolidation of the systematised information and improve the contents presented;
- v. Performing audit tests and evaluating the effectiveness of the controls in effect for salary processing and eventually for accounts receivable, based on the MRCs drawn up by the companies;;
- vi. Review of the processes identified within the scope of the Group's Internal Control System with this requiring mapping of the project's second phase, ensuring that the alignment with company strategic objectives and significant accounts is maintained;;
- vii. Awarding a contract to the entity responsible for mapping out the remaining business processes in pilot companies as part of the second phase of the project for implementing the Group's Internal Control System, to begin in early 2022;
- viii. Review of the AdP Group Internal Control Manual and the defined ICS evaluation metrics in order to ensure they align with the reality of the AdP Group companies, incorporating the knowledge acquired throughout the implementation of the first phase of this project, with company approval expected in early 2022.

The second phase of the implementation of the Internal Control System will begin in 2022, with the following activities planned:

- i. Completion of the mapping of the processes related to the first phase that could not be finalised in two companies;
- ii. Beginning of the mapping, in the pilot companies, of the processes for inclusion in the second project phase, through the identification of risk events and existing controls and preparation of flowcharts and MRCs;

- iii. Continuation of the joint review with companies of the MRCs for the processes mapped under the auspices of the first phase to identify possible inconsistencies or unidentified situations, consolidate the systematised information, improve the contents and ensure their adherence to the reality of the mapped processes;
- iv. Preparation and approval of the internal control manuals, based on the revised version and in which the already finalised MRCs will be included;
- v. The mapping of the second phase processes in the remaining AdP Group companies will begin, based on the information gathered in mapping the MRCs in the pilot companies;
- vi. Testing the evaluation of the indicators and metrics defined for assessing the internal control system in order to obtain a preliminary view of the situation of the respective internal control systems;
- vii. Conclusion of the audit tests and assessment of the effectiveness of the controls associated to the accounts payable process and carrying out an audit of salary processing based on the MRCs prepared .

The control test results (in particular for core issues) obtained from the internal control audits carried out annually on certain processes shall produce the information enabling the assessment of whether the five internal control components are operating according to an integrated approach able to provide a reasonable level of assurance to the AdP SGPS Board of Directors as regards the ICS performance.

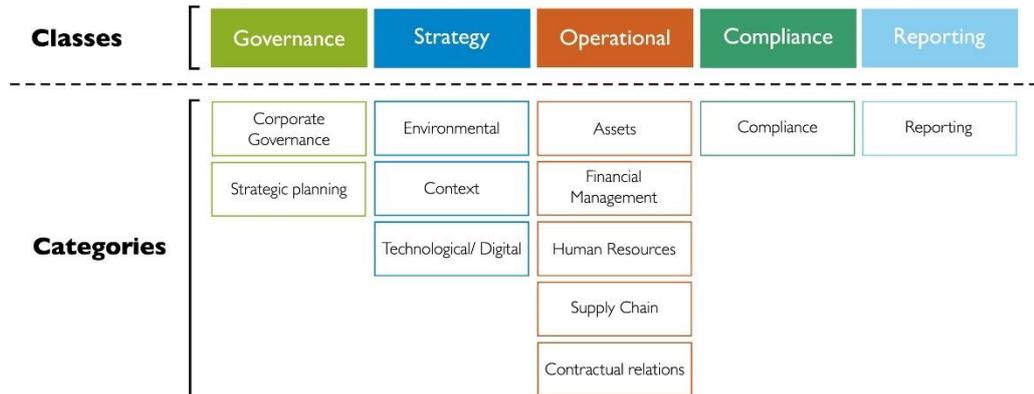
Awareness raising and internal control training will also be promoted, aiming at fostering the permanent monitoring of the controls implemented by the companies and especially by staff responsible for managing the business processes.

The above changes, together with the review of the Risk Management Model in effect in the AdP Group, scheduled for 2022, will allow the Board of Directors to focus its monitoring and analysis on the critical risks identified, inherent to the activities and resulting from daily operations.

The deployment of a corporate risk management model enables integrated risk assessment throughout the company and the maturing of its risk culture, allowing for the creation of a common language around the definition and concept of each risk along with aligning the objectives with the risks and respective controls in effect across the Group, thus helping to reduce the risk of investment and asset losses while assisting in guaranteeing the reliability of financial statements and compliance with the legislation and regulations in effect.

The suitability of the SCl aligns with the risk management model, and adjusted whenever, through risk assessment, risks are identified that class as unacceptable or weaknesses or failures are detected in the analysis of the underlying controls.

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

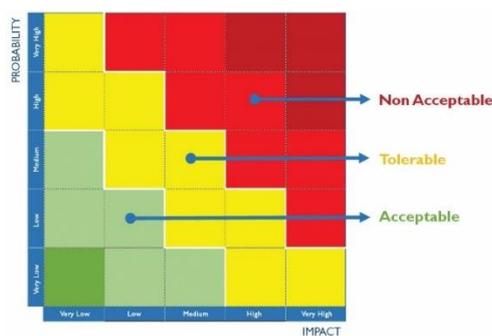


2. - Identification of persons, bodies or committees responsible for the internal audit and/or implementation of the risk management and control system that enables the risks inherent to the activity developed to be anticipated and minimised.

Internal Audit and Risk Control (AICR) is the AdP SGPS Department with the mission of identifying the risks inherent in the company's business, to outline the key control items required to minimise or eliminate their impact, to carry out compliance tests to assess the results and to conduct internal audits of the company.

3. Whenever the company has adopted a strategic plan and risk policy, describe the definition of the risk levels deemed acceptable and identify the main measures adopted.

The AdP Group and its companies do not have a "Strategic Plan and Risk Policy" but there is a formally approved Risk Management Model, based on a methodology that allows for the management of business risk through risk assessment from the perspective of the probability of occurrence and impact, considering the respective inherent and residual risks. In this way, the aim is to assess the effectiveness of the internal control system designed and implemented to maintain risks at levels considered acceptable in accordance with the following matrix.



The evaluation of risks from the impact point of view includes the following analytical dimensions:

- Financial;
- Reputational;
- Legal or regulatory; and
- Level of alignment with business objectives.

The probability of occurrence of the risk is also assessed according to a wide range of factors, in particular:

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

According to the methodology implemented, the risk levels classified as "Acceptable", and which therefore implicitly reflect the AdP Group Risk Policy, are reassessed in the next evaluation cycle.

Whenever a risk is assessed as Tolerable or Unacceptable, Risk Treatment Plans are defined and implemented as mitigation measures. These Treatment Plans provide for the formal implementation of the defined risk treatment strategy(ies), the identification of those responsible and the associated deadlines in addition to specifying the corrective and/or improvement actions for implementation.

For risks classified as "Tolerable", the Risk Treatment Plans are required to implement measures within the following twelve months. For risks classified as "Not Acceptable", the Risk Treatment Plans require the implementation of measures within the following six months.

According to the methodology established, whenever the risk assessment carried out by AdP Group companies is concluded, they then assess the need to identify and/or implement corrective actions, which must be periodically monitored in order to accompany their implementation, the impact on mitigating the risks identified as well as assessing the respective level of control.

4. Explanation, perhaps including an organisational structure chart, of the hierarchical and/or functionally dependent relations with other company bodies or committees.

AICR, as a supervisory component for the risk assessment process and evaluating the effectiveness and efficiency of the company's internal control systems, reports directly to the AdP SGPS Board of Directors and is endowed with the degree of autonomy appropriate to carrying out its work, optimising the available resources and avoiding the duplication of structures.

In addition, AICR is divided into the specific areas of Internal Audit, Internal Control and Risk Management, with staff specifically allocated to each sector in order to ensure the necessary independence of the work and activities carried out in each of these areas

5. Indication of the existence of other functional areas with risk control competences.

The approach to risks is ensured by the existing structures for monitoring and controlling the company's activities, which are responsible for identifying and managing the main risks.

The Board of Directors has established periodic monitoring of the main risks identified in order to monitor their evolution and assess the level of control and are undergoing implementation as duly planned.

In addition to the AICR and other centralised structures for monitoring and control by the majority shareholder, the company maintains functional areas that develop competencies in risk control, in particular the Company Secretary, the Financial Department and the Communication Department in areas such as Legal, Financial and Reputational risks.

6. Identification and description of the main types of risk (economic, financial, operational and legal) to which the company is exposed in carrying out its business.

Considering the risk assessment carried out by AdP Group companies in 2021, the following represent some of the main risks to which the Group is exposed:

- **Extreme weather events** - Loss of human life, damage to ecosystems, extinction of species, destruction of property and/or financial loss on a global scale as a result of

extreme weather events: cold fronts, fires, floods, heat waves, extreme drought, storms and tornadoes, etcetera.

- **Information security** - Risk of loss of confidentiality, integrity and availability of information systems, resulting from a non-existent or inadequate definition of information security policies.
- **Exchange rate and commodities** - Risk to the financial statements by exposure to changes in commodity costs, in particular energy and reagent costs.
- **Retail losses of supply** - Risk of loss of water resources along the retail supply chain, with consequent reduction in supply capacity and financial losses, due to malfunctions and failures not detected in time or the ageing of infrastructure.
- **Bulk sanitation leakages** - Risk of leakages and seepage along the bulk sanitation chain, reducing treatment capacities and incurring financial losses due to breakdowns and failures not detected in time, the ageing of infrastructures and the absence of separate networks.

Financial Risk Management

i) Risk Factors

AdP Group business operations are exposed to a number of financial risk factors: credit risk, liquidity risk and cash flow risk (associated with the interest rate). AdP Group has correspondingly developed and implemented a risk management program which, in addition to constantly monitoring the financial markets, seeks to minimise potential adverse effects on the financial performance of AdP and its subsidiaries. Risk management is the responsibility of the central treasury department according to the policies approved by the Board of Directors. The treasury department identifies, assesses and undertakes operations designed to minimise financial risks in close cooperation with the AdP Group operational units. The Board of Directors drafts the principles for risk management as a whole, as well as policies covering specific areas such as currency conversion risks, interest rate risks, credit risks, recourse to derivatives, other non-structured instruments and the investment of surplus liquidity. The Board of Directors is responsible for establishing the general risk management principles and also the exposure limits. All transactions undertaken using derivatives require the prior approval of the Board of Directors and the ministry, which both sets the parameters for each transaction and approves the formal documents describing the specific objectives.

ii) Market risks

Interest rate risks

The risk of the Company's interest rate comes essentially from the contracting of loans, both long-term and short-term. In this context, loans obtained with interest calculated at variable rates expose the AdP Group to the risk of cash flows and loans obtained with fixed interest rates expose the Group to the fair value risk associated with the interest rate. The table below presents the sensitivity analysis of AdP Group financial charges.

Sensitivity analysis to variations in interest rates

(€)	31.12.2021	Impact of average rate +1%	Impact of average rate -1%
Interest (costs) at the variable rate	(556 733)	(1 315 869)	-
Interest (earnings) at the variable rate	11 390 030	2 694 050	-
Net impact	10 833 297	1 378 181	-

Impact of the interest rate variation measure for a twelve-month period.

iii) Liquidity and capital risks

Liquidity risk management requires maintaining available funds at a reasonable level, the viability of floating debt consolidation through an adequate amount of credit facilities and the ability to settle market positions. Due to the dynamics of the underlying business, AdP's treasury policy strives to ensure the flexibility of floating debt, while maintaining available credit lines. AdP manages liquidity risk by contracting and maintaining credit and financing facilities with underwriting commitments to high credit rating national and international financial institutions that allow immediate access to funds.

The table below shows the liabilities of AdP by contractual residual maturity intervals. The amounts presented in the table are the contractual cash flows, not discounted, receivable and payable in the future, including interest.

2021 (€)	< 1 year	1 to 5 years	> 5 years
Shareholder loans	157 292 140	228 830 825	160 382 671

In order to ascertain the variable future interest rate, this took into consideration (i) the coupon of interest known on 31 December 2020 and to be settled in 2021; and (ii) the following coupons considered the Euribor index on 31 December 2020 plus the contractually formalised spread.

In September 2017, AdP SGPS entered into a 25-year, EUR 220 million financing agreement with the European Investment Bank under a EUR 420 million credit facility approved in July 2017 by the Board of Directors of this financial institution.

In addition, on July 31 2019, the AdP Group formally took up the remaining EUR 200 million that may serve as funding for termination of debt regularising agreements reached between the AdP Group and its municipal clients under the auspices of Decree Law no. 5/2019, of 14 January. As at 31 December 2020, AdP Group has drawn down EUR 30 million from tranche A and EUR 41.8 million from tranche B.

In view of the above, as well as recurring operating assets, AdP does not foresee difficulties in fulfilling its financial commitments. Particularly for short term bank loans, AdP has immediate liquidity to cover the entire debt servicing forecast for the next 12 months

Contracted short term credit lines

Liquidity risk (Million euros)	Total platform amount	Platform amount used	Platform amount unused
Bank overdrafts (attributable only to AdP SGPS)	57.5	-	57.5
Group company loans	90.0	-	90.0
Short term Group company loans	(103.9)	(56.6)	(47.3)
Net credit lines available to AdP SGPS	43.7	(56.6)	100.2
Bank overdrafts (AdP Group)	125.0	-	125.0

The AdP goal with respect to managing capital, a broader concept than the balance sheet disclosed capital, seeks to maintain an optimal capital structure through prudent recourse to debt to enable it to reduce capital costs.

The goal of capital risk management involves safeguarding the Group as a going concern, with a reasonable return for shareholders and the generation of benefits for all stakeholders.

The Group policy is to have the parent company, AdP SGPS, contract loans with financial corporations (with the exception of investment loans) before, in turn, making loans to its subsidiaries. This policy aims to optimise the capital structure for greater tax efficiency while also reducing the average cost of capital.

(€)	Notes	2021	2020
Non-current loans (bond loans)	15	387 500 000	544 318 182
Current loans (bond and group loans)	15	156 818 182	28 818 182
Funding available	12	(33 465 441)	(11 522 666)
Net debt		510 852 741	561 613 698
Total of own capital		885 818 100	857 279 891
Capital		1 396 670 841	1 418 893 589
Net debt /total capital		0.37	0.40

The AdP financing model is fundamentally based on two broad categories that allow for the balancing of the capital structure, bond financing and own capital.

iv) Credit risk

Credit risk is primarily related to the risk that a counterparty will fail in its contractual obligations, resulting in a financial loss to AdP. AdP is subject to credit risk in its operating, investment and treasury activities.

Operating counterparty

The credit risk related to operations is essentially related to the credits of services provided to the subsidiaries and to advances/ treasury funding granted to the subsidiaries.

Subsidiary credit risks are low considering their financial situations and legal and regulatory frameworks. Indeed, in state-owned systems, financial autonomy ratios are high and in multi-municipal or partnership systems, concession or partnership agreements have mechanisms for restoring the economic-financial balance in order to ensure third parties comply with all their liabilities, including those arising from debt servicing.

In addition, in the case of multi-municipal systems and partnerships, the regulatory and legislative provision that ensures the recovery of the municipality debts owed to these systems has been consolidated in the context of the calculation of the Cost Recovery Deviation, which in turn has a recovery period defined by Decree Law.

As of 31 December 2021, the credit risk exposure was as follows:

Business segment	Large industrial clients and other entities	Group companies	TOTAL (€)
Client type			
Risk	Medium	Low	
Gross exposure	33 542	3 134 734	3 168 276
Imparity	(31 361)	-	(31 361)
Net exposure	2 181	3 134 734	3 136 915

Deposits

The following table represents AdP's maximum exposure to credit risk (not including the Trade receivables and Other debtors item balances) as of December 31, 2020, without regard to any collateral held or other credit enhancements. For assets in the statement of the financial position,

the defined exposure is based on its carried over amount as reported in the Statement of the financial position.

Financial assets (€)	2021	2020
Current accounts (Note 12)	3 464 941	7 521 666
Term deposits (Note 12)	30 000 000	4 000 000
	33 464 941	11 521 666

Rating (€)	2021	2020
A2	2 015	2 839
A3	3 012	5 355
Ba1	-	4 252
Baa1	231 701	27 934
Baa2 (a)	33 228 213	-
Baa3 (a)	-	11 481 286
	33 464 941	11 521 666

Note: Moody's rating obtained from the financial institution websites in January 2022.

(a) On 31 December 2021, this includes bank deposits with the state Agência de Gestão de Tesouraria and da Dívida Pública – IGCP, E.P.E. for the amount of 33,225,350 euros (11,479,938 euros on 31 December 2020).

7. Description of the process of identification, assessment, monitoring, control, management and mitigation of risks.

The definition of the business risk management model in AdP Group contemplated the definition and approval of a Risk Matrix applicable to all its companies, based on the COSO methodology, which defines and periodically reviews the risks taking into account the prevailing operating and business reality.

The company annually carries out its risk assessment through self-assessment performed by the departments, incorporating the respectively applicable risks, based on analysis of the inherent and residual risks, considering the existing internal control system and the effectiveness and efficiency of the controls implemented.

When the company's annual risk assessment identifies risks at a level above that deemed acceptable to the AdP Group, a Treatment Plan is defined for each risk, approved by the Board of Directors, whenever so considered necessary, for this effect identifying the corrective action(s) for development, the treatment strategy that it (they) embodies (avoid, accept, reduce or share the risk), the associated regularity of treatment, the persons responsible and the respective implementation plan. Depending on the duration of the defined treatment period, this may require the definition of the monitoring dates and respective persons responsible, with the impacts of the actions undertaken assessed by subsequent evaluation processes

8. Identification of the main SCI features and risk management items implemented in the company with respect to the financial information disclosure process.

The appropriateness and quality of the financial information disclosed, which is processed by information systems, is guaranteed through the IT controls implemented, monthly analysis through the preparation of activity reports explaining and breaking down variations in balance sheet items, the half-yearly external audits performed on the financial statements and the quarterly monitoring undertaken by the Supervisory Board.

C. Regulations and Codes

1. Brief reference to the applicable internal and external regulations to which the company is legally bound, presenting their most relevant and important aspects. Indication of the link to the company's website where these items are available for consultation.

AdP is a holding company structured as a public limited company with public capital, which is governed by the legal framework in effect for the State business sector (RJSEE), as defined in Decree-Law no. 133/2013, of 3 October, and subsidiarily by the Companies Code.

The regulations and policies approved by the Board of Directors, or by the Executive Committee under delegated powers, establish the principles, rules and conduct for adoption in developing the activities of AdP Group and its subsidiaries to thereby ensure uniformity and the better streamlining of procedures, in particularly strict compliance with the legislation in effect and the guidelines of the supervisory authority:

AdP Group Integrity Policy

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

AdP Group Code of Ethics and Conduct

The Code of Ethics and Conduct is the fundamental guiding framework in support of our people understanding the AdP Group's ethical standards as well as informing our partners and other stakeholders of the principles underlying the way we do business.

Regulations and Functioning of the Ethics Committee

This regulates the composition, competences and functioning of the Ethics Committee, which aims to guarantee an effective internal control system with a view to compliance with the code of conduct and ethics.

Regulations and Functioning of the Ethics Board

This regulates the composition, competences and functioning of the Ethics Board.

Management Plan against Risks of Corruption and Similar Infractions

Set the objective of identifying the main areas potentially subject to the occurrence of acts of corruption as well as the main risks arising therefrom and the controls for enactment by the company with a view to mitigating them, lowering the probability of their occurrence and as well as defining those responsible for implementing and managing the plan.

Regulation of the Voluntary Reporting of Irregularities

This establishes the internal procedures for receiving voluntary reports of failures in the AdP Group's ethical standards, which are included in its Integrity Policy, and for reporting any irregularities and their subsequent processing by the Ethics Committee. This also incorporates an internal awareness raising instrument regarding anti-corruption and bad governance, making employees aware of their rights and duties and establishing a whistle-blower protection scheme.

Manual of Sustainability Indicators

Defines a methodology for collecting data, reliably and consistently, from all AdP Group companies detailing their sustainability performance, and data that, once compiled, enables the monitoring of the implementation of the Sustainability Strategy and providing the inputs for the respective report.

Data Protection Policy

This defines the principles that must always be observed by all AdP Group employees when processing personal data and includes a set of rules and procedures implemented by AdP to promote the protection of personal data and the privacy of data subjects.

Personal Data Protection Governance Model

Establishes the responsibilities of AdP, arising from the requirements of the General Data Protection Regulation regarding the duties of the organisation and the rights of data subjects. It also defines the actors (organisational structures), their respective responsibilities and mechanisms for communication, interaction and communication actions between the different actors involved in data protection.

Access Procedures for AdP Buildings and their Installations

Details the procedures for following when accessing AdP buildings and installations.

Welcome Manual

This facilitates the process of welcoming and integrating new employees into the company and the teams in which they will work. The Manual is distribute to new employees on the day they start work and includes information about the organisation, activities, policies, strategy and operating rules both of the company and the Group.

Human Resource Policies and Processes Manual

Details the various corporate policies and processes aimed at ensuring ease of access for employees wishing to consult the various documents and guaranteeing the alignment of local company policies with the Group's strategic guidelines.

Regulation of Professional Career Development

One of the AdP Group's values is its contribution to the development of employees, in particular by encouraging their participation in post-graduate training programs at universities or colleges in areas directly related to their activities and unequivocally contributing to deepening their intellectual capital. This internal regulation establishes the terms under which Group companies contribute in this area.

Regulation of Internships

The AdP Group, aware of the importance of inserting qualified young people into working life, provides training and professional development opportunities in a real working context at the various different units of its companies. These regulations define the rules and procedures to be observed in the Group regarding the integration of trainees while also defining the approval and evaluation processes to be followed and aiming to guarantee that the trainees successfully achieve the learning objectives defined in the traineeship programs.

Regulation of Alcohol Consumption

Establishes the terms for implementing the prevention and control of the consumption of alcoholic beverages in companies, seeking to reduce to zero the situations of risk caused by the consumption of alcoholic beverages in the workplace.

Manual 'type' for Holding Company Governance

Defines the governance model for companies managing multi-municipal systems.

Regulation for Attributing and Utilisation of Operating Fleet Vehicles

Establishes the rules and procedures to be observed in the acquisition, allocation and usage of vehicles in the service of AdP SGPS, applying equally to the companies in which it has direct or indirect majority holdings. This also defines the vehicle fleet control mechanisms, the persons responsible and the respective operational/administrative procedures as well as the scope of taxation applicable to vehicle usage.

Regulation of Communications

Defines the rules and procedures to be observed in the allocation and utilisation of AdP SGPS mobile means of communication, applying equally to those companies the Group holds a direct or indirect majority shareholding. This also defines the limits and mechanisms for controlling consumption as well as those responsible for this process.

Manual of the AdP Group Graphic Identity

Brings together a set of recommendations aimed at ensuring consistency in the usage and application of AdP's corporate identity by all Group companies, contributing to establishing a strong and widely recognised brand.

Regulatory Model of the AdP Group

The AdP Group's regulatory model defines the way in which companies carrying out regulated activities should proceed with their actions in matters related to the cost of capital, production and market efficiency in accordance with the provisions issued by the regulator, ERSAR.

Regulation of Travel and Accommodation

This internal document defines the rules for observation when booking employee travel and accommodation, also applying to those companies the Group holds a direct or indirect majority stake. This furthermore identifies the respective documents for completion.

General Regime Manual of Public Procurement

This document aims to standardise public procurement procedures under the General Regime in AdP Group companies and ensure compliance with legal requirements and corporate recommendations regarding public procurement procedures as well as providing companies with a framework to support their staff in interpreting and applying Decree-Law no. 18/2008, of 29 January, in its current wording. Attached to this Manual are drafts of the main procedural documents to be adopted according to the appropriate procedure, flowcharts of these same processes and drafts of other relevant pre-contractual documents.

Manual of AdP Group Procurement

This manual aims to systematise the rules for following in procurement processes, in particular the standardisation of procedures and controls, timely planning of purchases, simplification of the purchasing process without exhausting and/or compromising their efficiency, in strict compliance with the legislation and good procurement practices.

Manual of Best Procurement Practices

Identifies a set of recommended best practices in the area of public procurement that mitigate existing risks and prevent the violation of the principles of transparency, equality and competition, within the scope of ensuring the pursuit of the public interest.

Regulation of Subsidies, Sponsorships and Donations

Frames and regulates the granting of subsidies, sponsorships and donations by AdP SGPS and applies equally to Group companies. Defines the policy for granting subsidies, sponsorships and donations, ensuring that such acts take place rigorously and transparently, within the framework of the Code of Conduct and Ethics and the Management Plan for Risks and Related Infractions, paying attention to the principles of sustainability, as well as any scope for tax incentives (Patronage).

Regulation of the Utilisation of Electric Vehicle Recharging Stations

Defines and formalises the procedures for access and usage of electric vehicle charging stations that are part of the mobi.e.adp network existing at every Company facility for charging electric vehicles.

Social Networks Policy

This describes the principles for the usage of social networks as well as the standards and procedures for internal and external utilisation.

The external regulations (Code of Ethics and Management Plan for Risks and Related Infractions) are available for consultation on the company's website and accessible via the following link:

<https://www.adp.pt/pt/grupo-adp/governo-da-sociedade/regulamentos/?id=14>

2. Reference to the existence of a code of ethics, with the date of the latest update, which includes demanding ethical and deontological behaviours. Indication of where it is available for consultation as well as the manner in which it is disseminated to employees, customers and suppliers. Mention of compliance with the legislation and regulations and measures in effect for guaranteeing fair treatment for its clients and suppliers and other holders of legitimate interests, in particular company employees, or other creditors who are not suppliers or, in general, any company that establishes a legal relationship with the company (see Article 47 of RJSPE).

AdP Group, specifically AdP-Águas de Portugal, SGPS, S.A., has maintained a Code of Ethics and Conduct since 2009, which was revised and updated in 2021, is known by all employees and to which they are bound.

It is available for consultation on the company's website and accessible via https://www.adp.pt/downloads/file449_pt.pdf

The Code of Ethics and Conduct expresses the commitment of the company and its governing bodies to pursue its mission with transparency, dialogue and ethics. More than a commitment, the code reflects the will to pursue a path of continuous improvement by a company that assumes as the structural principles for its action the responsibility for defending and protecting the environment, transparency in its relations with the outside world and its contribution to sustainable development across the environmental, social, economic and cultural dimensions. The company strives to be a formal and institutional benchmark reference for the professional conduct of all its employees, reflecting a standard for relations both internally and with the AdP Group's external publics.

The company's Board of Directors has also communicated these regulations to the company's employees through internal communications. The most recent communication, referring to the revised version of the code, took place in 2021 communicating the AdP Group's Integrity Policy and its mechanisms, which includes the Code of Ethics and Conduct.

Likewise, the disclosure of the Code of Ethics and Conduct, to customers and suppliers, is ensured through its publication on the company's website.

The existence of equitable treatment is an ongoing concern in AdP Group operations, both with suppliers, through compliance with the Public Contracts Code, based on the preparation of tender procedures that respect the principles of healthy competition and transparency, and with company

employees, without distinction in terms of hierarchical levels or other entities that AdP SGPS establishes a legal relationship with, through the access available to the AdP Group Ethics Committee, as an independent body for responding to these questions.

Following the review performed in 2021, we may state that the AdP Group's Code of Ethics and Conduct is globally in line with the guidelines and principles defined in the NP 4460 standard for the development, implementation and operationalisation of codes of conduct and ethics in organisations.

3. Reference to the existence of the Risk Management Plan of Corruption and Related Infringements (PGRCIC) to prevent internal fraud (committed by an Employee or Service Provider) and external fraud (committed by Customers or Third Parties), with the date of the last update, as well as identification of occurrences and measures taken for their mitigation. Indication of compliance with the legislation and regulations in effect, relative to the prevention of corruption and the preparation of the Identification Report of Occurrences, or Risk of Occurrences (see paragraph a) of Article 2, paragraph 1 of Law no. 54/2008, of September 4). Indication of the link for direct access to the company's website containing the respective PGRCIC Annual Implementation Report (see Article 46 of RJSPE).

In 2011, AdP SGPS adopted a Plan for the Prevention of Risks of Corruption and Related Infractions, then made available on the intranet and internet at https://www.adp.pt/downloads/file475_pt.pdf.

2021 included a review of this Plan, as approved by the AdP SGPS Board of Directors on 14/12/2021, in order to adapt it to the new recommendations issued by the Corruption Foresight Board and adjust it to developments in the company's reality in terms of corruption and related infractions.

This Plan aims to identify those areas potentially subject to a greater occurrence of acts of corruption as well as the risks arising therefrom and the controls instituted by the company within the scope of their mitigation.

The Prevention Plan of Risks of Corruption and Related Infractions also aims to strengthen the culture of the company and its employees with regard to ethical behaviour and best practices in business relationships with customers, suppliers and other stakeholders. Covering the whole company, this Plan complies with the recommendation of the Council for the Prevention of Corruption (CPC) of 1 July 2009.

The Plan is assessed annually, resulting in a report on its compliance and on the situations occurring of irregular corruption related acts, which is delivered to the CPC and the Technical Unit (UTAM) as well as online publication at: https://www.adp.pt/downloads/file489_pt.pdf

This hereby notes that on December 9, 2019, AdP SGPS, SA. and AdP group companies, signed up to the Portuguese Anti-Corruption Campaign that comes in response to the Anti-Corruption Call to Action issued by the United Nations Global Compact, which advocates the business sector undertakes actions to promote transparency and integrity and with governments called on to enact

good governance, thus deepening the adoption of Compact Principle 10, according to which "organisations should fight corruption in all its forms, including, extortion and bribery".

The AdP Group thus reinforced its commitment to fighting corruption and developing and adopting strategies that promote not only integrity and sustainable development but also the emergence of a fairer and more balanced society.

D. Special information requirements

I. Indication of the platform adopted for compliance with the information duties to which the company is subject, in particular those relating to the reporting of economic and financial information (see lines d) to i) of number 1 of Article 44 of the RJSPE), specifically:

a) Providing financial guarantees or assuming the debts or liabilities of other companies, even when part of the group organisation;

This information is reported through the SIRIEF website (<https://sirief.dgtf.pt>), whenever applicable.

b) The level of achievement of the objectives set, the reasons for any shortcomings observed and the corrective measures implemented or to be implemented;

The Management Report details this information, which constitutes an integral part of the Annual Report and Accounts, and is published on the websites of both the company and SIRIEF.

c) Annual and multi-annual business plans and budgets, including investment plans and sources of funding;

This information is sent to UTAM by email and reported on the SIRIEF website (<https://sirief.dgtf.pt>), whenever applicable.

d) Annual and pluriannual budgets;

This information is delivered to UTAM by email and reported via the SIRIEF website (<https://sirief.dgtf.pt>), whenever applicable

e) Annual accountancy reporting documents;

This information is published on the AdP website at <https://www.adp.pt/pt/grupo-adp/informacao-financeira/relatorios-e-contas/?id=21> and reported on the SIRIEF website (<https://sirief.dgtf.pt>), and set to the Court of Audit website (<https://econtas.tcontas.pt/ExtGdoc/Login/Login.a.spx>), whenever so applicable.

f) Quarterly budget implementation reports accompanied by the reports of the supervisory body.

This information is reported through the SIRIEF website (<https://sirief.dgtf.pt>), whenever applicable.

2. Indication of the platform adopted to comply with the transparency obligations to which the company is subject, in particular those relating to the information provided annually to the holder of the shareholder position and the public in general on the means of implementing its mission, the degree of compliance with its objectives, the ways in which the social responsibility and sustainable development policies and the terms of public service provision were complied with and to the extent to which its competitiveness was safeguarded, in particular through research, development, innovation and the integration of new technologies into production processes (see Article 45(1) of RJSPE).

The company also reports a set of information - through the SIRIEF platform (<https://sirief.dgtf.pt>) – in particular: the business plan and budget, the annual financial statements – as well as other monthly financial information (actual and forecast) that enables the monitoring of the company's performance.

In addition, the composition of the shareholder structure, the acquisition and sale of company shares, financial guarantees, the degree of implementation of the established objectives, and the curricula vitae of all the governing bodies are also sent to UTAM. Periodically, the Company also provides financial information on its website: <https://www.adp.pt/pt/grupo-adp/informacao-financeira/principais-indicadores/?id=20>

Furthermore, this information is also available on the SIRIEF platform (<https://sirief.dgtf.pt>). These platforms provide access to the activity plans and budgets, the annual accountancy documents, the AdP Group Sustainability Report (<https://www.adp.pt/pt/sustentabilidade/relatorios-de-sustentabilidade/?id=214>), prepared annually (which includes details on compliance with the social responsibility, sustainable development and public service provision policies) as well as other monthly financial information (actual and forecast) that provides for the monitoring of company's performance.

The company also reports regularly to the IGCP and SIOE ([Sistema de Informação da Organização do Estado](#)) of the Ministry of Finance. It also occasionally reports financial information to the Bank of Portugal, the INE and the Court of Auditors.

E. Internet Website

1. Indication of the address(es) used to disclose the following information about the company (see Article 53 of the RJSPE):

- a) Headquarters and, whenever applicable, other details listed in article 171 of the CSC;**

<http://www.adp.pt/pt/grupo-adp/governo-da-sociedade/estrutura-juridica-da-sociedade/?id=11>

- b) Statutes and functional regulations of the management bodies and/or committees;**

http://www.adp.pt/downloads/file146_pt.pdf

- c) Members of the governing bodies and other statutory bodies and their curricula vitae, as well as their remuneration and other benefits;**

<http://www.adp.pt/pt/grupo-adp/governo-da-sociedade/estrutura-juridica-da-sociedade/?id=11>

- d) **Annual accountancy documents and, whenever applicable, quarterly reports;**

<http://www.adp.pt/pt/grupo-adp/informacao-financieira/relatorios-e-contas/?id=21>

- e) **Public service obligations to which the company is subject and the contractual terms of the public service provision;**

The company holds no contractualised public service obligations.

- f) **Underlying financing model and financial support received from the State in the last three financial years.**

Over the last three financial years, the State did not provide any financial support to the Company.

F. Provision of Public or General Interest Services

1. Reference to the state contract entered into that has entrusted the Company with the provision of a public service or a general interest service, detailing the remuneration payable for that activity (see Article 48(3) of the RJSPE).

The Company is not a general interest entity or a public service provider, under the terms foreseen in the Law, and this reflects in the following paragraphs making up "F. Provision of Public or General Interest Services". This mission is ensured directly by the AdP Group companies, the managers of water supply, sanitation and solid urban waste treatment services.

2. Reference to the proposals for the contracting of the public service provision submitted to the holder of the shareholder position and the member of the government responsible for the respective sector of activity (see nos. 1, 2 and 4 of Article 48 of RJSPE), which must contain the following items: Association of quantitative targets with permanently auditable costs; Financing model, foreseeing penalties in case of non-compliance; Criteria for contractual evaluation and revision; Parameters destined to guarantee adequate levels of user satisfaction; Compatibility with the financial efforts of the State, as a result of the allocations of funding through the state budget in each financial year; Methodologies adopted with a view to continuous improvement of the quality of service provided and the degree of customer or user satisfaction. The company must present evidence of the following:

- a) **That it drafted a proposal for the contractualisation of public services;**

Non applicable as detailed in paragraph no. 1 above.

- b) **that this proposal has been submitted to the holder of the shareholder position and the Government member responsible for the respective sector of activity; and**

Non applicable as detailed in no. 1 above.

- c) **That the proposal complies with the legal requirements stipulated in no. 1 of article 48 of RJSPE.**

Non applicable as detailed in no. 1 above.

VII. Remunerations

A. Competences for Remunerations Decisions

1. Indication as to the competences for determining the remuneration of corporate bodies, members of the executive committee, the managing director and company directors.

Remuneration of members of the management bodies	General Assembly
Remuneration of members of the executive committee	General Assembly
Remuneration of staff *	Company Management

Note: this table should be completed and adapted in accordance with the governance model in effect at the company.

(*) company employees

The setting of the remuneration policy for members of the corporate bodies is the responsibility of the General Assembly, which may delegate these responsibilities to a Remuneration Committee. Notwithstanding the above, the remuneration policy of the corporate bodies in office was established by the General Assembly, in strict compliance with the current wording of the Public Manager's Statute, in RCM 36/2012, of 26 March, and also in Order SET 764/2012, of 24 May, complemented by Order 848/2013-SETF of 2 May and Order 155/2018-SET, of 9 March, regarding the remuneration policy for company management and supervision.

2. Identification of the mechanisms adopted to prevent the existence of current or potential conflicts of interest between the members of corporate bodies and committees and the company, in particular for the approval of their expenses (see Article 51 of the RJSPE).

Approval of the expenses of management body members always requires the signature of another director. Management body members in no way intervene in the approval of their own expenses. The approval of the expenses of other corporate bodies, whenever existing, always requires the signature of a director.

Furthermore, the members of the administrative body do not participate in deliberations that may result in direct or indirect conflicts of interest, concerning either possible expenses incurred by them or other matters related to the provisions of paragraph 7 of Article 22 of the Statute of Public Manager.

3. Evidence or mention that unequivocally demonstrates that members of administrative and management bodies comply with the provisions of Article 51 of the RJSPE, that is, they abstain from intervening in decisions that involve their own interests, in particular in the approval of their own expenses.

The Board members do not participate in decisions that involve their own interests, or those of their family members, under the terms foreseen in the Law, in particular in the Public Manager Statute, in the Companies Code and also under the terms of the Recommendation of the Council

for the Prevention of Corruption (hereinafter CPC), of 8 January, stating a legal impediment. The management body members submit to the company a declaration of the absence of conflicts of interest, recommended by the CPC, which is attached as an annexed document.

B. Remuneration Committee

Composition of the Remuneration Committee, including identification of the natural or legal persons contracted to provide support.

Consequently, no natural or legal persons were hired to provide support in setting the remuneration policy.

C. Remunerations Structure

I. Description of the remuneration policy of the management and supervisory bodies.

As AdP - Água de Portugal, SGPS, S.A. is a company classified as Type A, according to the Resolution of the Council of Ministers no. 36/2012, of March 26, the remuneration of directors are as determined from applying the provisions of the Public Manager Statute, approved by Decree-Law no. 71/2007, of March 27, as amended by Decree-Law no. 8/2012, of 18 January, rectified by Rectification Declaration no. 2/2012, of 25 January, and the provisions of Council of Ministers Resolution no. 16/2012, of 14 February and Council of Ministers Resolution no. 36/2012, of 26 March.

Regarding the remunerations of company supervisors, this stems from the provisions of Order 764/2012, of May 24, complemented by Order 848/2013-SETF of May 2 and Order 155/2018-SET, of 9 March.

2. Information on how remuneration is structured so as to allow the alignment of the objectives of management body members with the long term company objectives.

The remuneration of the management and supervisory bodies is defined according to the following assumptions determined by the Government:

- (i) contribution of public financing (non-applicable in the case of AdP SGPS);
- (ii) level of employment;
- (iii) net assets; and
- (iv) business turnover.

The application of the above-mentioned assumptions determines the company classification for the purposes of remuneration, as a Type A company in the case of AdP SGPS. In compliance with the Public Manager Statute, management body members also benefit from the company social benefits in effect for members of staff, hence also entitled to usage of a car, taxed either by IRS or Social Security.

Regarding the Supervisory Body members, there receive a monthly stipulation, indexed to the remuneration of the Chairman of the Board of Directors. They do not receive any other benefits. In the light of the above, we may conclude that determining the remuneration established for the management and supervisory bodies aligns with the long-term interests of the company taking into account its nature, dimension and complexity.

3. Reference, whenever applicable, to the existence of a variable component of remuneration, the criteria for its attribution and information on any impact of the performance evaluation on this component.

No variable remuneration was paid out in 2021, nor is any respective attribution and payment planned for under the remuneration policy approved by the shareholder for the current term of office.

4. Explanation of the deferred payment of the variable component of the remuneration, identifying the deferral period.

See point 3.

5. Characterisation of the parameters and grounds defined in the management contract for the purpose of awarding prizes.

See point 3.

6. Reference to supplementary pensions or early retirement schemes for directors and the date of their approval at the general assembly, in individual terms.

See point 3.

D. Publication of Remunerations

1. Indication of the annual remuneration earned from the company, on an aggregate and individual basis, by the members of the company's administrative body, including fixed and variable remuneration and, with regard to the latter, list the respective different components considered; reference may be made to the item in the report where this information is already contained. To be presented according to the following formats:

Members of the Board of Directors	Public Manager Statute			
	Fixed	Classification	Gross monthly remuneration (€)	
			Earnings	Representation costs
[Name]	[S/N]	[A/B/C]		
José Carlos Athaide dos Remédios Furtado	S	A	5,722.75	2,289.10
José Manuel Leitão Sardinha (1)	S	A	0.00	0.00
Catarina Isabel Climaco Monteiro d'Oliveira	S	A	4,578.20	1,831.28
Carla da Conceição Afonso Correia	S	A	4,578.20	1,831.28
João Pedro Moura Castro Neves	S	A	4,578.20	1,831.28
Jaime Serrão Andrez, in rep. Parpública (2)	S	A	1,144.55	0.00

(1) The remuneration is incurred by EPAL

(2) The manager receives no payment; this remuneration is invoiced by PARRÚBLICA

Members of the Board of Directors	Annual Remuneration 2021 (€)				
	Fixed (1)	Variable (2)	Gross (3)=(1)+(2)	Reduction in remuneration (4)	Gross Annual Amount (5)=(3)-(4)
[Name]					
José Carlos Athaide dos Remédios Furtado	107,587.70	0.00	107,587.70	5,379.39	102,208.32
José Manuel Leitão Sardinha (1)	0.00	0.00	0.00	0.00	0.00
Catarina Isabel Climaco Monteiro d'Oliveira	86,070.16	0.00	86,070.16	4,303.51	81,766.65
Carla da Conceição Afonso Correia	86,070.16	0.00	86,070.16	4,303.51	81,766.65
João Pedro Moura Castro Neves	86,070.16	0.00	86,070.16	4,303.51	81,766.65
Jaime Serrão Andrez, in rep. Parpública (2)	0.00	0.00	0.00	0.00	0.00
			365,798.18	18,289.91	347,508.27

(1) The remuneration is incurred by EPAL

(2) The manager receives no payment; this remuneration is invoiced by PARPÚBLICA

Members of the Board of Directors	Social Benefits (€)							
	Meal Allowance		Social Protection Regime		Life Insurance	Health Insurance	Other	
[Name]	Daily	Annual cost to the company	[identify]	Annual cost to the company	Annual cost to the company	Annual cost to the company	[identify]	Annual cost to the company
José Carlos Athaide dos Remédios Furtado	7.14	1,785.00	Social Security	25,504.51	1,875.62	1,159.74	---	0.00
José Manuel Leitão Sardinha (1)	0.00	0.00	---	0.00	0.00	0.00	---	0.00
Catarina Isabel Climaco Monteiro d'Oliveira	7.14	1,785.00	Social Security	20,340.39	1,500.50	832.20	---	0.00
Carla da Conceição Afonso Correia	7.14	1,785.00	Social Security	20,124.72	1,575.12	1,159.74	---	0.00
João Pedro Moura Castro Neves	7.14	1,785.00	Social Security	20,199.70	1,244.63	1,487.54	---	0.00
Jaime Serrão Andrez, in rep. Parpública	0.00	0.00	---	0.00	0.00	0.00	---	0.00
		7,140.00	---	86,169.32	6,195.87	4,639.22	---	0.00

(1) The remuneration is incurred by EPAL

(2) The manager receives no payment; this remuneration is invoiced by PARPÚBLICA

2. Indication of the amounts paid by other companies in a control or group relationship, or that are subject to common control.

Members of the Board of Directors	Fixed (*) (€)	Variable	Gross (1) (€)	Reduction in remuneration (€) (2)	Final Amount (4) = (1)-(2)+(3)
	José Carlos Athaide dos Remédios Furtado	n.a.	n.a.	n.a.	n.a.
José Manuel Leitão Sardinha	107,587.70	0.00	107,587.70	5,379.40	102,208.30
Catarina Isabel Climaco Monteiro d'Oliveira	n.a.	n.a.	n.a.	n.a.	n.a.
Carla da Conceição Afonso Correia	n.a.	n.a.	n.a.	n.a.	n.a.
João Pedro Moura Castro Neves	n.a.	n.a.	n.a.	n.a.	n.a.
Jaime Serrão Andrez, em rep. Parpública	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Includes the reduction under Law no. 12 -A/2010, of 30 June(a). Remuneration paid by EPAL.

3. Indication of the remuneration paid in the form of profit sharing and/or payment of bonuses and explanation of the reasons such bonuses and/or profit sharing were attributed.

No remuneration in the form of profit sharing and/or bonus payments was paid.

4. Reference to compensation paid or owed to former executive directors relating to the termination of their duties during the year.

In 2021, no compensation was paid to former executive directors in relation to the termination of their duties during the financial year.

5. Indication of the annual remuneration received, aggregated and individually, by members of the company's supervisory body; reference may be made to the report item that details this information.

Member of the Supervisory Board	Annual Remuneration 2021 (€)		
	Gross (1)	Reduction in Remuneration (2)	Final Amount (3)=(1)-(2)
Carla Maria Lamego Ribeiro (1)	0.00	0.00	0.00
Rui Mendes Cabeças	16,824.92	841.25	15,983.67
Mário José Alveirinho Carrega	16,824.92	841.25	15,983.67
Total	33,649.84	1,682.49	31,967.35

(1) Receives no remuneration

Regarding the remuneration of the Statutory Audit Firm, see no. 3, above.

6. Indication of the remuneration received by members of the board for the general assembly in the year of reference.

Mandate (Beginning - End)	Position	Name	Fixed Amount (€)	Annual Remuneration 2021 (€)
				Gross
2020-2022	Chair	Isabel Sofia Sousa Santos Albuquerque	650.00	650.00
2020-2022	Vice-Chair	Maria Helena Dias Duarte	525.00	525.00
2020-2022	Secretary	José Espírito Santo Menezes and Teles	400.00	400.00
				1,575.00

VII. Transactions with Related and Other Parties

1. Presentation of the mechanisms implemented by the company for the control of transactions with related parties and indication of the transactions which were subject to control in the reference year.

AdP SGPS performs several transactions with related parties, in particular with its subsidiaries. The transactions with related parties described below are inherent to the activities of AdP SGPS as a holding company, and are the following in nature:

- ✓ Management fees and charges for established levels of service invoiced to AdP Group companies for corporate services(*);
- ✓ Interest and other financial charges debited to Group companies for financial services rendered (shareholder loans and treasury support)(*);
- ✓ Charges levied on Group companies for the guarantees provided in relation to the loans contracted by these companies with the EIB;
- ✓ Dividends distributed and paid by AdP Group companies and AdP SGPS to shareholders, in compliance with the decisions of the respective company General Assembly meetings;
- ✓ Other expenses, corresponding to rents for usage of space and other services paid to AdP Valor (100% owned by AdP SGPS).(*)

- ✓ In 2021, following the reorganisation of the corporate centre of AdP SGPS, the Purchasing, Legal Services and Information Systems Departments were transferred from AdP Valor to AdP SGPS, which will ensure the provision of a set of centralised purchasing, information system and legal support services to its subsidiaries.

() In compliance with the legal requirements in effect underlying the Transfer Pricing tax documentation process*

All the transactions identified above are covered by a contract or resolution of the Board of Directors or the General Assembly. There are no transactions with related parties by members of corporate bodies beyond the remunerations they receive and also entitled by contract or resolution in strict compliance with the legislation and guidelines of the Ministry on this issue. In addition, for the purposes of controlling related party transactions, all members of the governing bodies, as well as all holders of management positions and their functional dependents, directly and indirectly participating in the acquisition of goods and or services (throughout these processes), delivered to the company a declaration stating the absence of conflict of interest regarding the functions performed in conjunction with the undertaking to otherwise refrain from participating in decision-making, or in any procedures for the procurement of goods and services, from its opening to the completion of the respective payment and, for this purpose, they are to communicate the reasons for their impediment to the company. Any violation of this established precept, in compliance with the CPC Recommendation of 8 January 2020, constitutes a disciplinary procedure, with the legal consequences resulting therefrom. In 2021, the transactions and balances with related parties were as follows:

Balances with related parties

As at 31 December 2021, the balances (net of impairment) with related parties were the following:

	Assets (€)				Total	Liabilities (€)			Net
	Loans to Group companies	Clients	Other current assets	Cash and cash equivalents		Loans	Suppliers and other current liabilities	Total	
AdP Valor	3 502 256	(9 239)	-	-	3 493 017	-	(214 896)	(214 896)	3 278 121
Águas do Algarve	28 615 797	64 176	36 334	-	28 716 307	-	-	-	28 716 307
Águas Públicas do Alentejo	35 830 908	4 211	3 288	-	35 838 407	-	-	-	35 838 407
Simdouro	47 019 975	101 803	1 151	-	47 122 929	-	-	-	47 122 929
Águas do Douro and Paiva	12 005 856	20 795	4 554	-	12 031 205	-	-	-	12 031 205
Águas do Tejo Atlântico	-	8 620	58 274	-	66 894	-	-	-	66 894
Simarsul	-	69 303	17 801	-	87 104	-	-	-	87 104
EPAL	-	185 592	49 240	-	234 832	(1 419)	(2 213)	(3 632)	231 200
Águas de Santo André	-	191 183	9 509	-	200 692	-	-	-	200 692
Águas da Região de Aveiro	64 501 606	(30 227)	-	-	64 471 379	-	-	-	64 471 379
Águas do Norte	301 498 068	912 248	56 798	-	302 467 114	-	(4 286)	(4 286)	302 462 828
Águas do Alto Minho	3 900 000	1 178 989	8 767	-	5 087 756	-	-	-	5 087 756
Águas do Centro Litoral	58 988 329	161 689	30 346	-	59 180 364	-	-	-	59 180 364
Águas do Vale do Tejo	128 489 850	170 711	67 681	-	128 728 242	-	-	-	128 728 242
Trevoeste	-	11 422	-	-	11 422	-	-	-	11 422
AdP Internacional	4 009 830	93 033	77 145	-	4 180 008	-	(2 007)	(2 007)	4 178 001
Águas do Brasil	105 800	427	-	-	106 227	-	-	-	106 227
Parública	-	-	-	-	-	-	(6 674)	(6 674)	(6 674)
Caixa Geral de Depósitos	-	-	-	1 983	1 983	-	-	-	1 983
Total of intra-group balances	688 468 275	3 134 736	420 886	1 983	692 025 880	(1 419)	(230 076)	(231 495)	691 794 385

Transactions with related parties

In the financial year ending on 31 December 2021, the transactions with related parties were as the following:

(€)	Balance on client contracts	Supplies and external services	Staff costs	Other costs and operating losses	Other income and operating gains	Financial costs	Financial income	Gains / (losses) on financial investments	Total
AdP Valor	42 112	(2 864 491)	-	-	-	-	2 256	-	(2 820 123)
Águas do Algarve	1 208 563	-	-	-	-	-	1 404 425	-	2 612 988
Águas Públicas do Alentejo	397 802	-	-	-	775	-	652 221	-	1 050 798
Simdouro	311 322	-	-	-	-	-	853 185	-	1 164 507
Águas do Douro and Paiva	808 052	-	-	-	-	-	451 314	376 360	1 635 726
Águas do Tejo Atlântico	1 841 733	-	-	-	845	-	1 256 416	1 839 259	4 938 253
Simarsul	387 184	72	-	-	-	-	450 640	-	837 896
EPAL	3 039 736	-	(844)	-	50 947	(1 711)	-	37 577 765	40 665 893
Águas de Santo André	552 114	2 966	-	-	-	-	-	40 920	596 000
Águas da Região de Aveiro	1 370 113	-	-	(2 500)	-	-	1 057 659	300 138	2 725 410
Águas do Norte	2 805 786	-	-	-	-	-	6 561 862	-	9 367 648
Águas do Alto Minho	468 438	-	-	-	-	-	29 110	-	497 548
Águas do Centro Litoral	1 152 653	(154)	-	-	-	-	1 997 200	-	3 149 699
Águas do Vale do Tejo	2 083 591	-	-	-	525	-	3 267 229	-	5 351 345
Trevoeste	-	-	-	-	-	-	1 211	-	1 211
AdP Internacional	65 670	-	-	-	-	-	67 750	-	133 420
AdP Energias	683	(199 560)	-	-	-	-	-	-	(198 877)
Parpública	-	-	(14 038)	-	-	-	-	-	(14 038)
Total of intra-group transactions	16 535 552	(3 061 167)	(14 882)	(2 500)	53 092	(1 711)	18 052 478	40 134 442	71 695 304

2. Information on other transactions:

a) Procedures adopted for the acquisition of goods and services;

AdP SGPS adopts the procedures stipulated by the respective legislation in effect, in particular the public procurement rules established in the Public Contracts Code, approved by Decree-Law no. 18/2008, of January 29, as amended by Law no. 30/2021 of May 21.

The potential to capture value arising from synergies and economies of scale achieved through the centralisation of purchases of certain categories such as energy, communications, insurance, reagents, vehicles, etcetera, leads to the creation and capture of value, resulting in financial gains and cost reductions, contributing to optimising the AdP Group's capabilities.

The evolution of the AdP Group purchasing function towards a more integrated model, with the definition of new centralised categories has led to a greater transversal planning capacity and to the implementation of new transversal processes.

The planning and management of the purchasing function by categories incorporates deeper knowledge of Group company needs.

The existence of this internal Group structure, as of 31 December, 2021, directly provided by AdP SGPS, allows for taking advantage of both the scale and the synergies generated by the Group's universe and thus to obtain more attractive contractual conditions for this group of companies, while releasing them from the need to engage in autonomous contracting procedures, with their inherent associated administrative and financial burdens, and thus adding value to their activities.

In addition, a fair share of the goods and services required by the invested companies to carry out their activities are of considerable technical complexity, taking into account their specificity, in particular insurance, energy, the chemical reagents and laboratory materials used by the water/wastewater segments and a high level of specialisation of the actors in the processes implicit to their respective procurement.

Extensive work has been undertaken to standardise procedures at the level of companies and ensure compliance with the legal requirements and internal guidelines regarding public procurement procedures under the General Regime, given the changes introduced to the PCC by Decree-Law no. 111 - B / 2017, of 31 August, to prepare a guidebook, called the contracting manual, that guides its users in the interpretation and application of the most important innovations brought about by this legislative revision and incorporating all the "learning" of the Group over the last ten years in the field of public procurement.

In conjunction with the guide indicated in the previous paragraph, a procurement manual was developed, which aims to systematise the role of each of the stakeholders involved in the procurement process, promoting an integrated and comprehensive vision, sharing the same concepts, standardising the tools used, designations, internal procedures and cooperation for the sustained development of procurement processes. In turn, these processes are already included in planning the internal audit work.

The year of 2021 was marked by the publication of Law no. 30/2021, of 21 May, which approved a set of special measures for public procurement regarding projects financed or co-financed by European funds for housing and decentralisation, information and knowledge technologies, health and social support, implementation of the Economic and Social Stabilisation Plan and the Recovery and Resilience Plan, and concomitantly amending the Public Procurement Code (CCP).

Therefore, this law is of crucial importance for the activities developed by the AdP Group companies, both for the modifications introduced in terms of the rules of public procurement procedures and for implementing public contracts established under the CCP, including the stipulations of new types of procedures, and hence triggering an update in the AdP Group

Contracting Manual, that spans the general range of standard procedure program drafts and the specifications for the different pre-contractual stages.

Within the scope of intra-group contracting, the relationship between the AdP Group subsidiaries, in particular between AdP Valor and AdP ENERGIAS - Energias Renováveis and Serviços Ambientais, S.A. and Empresa Portuguesa das Águas Livres, S.A., functions within the framework of an in-house relationship established according to a relational model approved by AdP - Águas de Portugal SGPS, S.A.. Furthermore, the relational model in effect between AdP - Águas de Portugal SGPS, S.A. and the companies constituting the Águas de Portugal group represents an in-house relationship in accordance with Article 5, no. 1, of the Public Contracts Code, without prejudice to the payments made related to the technical management and administration services (management fees, whenever applicable) provided to the subsidiaries under the terms of the legal framework of holding companies, as approved by Decree-Law no. 495/88, of 30 December and subsequent amendments.

b) Identification of transactions that have not taken place under market conditions;

AdP SGPS did not perform any transactions outside market conditions.

The relationship between the Group companies and AdP - Águas de Portugal SGPS, S.A. reflects an in-house relationship in accordance with the guidelines and rules defined by AdP.

c) List of suppliers with transactions with the company representing more than 5% of the external supplies and services (whenever exceeding 1 million euros).

AdP SGPS only maintains transactions in excess of than 1 million Euros with AdP Valor within the scope of the in-house relationship identified above. We would highlight the services of ceding space (building rental, cleaning services, security, maintenance, etc.) for the amount of 1,268,559 euros, as well as other engineering and shared services (information systems) for in the total amount of 1,452,495 euros.

VIII. Analysis of the company's sustainability in economic, social and environmental terms

In describing the items below, reference may be made to where this information already appears in the report.

Introduction

Making a difference in people's lives

These matters are further detailed in the AdP Group Sustainability Report for publication on the AdP website (www.adp.pt) and SIRIEF (<https://sirief.dgtf.pt>).

Water is an essential resource for life on our planet and for sustainable development with cross-cutting importance to the Sustainable Development Goals (SDGs) framework of Agenda 2030 and assuming an increasingly prominent role in the context of the urgency of climate action.

The AdP Group has Sustainability in its DNA and pursues a public service mission, with a long-term vision, based on a robust organisational model and a strong ethical culture, underpinning its actions with a commitment to improving its natural and human capital for the benefit of current populations and future generations.

This reflects the commitment to current and future generations ensuring that the AdP Group develops its activities at the interface between society and the environment through contributing to the resolution of questions that improve the quality of life of populations.

The Group adopts sustainable development as a core assumption, combatting climate change, investing in the circular economy and implementing the social policies required to meet the Sustainable Development Goals of Agenda 2030.

The AdP Group understands that the development and continuous improvement of its processes, within the scope of providing a quality public service and boosting diversification from a perspective of raising efficiency are all essential pillars. Technical, economic and financial efficiency, improved resilience in the face of climate change, the rational application of resources and transparent management models are the main challenges the AdP Group faces in order to respond to its shareholders and other stakeholders.

AdP Group companies manage their own resources rationally and sustainably in order to ensure the provision of qualified and efficient services and, through the activities of the operating and regionally based companies, contributing to still further raising service quality while returning more efficient water rates for the community.

Thus, aware of the responsibility bestowed by our mission and as a major business group in the environmental sector, we have further strengthened our capacity to respond to the increased

challenges associated with climate change, pollution control and the protection of human health and the environment.

We therefore assume our share of responsibility across the different levels of climate action: in terms of adaptation, enhancing system resilience, establishing a circular economy model that promotes water efficiency, water recycling and recovering value from other by-products of high ecological value and while also raising awareness of the value of water and its efficient usage.

Regarding mitigation, our objective is to achieve energy neutrality by 2030 through the ZERO program, which involves every Group company and activity and foresees the reduction of energy consumption coupled with sharp increases in the Group's own production of 100% renewable energy.

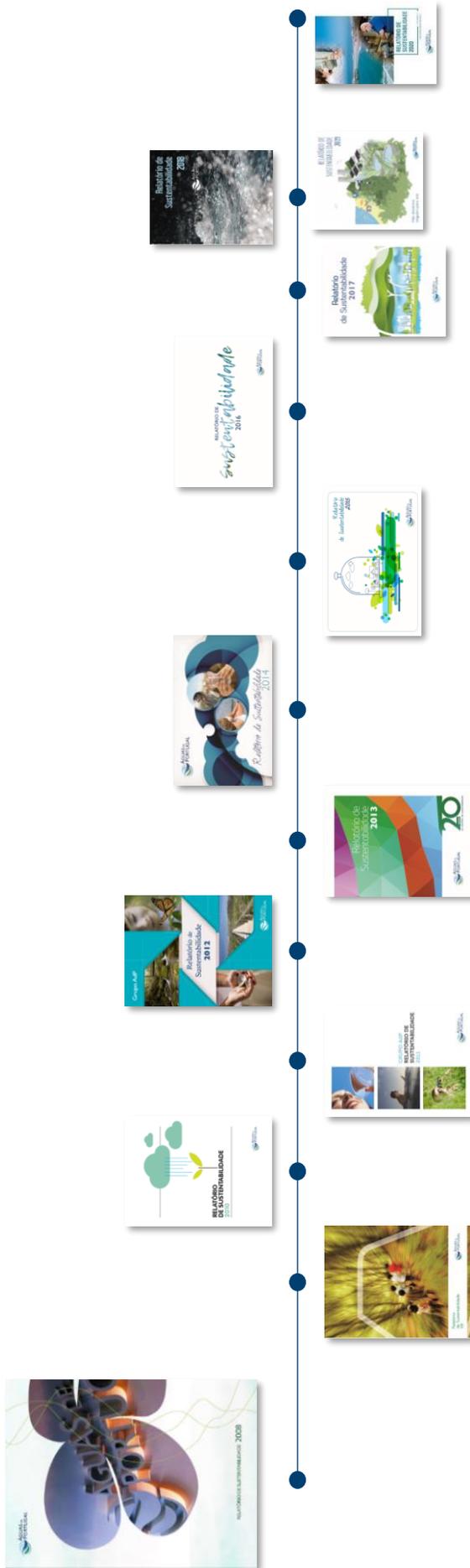
The AdP Group aims to be a leading business group in the environmental sector, seeking to foster the universality, continuity and quality of the service, the sustainability of the sector and the protection of environmental values:

- Sustainability in the usage of natural resources;
- 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.

Since 2008, the Group has published its sustainability report, which provides a consistent and transparent account of the Group's economic, social and environmental responsibilities. The report includes a consolidated balance sheet of all the group's companies, reporting on their performance and highlighting the strategies adopted, the degree of compliance with the targets set and the best practices implemented by subsidiaries with operations covering all mainland Portugal, from north to south and inland to coastal regions.

This publication enables a closer relationship with all its stakeholders. Communications with stakeholders are developed through multiple channels, direct and indirect, and the Sustainability Report is the main document for embodying this transparency policy.

The Sustainability Report for 2021, which will be developed in continuity with previous editions, follows the guidelines of the GRI - Global Report Initiative and the ERSAR standards, will be subject to verification by an external entity and can be consulted on AdP's website at www.adp.pt.



The 2019 and 2020 Sustainability Report was produced according to the GRI Standards of Guide to Global Reporting Initiative in accordance with the option "Agreement – wide reaching". The Report was verified by an independent external entity, Ernst & Young Audit & Associados, SROC, SA according to a limited level of guarantee of reliability.

I. Strategies adopted and level of compliance with the targets set.

**Operationally implementing the strategy,
integrating the best sustainability practices,
represents the great AdP Group commitment**

The Sustainability of the AdP Group is an integral part of its management strategy to the extent the Group sustains its actions on a commitment to improving the natural and human capital and to the benefit of current populations and future generations.

The AdP Group, as an active player in society and the environment, is committed to the proper management of its resources and promoting efficient operations to ensure better quality service at socially just rates. The Group currently serves around eight million people in Portugal.

Water supply and wastewater treatment and recovery activities are fundamental to sustainable development and the quality of our services, over time, reflect our ethical, social, labour, economic and environmental concerns.

Thus, the Águas de Portugal Group, whose mission is to provide public water supply and sanitation services and as the business group generating the greatest impact on the lives of the Portuguese, is fully aware of the enormous responsibility inherent to these activities essential to quality of life and health, the development of economic activities and the preservation of the environment, and over recent decades contributing to a profound transformation in this sector in Portugal. Through our regionally based companies and by integrating sustainability into the foundations of our management strategy, and as a tool for enhancing the creation of value for all our stakeholders, we have progressively stepped up our contribution and believe we represent part of the solution to achieving the SDGs in this field.

Aware of the impacts inherent to our operations, the group appropriately manages the resources it deploys, applying the best technologies available and optimising the potential of the infrastructures, by-products and waste produced.

2021 represented a transition year for the strategy revised in 2017 and the ambitions, goals and targets to be assumed between 2022 and 2025. Hence, throughout 2021, the AdP Group observed the following, already defined, Principles and Commitments:

Principle: Managing the urban water cycle in equilibrium with the cycles of nature

Commitments:

- ✓ Preserve and enhance bodies of water
- ✓ Minimise waste production and recover by-products

- ✓ Conserve biodiversity and promote ecosystem services
- ✓ Invest in Research and Development

Principle: Contributing to combatting climate change

Commitment:

- ✓ Guarantee Group eco-efficiency

Principle: Guarantee the implementation of sector policies consolidating the Group as a benchmark reference in the environment sector

Commitments:

- ✓ Guarantee Group economic and financial sustainability, creating value for shareholders and other stakeholders
- ✓ Guarantee the credibility, transparency and accuracy of the Group's management model
- ✓ Contribute to developing a responsible local economy

Principle: Providing a public service of excellence, with direct impacts on improving the quality of life

Commitments:

- ✓ Guarantee accessibility to water and wastewater treatment services, ensuring social justice and the quality of life of local populations
- ✓ Guarantee the efficiency, reliability and quality of service and product safety
- ✓ Personalise, simplify and innovate relationships with customers based on greater proximity

Principle: Valuing employee relationships, ensuring the sustained growth of Group know-how

Commitments:

- ✓ Invest in employee development
- ✓ Ensure equal opportunities
- ✓ Ensure occupational health and safety
- ✓ Promote a balance between professional and personal life
- ✓ Guarantee crosscutting and effective internal communication

Principle: Nurturing growing proximity to the community

Commitments:

- ✓ Promote the sustainable usage of essential water and wastewater treatment services
- ✓ Play an active role in engaging with the population on social issues
- ✓ Share knowledge through cooperation, capacity building and technical support projects
- ✓ Invest in relationships and the sharing of values along the supply chain

With regard to the degree of compliance with the targets set, we would like to highlight the following:

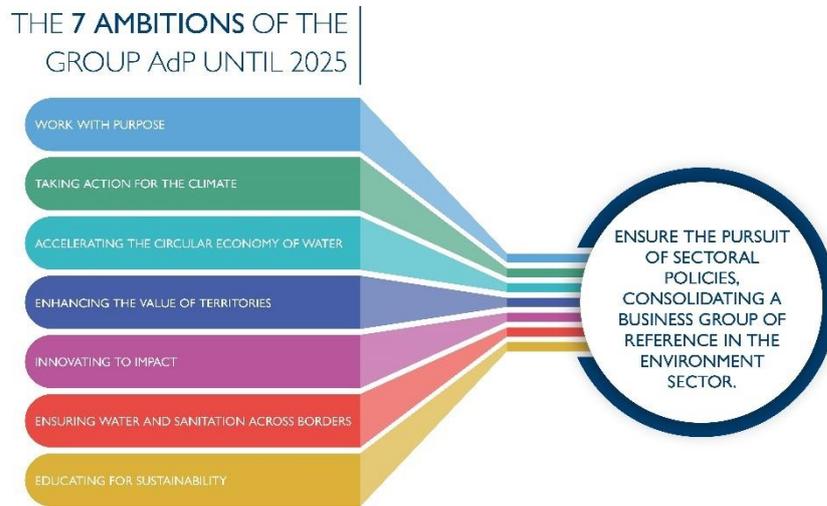
- ✓ Increase to 47% of companies deploying management systems for the reconciliation of professional, family and personal life
- ✓ 59% of companies with facilities certified by the ISO 50001 standard
- ✓ Increase to 4.8% the energy produced/energy consumed ratio
- ✓ Six Supply Companies with a Water Safety Plan
- ✓ 100% of companies have a corporate volunteering program
- ✓ 100% of companies with Gender Equality Plans
- ✓ 98% response rate to written complaints (bulk)
- ✓ 98% of WWTP sludge recovered
- ✓ We guarantee 99.6% and 99.3% Safe Water (bulk and retail)
- ✓ We carried out 99.8% wastewater analyses (bulk and retail) with 1.3% of treated wastewaters now reutilised
- ✓ 13 AdP Group companies with fleet energy certification

Sustainability Strategy 2022- 2025

In 2021, the AdP Group revisited its sustainability strategy, aligning it with the Framework of Strategic Commitment that systematises the Group's vision for the period until 2030 and, in 2022, will corresponding take on the **seven ambitions, objectives and goals set for 2025**.

This strategy resulted from analysis of the management guidelines and business strategy (CSF), reflections on the expectations of stakeholders, the consolidation of existing best practices, the commitments made to the principles of the United Nations Global Compact and the 17 Sustainable Development Goals.

Our purpose: Making a difference in people's lives



WORK WITH PURPOSE

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

PILLAR: GROUP CULTURE

OBJECTIVES:

- Invest in the professional and personal development of our employees
- Guarantee equal opportunities and promote diversity and inclusion
- Ensure occupational health and safety
- Promote a balance between work, family and personal life
- Ensure transversal and effective internal communications



TAKING ACTION FOR THE CLIMATE

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

PILLARS: SERVICE EXCELLENCE & SOCIAL UTILITY

OBJECTIVES:

- Ensure energy neutrality and self-sustainability
- Reduce GHG emissions
- Promote the Group's sustainable mobility
- Promote system resilience and guarantee the availability, quality and safety of the service and the product



ACCELERATING THE CIRCULAR ECONOMY OF WATER

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

PILLAR: SERVICE EXCELLENCE & SOCIAL UTILITY

OBJECTIVES:

- Conserve and enhance water bodies
- Minimise waste produced and recover it as a by-product



ENHANCING THE VALUE OF TERRITORIES

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

PILLAR: SERVICE EXCELLENCE & SOCIAL UTILITY & GROUP CULTURE

OBJECTIVES:

- Enhance the relationship of proximity and dialogue with customers and municipal partners
- Contribute to the development of a responsible economy
- Invest in the relationship and the sharing of values in the supply chain
- Be an integral part of the communities in which we operate
- Protect and restore biodiversity and ecosystems
- Water as an essential factor in deepening the protection of public health



INNOVATING TO IMPACT

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

PILLAR: SERVICE EXCELLENCE & SOCIAL UTILITY & GROUP CULTURE

OBJECTIVES:

- Develop RDI projects aligned with the strategic areas of innovation and the needs of AdP Group companies
- Develop and launch innovative products, services and processes
- Develop open innovation based on a multi-polar network of competences
- Promote the digital transformation of the AdP Group



ENSURING WATER AND SANITATION ACROSS BORDERS

Cooperating internationally to promote sustainable water management

PILLAR: SOCIAL UTILITY

OBJECTIVES:

- Share knowledge through capacity building projects and technical support
- Promote mutual aid in water, sanitation and climate related activities and programs in developing countries
- Operate in geographies of reference



EDUCATING FOR SUSTAINABILITY

To be a benchmark actor in education for sustainable development.

PILLAR: SOCIAL UTILITY & GROUP CULTURE

OBJECTIVES:

- Promote education for sustainable development



2. Policies pursued with a view to ensuring economic, financial, social and environmental efficiency and safeguarding quality standards.

“We guarantee the continuity of essential critical services while ensuring the safety of all our workers”

2021 was, once again, a turbulent year, very much buffeted by the COVID-19 Pandemic. In this context, we continued to pursue our path by adapting internal processes so as not to compromise respect for the principles of universality, quality of service and efficiency.

The Águas de Portugal Group, with its experience and accumulated knowledge, has carried out its commitment to provide critical and essential services in an uninterrupted manner **with the commitment and spirit of mission of our employees, who are always on the front line ensuring the continuity of operations.**

In 2020, we gained added responsibility because our services are the **guarantor of public health.** We implemented contingency plans across every Group company in due time to ensure an effective response in minimising the impact of potential risks on the health of our staff and on the continuity of our activities. We readjusted the operations, guaranteeing the health and safety of our

employees, both in the operational structures and those able to perform their functions remotely. We provided all our workers with appropriate PPEs, psychological support, labour gymnastics, among other services.

We re-adapted to ensure that the Portuguese never lacked water in their taps and their wastewaters got treated.

A **COVID-19 Contingency Plan** was developed and implemented in all companies, prepared in accordance with Guideline no. 006/2020 of 26/02/2020, from the General Directorate of Health, which complements the respective operational and emergency plans.

The **exceptional risk management measures** within the scope of COVID-19 contingencies determined the critical human resources and technical means to ensure essential services.

Special attention was and continues to be given to raising awareness and informing all staff to adopt crucial individual behaviours for personal hygiene and social conduct, both in working situations and in their personal lives.

The Contingency Plans have been adjusted over time according to the evolution of the epidemiological situation and the measures enacted in Portugal. Each adjustment was always underpinned by two premises: **(i) maintaining the safety of all members of staff and (ii) continuity in the provision of an essential public service.**

The Águas de Portugal Group achieves its mission through a solid technical, economic, social and environmental commitment:

“Constructing, operating and managing water supply and wastewater sanitation 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 major challenges faced by the environment sector in Portugal and in the world.”

The AdP Group understands that the development and continuous improvement of its processes, the provision of a quality public service and diversification within a perspective of increasing efficiency are all essential pillars. Technical, economic and financial efficiency, improved resilience to climate change, the rational use of resources and transparent management models represent the main challenges the AdP Group faces in order to respond to its shareholders and other stakeholders.

However, there are many other major challenges facing water management and environmental protection. Such challenges can only be successfully overcome when, in addition to everything we already are, have done and have as our foundations, everything undergoes consolidation, and we are all aligned and aware of this great mission in which all of us "We AdP" can and must participate.

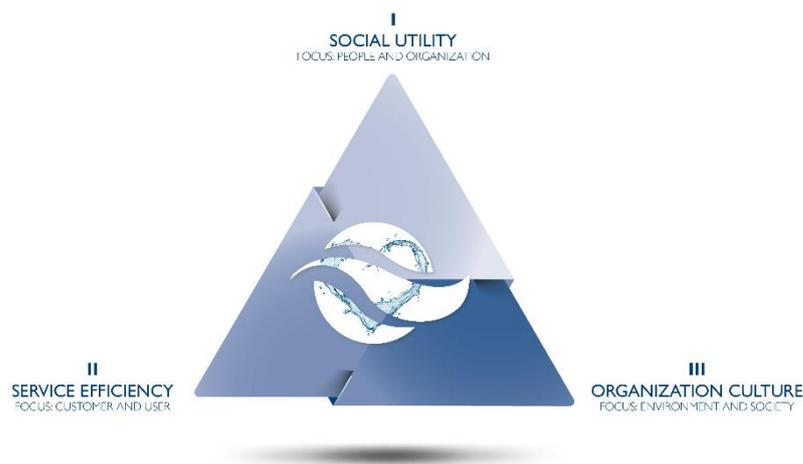
The Group's response to these challenges clearly emerges in the progress in the coverage rates of the integrated systems which it manages alongside the further improvements to the quality-of-service indicators.

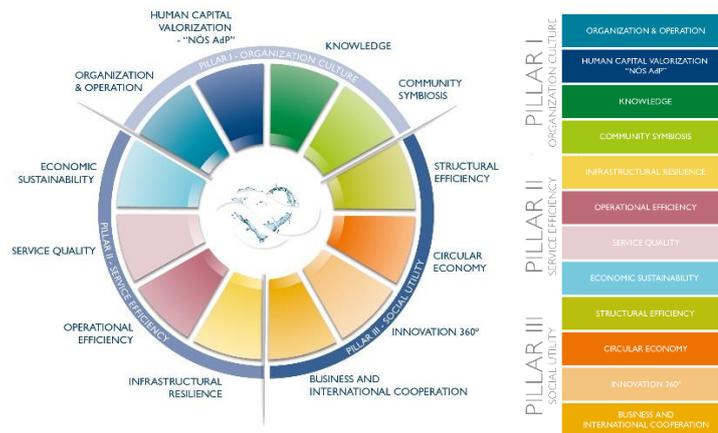
***In 2021, we mobilised in order to make a relevant contribution
to promoting a sustainable future.***

We know that we are living through a context of rapid change that requires us all, with some firmness and capacity, to ensure we do not stray from the path. Nevertheless, there is no better way for planning the future than building it. Therefore, we have to identify where we want to get to.

This was the starting point for the AdP Group's strategic reflection in 2020 that gave rise to the Strategic Commitment Framework 2020-2022, which aims to establish a mobilising path that will consolidate the AdP Group's vision.

This was a transversal and participative process that involved the main stakeholders as well as mobilising the collective intelligence as the Group's main asset. This led to the identification of three main axes for priority actions, focused on People and Organisation, Customer and User, and Environment and Society - 12 strategic challenges were established that furthermore led to around 500 proposals for action, reflecting the personal and professional experiences of employees, specialists and experts in the complete water cycle, its evolution and needs.





With a long track record of success and a sound technical and economic-financial business structure, the group's mission is to respond effectively to the major challenges facing the environmental sector.

Águas de Portugal Group companies perform their economic roles bound by principles of good management, environmental protection, in defence of consumer interests, valuing employees and in compliance with all ethical standards and market regulations.

Thus, the Group is committed to sustainable development, combatting climate change, investing in the circular economy and implementing the social policies required to meet the Sustainable Development Goals and the 2030 Agenda.

Technical, economic, financial and environmental rigour must always be reconciled with excellence in performance

The state and municipalities have entrusted the AdP Group with a central role in solving national environmental challenges while the Group's performance has contributed greatly, directly or indirectly, to the country's economic, social and environmental growth in a relationship conducted in an environment of transparency and trust.

The Group believes the development and continuous improvement of its processes, the provision of a quality public service and diversification with a view to increasing efficiency constitute essential pillars that make the Group both the largest and the benchmark reference group in the environmental sector.

Technical, economic and financial efficiency and transparent management models are the main challenges the AdP Group faces in order to respond to its shareholders and other stakeholders.

The Group's response to the challenges clearly emerges in the expansion in the coverage rates of the integrated systems that are under Group operation and management and in the resolution of environmental liabilities as well as the improvements to the quality-of-service indicators.

The AdP Group, as an actor with an active role in society and the environment, is committed to appropriately managing its resources in order to foster more efficient operations able to ensure a better quality of service at more efficient rates for the community.

Key events in 2021

- The AdP Group drafted, in line with Decree-Law no. 16/21 of 24 February, which establishes the production and supply of Water for Reuse (ApR) as a main essential public service activity, complementing Decree-Law no. 119/2019 which had established the legal regime for the production of ApR, its Action Plan for Reuse that involves water for reuse (ApR) production projects at around 50 facilities across the Group and regional plans for studying the viability of water reutilisation within the context of each operating company and defining concrete measures for each region with various reutilisation project already developed and in effect across different scales and in different regional contexts - for example, crop irrigation, golf courses and urban green areas, industrial washing and utilisations, among others -, which has also contributed to boosting awareness, creating synergies among stakeholders, overcoming barriers and developing safe and appropriate solutions.
- The definition of the Innovation 360° Strategy, which reflects the adoption of innovation as a vector for flexibility and acceleration of the AdP Group commitments for the decade, defining the path towards the paradigm necessary to respond to the new societal challenges. Within this framework, over the next three years, the AdP Group is to allocate over a million euros to a fund specifically designed to finance new projects and accelerate strategic innovation.
- In May, there was the release of the results for Covidetect, the research project launched in 2020 and developed by a consortium including various AdP Group companies, the University of Lisbon Faculty of Science and the Analysis Laboratory of the Higher Technical Institute seeking to establish an early warning system for the presence of the SARS-CoV-2 virus in wastewaters and thereby contribute to improving responses to any eventual new outbreak of disease.
- Through collaboration with the European Commission within the scope of a pan-European initiative for the application of wastewaters as a sentinel for the presence of SARS-CoV-2 in the population, the consortium responsible for the COVIDetect pilot project made a significant contribution towards the final draft Recommendation (EU) 2021/472 issued by the Commission as regards a common approach to establishing a surveillance system for SARS-CoV-2 and its variants in the wastewaters of the EU, published on 17 March 2021.

➤ The signing of two contracts with the Ministry of Energy and Waters of the Republic of Angola, for a total amount of 10.5 million dollars, with financing from the World Bank and the European Investment Bank, for technical assistance for the development of water supply and wastewater sanitation services, will serve to benefit 2.5 million people in various different provinces, was a key development in the international activities ongoing in 2021.

➤ Furthermore, in Cape Verde, within the scope of a new environmental agenda signed with Portugal for the next four years, the AdP Group holds responsibility for implementing two projects, one focused on the circular economy for the reutilisation of water and recovery of sludges for agriculture on the island of Santiago and with the other involving the design of a Sanitation Plan for Fogo Island.

➤ As part of the World Bank financed project "Utilities of the Future - UoF", AdP International maintained technical support to the World Bank in 2021, through specialised support aimed at promoting and implementing comprehensive and effective plans to transform and prepare utilities for the new and growing challenges and increasingly demanding climate, social and demographic changes.

➤ Furthermore, this notes the implementation of the development and continuous improvement of processes, a policy to which Quality, Environment, Safety, Energy and Social Responsibility systems certifications strongly contributes within a logic of transparency and credibility. In 2021, 88% of the Group's companies guaranteed their certification in Quality - ISO 9001, 88%, in Environment - ISO 14001, 82% in Safety ISO/45001/OSHAS 18001, 53% in Social Responsibility - SA8000, 59% in Energy ISO 50001 and 38% (of the 12 operating companies) in Asset Management - ISO55000 and 47% in Reconciliation Management NP 4552:2016.

➤ Reference should also be made to the role of AdP ENERGIAS in supporting AdP Group companies in the process of certifying infrastructures under ISO 50001, detailing their energy consumption;

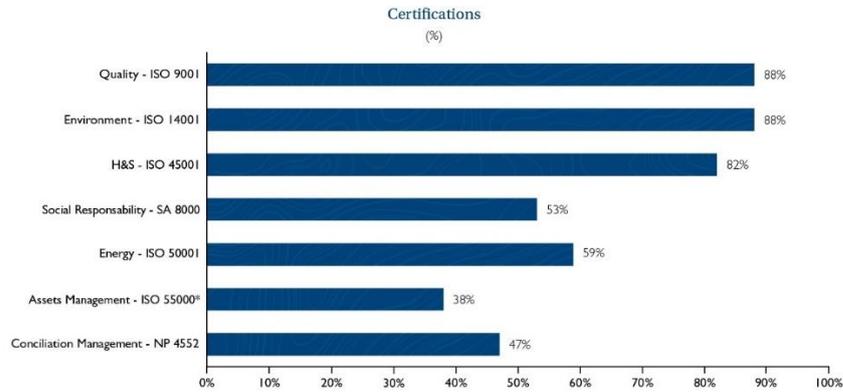
➤ At the end of 2021, there were 110 certified infrastructures in ten Group companies (two more audits than in 2020), which represents an increase of 34 more infrastructures (+48.6%) compared with the number registered in 2018 (first year of assessment);

➤ In 2021, the 13 AdP Group companies, which together accounted for a total of 1,436 vehicles, maintained the Energy Certification of their service fleets.

➤ Another highlight derives from the role played by AdP ENERGIAS in supporting AdP Group companies as regards carrying out energy audits of their energy consuming infrastructures within the framework of Decree Law no. 68-A/2015, of 30 April. In 2021, there was one more audit undertaken than in 2020, totalling 389 audits at 13 companies,

which represents an increase of +142 audited infrastructures (+57.5%) than registered in 2018 (the first year of evaluation)

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



Notes:

I- In ISO 55000 certification, only the 13 operational companies were included in this perimeter.

3. Form of compliance with the principles inherent to adequate business management:

- a) **Definition of a policy of social responsibility and sustainable development and of the terms of the public service provided, in particular within the scope of consumer protection (see Article 49 of RJSPE)**

Social Responsibility



“We leave no one behind”

The AdP Group plays a leading role in people's quality of life. Aware that water supply and wastewater sanitation are at the heart of sustainable development, the management of the core business of our company rests on pillars of universality, continuity, quality of service, efficiency and price equity.

Access to water and wastewater treatment make a decisive contribution to public health and the quality of life of the population.

The provision of a continuous public service, with demanding quality standards and socially acceptable tariffs, has been part of the daily life of the Group's companies and of its vision for the future.

In an increasingly demanding society, the reliability levels of the services provided are obtained daily, whether from the point of view of continuity or of quality. Access to relevant tools to improve management is therefore an operational, environmental and social requirement.

In the year of 2021, we remained committed to Sustainable Development

At the forefront of global trends, and following the Group's 2009 adhesion to the commitments of the Global Compact - UNGC, **in 2021 all Group companies signed up individually, thereby further strengthening our commitment to the ten principles of the Global Compact** covering the areas of human rights, labour practices, environmental protection and anti-corruption mechanisms, with our actions being validated annually by the UNGC through the Sustainability Report. In 2016, the Group joined the Alliance for Sustainable Development Goals, of which it is a member of the General Council, strengthening its commitment to people and the environment. Access to water and sanitation were declared human rights in 2010 and 2015 respectively and reinforced in SDG 6 of Agenda 2030.

To highlight this support, Águas de Portugal joined the accelerator program for the achievement of the 17 Sustainable Development Goals of the United Nations Global Compact as one of the 12 Portuguese companies integrating the challenges of SDG Ambition into their business management. The SDG Ambition aims to accelerate the implementation of Agenda 2030 in this "Decade of Action" to meet the SDGs - Sustainable Development Goals.

The Águas de Portugal Group Chair was one of the 38 national business leaders who joined together to support human rights by subscribing to the CEO Guide on Human Rights in 2019. The Guide, launched by BCSD, identifies important aspects in the field of human rights that challenge companies to act, fostering greater involvement by company management in improving the conditions of life for their employees and their communities.

Social Commitment

We highlight:

➤ The corporate program for awarding scholarships with a view to contributing to the development and learning of the children of employees constitutes an internal Social Responsibility program with great impact. In 2021, the year with the highest number of applications submitted, 64 scholarships were awarded, 33 for Higher Education and 31 for Special Education, each worth 1,200 euros. The scholarships awarded cover all the Group's companies and has, ever since 2016, also included the international area.

The program to award scholarships to the children of Águas de Portugal Group employees began in the 2013/2014 academic year, with a total of 328 scholarships already awarded. It should be recalled that this initiative involves the commitment of all employees and all Group companies as the scholarships awarded result from the funds raised by sending out the Group's electronic Christmas cards, which have an associated donation of €0.50 for each card sent. This project, which began in the 2013/2014 academic year, has already distributed scholarships for Higher Education and Special Education.

➤ One of our guiding principles is equality and respect for diversity. We actively promote the fight against discrimination and regard ethics as a paramount value in our performance. In 2021, we continued to play an active role in several projects promoting gender equality, inclusion and the fight against poverty and social exclusion. The AdP Group once again participated in the "Engineers for a Day" project, which aims to encourage young female students in primary and secondary education to choose engineering and technology, deconstructing the idea that these are male fields and combating the stereotypes that condition their school and career choices. This Project is integrated in the National Strategy for Equality and Non-Discrimination - Portugal More Equal;

➤ We would also highlight the Social Water Tariff that supports domestic end users on low incomes and at risk of poverty and social exclusion. Another initiative comes with the EPAL service for the Deaf Community through sign language provided by a partnership with Serviin - Deaf Citizen Portal ensuring more personalised services through video-calls allowing this public to communicate with EPAL through sign language. The same service has been implemented for visually impaired customers since 2006, providing access to water bills in Braille as well as a Braille language useful information leaflet.

➤ In 2021, Águas de Portugal continued to be an integral part of ENIPSSA – the National Strategy for the Integration of Homeless People, sitting on the intervention and

communication groups for this strategy. In this context, in 2019, Águas do Tejo Atlântico and Comunidade Vida and Paz started a partnership project involving the maintenance of green spaces at infrastructures in the Torres Vedras region carried out by the users of Comunidade Vida and Paz. Our intention is to scale up these projects across all Group companies (we were unable to do so this year due to the Pandemic) and thus strengthen the Group's culture of commitment to society, promoting social inclusion and the employability of disabled or disadvantaged people, thereby furthering an integrated model of social development. We value the talents and skills of these people who daily surpass themselves and deserve to be placed at the service of companies.

➤ This year also saw the continuation of our strong commitment to the social entrepreneurship ecosystem, with the AdP Group joining the IES - Social Entrepreneurship Institute as a non-executive board member after chairing the General Assembly since 2009. As part of its Social Responsibility Policy, social innovation fully integrates into the commitments made to promote closer ties with communities and thus contribute to achieving the SDGs. We will continue to invest in social innovation in order to respond to social problems in sustainable and lasting approaches.

➤ The AdP Group continued to partner Paralympic sport, supporting the Portuguese Paralympic Committee (CPP) on its way to the Tokyo 2021 Olympic Games. As part of our social responsibility strategy, we advocate sport for all and this support aligns with our mission. This was already our objective when we supported the Portuguese Adapted Swimming Team for the Paralympic Games of 2012, which took place in London.

➤ This year AdP again welcomed a trainee from the participants in the Girl Move female entrepreneurship project. Girl Move is a Foundation whose mission is to create a movement of life, support and empowerment for women in Mozambique, through their education and the creation of human networks of mutual help and cooperation among peers, intergenerationally and internationally. Its main objective is to empower these young women, through education and cooperation in order to combat early school leaving, early marriages and pregnancies, and gender violence, which are problems that affect the young Mozambican female population and hinder the enforcement of basic human rights and the opportunity to achieve their full human potential.

One of the programs developed is called "Change" and is aimed at young graduates aged between 20 and 30, who can do a one-year "life placement" with the support of the project's partner entities.

In this context, in 2021 we welcomed another young Mozambican woman, Taniça.

SDG 17 calls for partnerships and the Águas de Portugal Group has been following this path both for knowledge and innovation management and for social responsibility. We collaborate with several entities from the Portuguese Network of the United Nations Global Compact, the Alliance for the SDGs, the BCSD, the IGEN Forum, the Portuguese Charter for Diversity among others, all aligned for sustainable development. Additionally, in 2016, the Group signed the Portuguese Charter for Diversity, a European Union initiative with the aim of encouraging employers to implement and develop internal policies and practices to promote diversity, and became an associate member of APPDI – the Portuguese Association for Diversity and Inclusion and GRACE – the Responsible Business Association in 2021.

➤ In the field of health and well-being, in line with our Reconciliation policy, we continued with: (i) the Gymnastics program, available to workers three times a week after office hours. Since the beginning of the Pandemic, this program was extended to the whole Group in an online format (ii) since March, with psychological support consultations available to all Águas de Portugal Group's workers and their families (iii) and the fruit distribution program, which consists of the handing out of fruit daily, supplied directly from small national producers.

➤ In 2021, we again participated in Social Responsibility week as organiser of the session "What if we didn't wash our hands?" This question is valid at any time, particularly with the timing of pandemic outbreaks giving it even greater prominence. Indeed, having quality water at a tap's distance is an asset that is often not attributed its real value.

b) Definition of the policies adopted to promote environmental protection and respect for the principles of legality and business ethics, as well as the rules implemented with a view to sustainable development (see Article 49 of the RJSPE);

We contribute to the energy transition and decarbonising the economy

Water plays a central role in the context of climate change as its effects serve to undermine the availability and quality of this resource and therefore representing a major challenge within the Group.

According to the World Economic Forum's Global Risks Report 2020, extreme events, failure to act on climate change, mitigation and adaptation and the water crisis feature as the top five risks identified therein, which serves to highlight their global importance.

In keeping with the structural role the AdP Group holds in the water sector in Portugal and given the rising challenge that the Group seeks to respond to, in 2015, it embarked on a Group Climate Adaptation Strategy.

In this context, PEPE - the Energy Production and Efficiency Plan was implemented for the period 2017-2020 in order to optimise consumption through rational energy use and increase in-house energy production from endogenous and/or renewable sources.

Furthermore, this strategic framework also includes PEAAC – the Strategic Plan for Climate Change Adaptation with the objective of defining a medium to long term strategy with its implementation able to offset the vulnerabilities of company activities to climate change and extreme events while boosting the resilience and capacity of response of our systems to such alterations and events.

PEPE and PEAAC align with the recommendations of the National Strategy for Adaptation to Climate Change which states that companies should "integrate the risks associated with climate change into risk analysis of their business as well as implementing measures that prevent, minimise or eliminate these risks, within the scope of the state coordinated strategies."

AdP - Águas de Portugal signed the "Business Ambition for 1.5°C" charter, which aims to reduce greenhouse gas emissions and contribute to the planet's sustainability, thus reinforcing its commitment to the transition to a low-carbon economy. Presented by the United Nations Global Compact and signed by leaders of different benchmark reference companies, the "Business Ambition for 1.5°C" is a letter that encourages companies worldwide to establish concrete measures to combat climate change coupled with goals and objectives for reducing emissions in order to reach zero net emissions by 2050 and limit global warming to 1.5°C by 2030.

In signing up to this charter, companies make a public commitment to align their decarbonisation plans with the ambition to limit - or mitigate - global warming.

Sustainable mobility also represents a key dimension to combating climate change.

In 2021, the 128 100% electric vehicles in the AdP Group's service fleet travelled more than 2.1 million km, having avoided the consumption of more than 176,000 litres of fossil fuels and representing a reduction of 593 barrels of oil equivalent. In terms of primary energy, the reduction was -57.4% (-86.47 p.p.) and with electricity consumption of 299 MWh and in terms of CO₂ emissions, the reduction achieved compared to combustion powered vehicles was -402 tons (-86.1%).

We would also note here that the AdP Group vehicle fleet totals 1,436 vehicles: 128 electric vehicles, 15 hybrid and/or plug-in vehicles and 1,293 combustion engine vehicles. In 2021, combustion vehicles consumed about 2.8 million litres of fuel (diesel and petrol), which represents a variation of 12.5% compared to 2020 - the first year of the pandemic, in which 2.50 million litres were consumed - and a variation of -1.7% compared to 2019 (when 2.9 million litres of fuel were

consumed), which represents global average consumption of 7,676 l/day (in 2020, the average daily consumption was 6,803 l/day, and 7,806 l/day in 2019).

Aware of this decision-making and the national goals, an objective the AdP Group defined in the Energy Production and Efficiency Plan (PEPE 2020) involved the energy certification of its company vehicle fleets by the end of 2020. To this end, in collaboration with ADENE (the energy agency), it actively participated in the pilot project for fleet energy certification, seeking mobility efficiency for the energy transition. The 13 AdP Group companies, which together account for 1,430 vehicles, actively participated in the process and correspondingly obtained their fleet energy certification within the scope of the pilot project developed by ADENE, with results varying between Class B and Class D. In 2021, the 13 AdP Group companies, which together make up a total of 1,436 vehicles, maintained the Energy Certification of their service fleets.

The commitment to energy neutrality taken on by the Águas de Portugal Group was reaffirmed through the ZERO Energy Neutrality Program, which aims for the Group to achieve energy neutrality within a decade via the implementation of a continued strategy of consumption reduction and increasing the output of 100% renewable energy. This program was highlighted at the UN Global Compact 2020 summit, specifically in the panel on clean energy integrated into the event promoted by UN Global Compact Portugal, where the relevance of efficient energy management was highlighted in the context of water supply and wastewater treatment activities, which are high energy consumers, and detailed the AdP Group's commitment to the transition to a low carbon economy, presenting examples of consumption reduction and energy production from renewable sources based on the endogenous resources available to Group companies.

The AdP Group's carbon neutrality program

Portugal stands out as one of the EU countries most vulnerable to the effects of a changing climate system, and climate change and its impacts - the pace and severity of extreme weather events – are clearly already affecting us today.

To limit such impacts, greenhouse gas emissions must be actively reduced. Furthermore, however much progress we make in mitigating these emissions, it is no longer possible to reverse some of these effects.

It is therefore not enough to decarbonise, however decisive that may be. We need to adapt our ways of life.

This adaptation also means reducing vulnerabilities and increasing resilience to a more uncertain, adverse and extreme climate and disseminating knowledge and information in society to involve everyone in this process of change.

Aware of this reality, Portugal has made the commitment to achieve carbon neutrality by 2050 within the scope of contributing to the global and European targets assumed in the Paris Agreement, defining demanding objectives for the country through different public policies of which we would highlight:

- The Route to Carbon Neutrality 2050 (RNC 2050), and
- The National Energy and Climate Plan 2030 (PNEC 2030).

PNEC 2030 implements the policies and measures for an effective application of the guidelines contained in the RNC 2050 and for the fulfilment of the defined goals, which, although ambitious, are feasible by 2030 with the intense and complete involvement of society and communities.

In conclusion, the country, its communities and its citizens, whether individuals or groups, public or private, whatever their economic activity, are obliged to adjust their lifestyles and/or business and/or production models in order to help Portugal achieve the goals set out in public policies on the environment, particularly those mentioned above

The AdP Group was one of the first Portuguese entities to make a commitment to the United Nations, through the Global Compact, to the Sustainable Development Goals and to develop actions and initiatives that ensure the reduction of at least 50% of the CO₂ emissions produced in 2010 so as not to ensure the planet's average temperature does not increase by over 1.5° C.

Energy consumption is inseparable from the activity of our companies in the Águas de Portugal Group. Water supply and wastewater sanitation, which are fundamental to the quality of life and environment, are responsible for very significant energy consumption and consequent greenhouse gas emissions by our Group.

As such, the AdP Group has been developing strategies to fight climate change, having already assumed the commitment to reach energy neutrality in 2030 through the ZERO Program, which involves every Group company and activity, including those developed at the international level. The Program contemplates the reduction of electricity consumption and the increase in the Group's own production of 100% renewable energy, contributing to the reduction of greenhouse gas emissions, until reaching neutrality. This initiative reinforces the commitment made in 2019, the year the Group signed up to the "Business Ambition for 1.5° C" charter promoted by the United Nations Global Compact.

In order to ensure the definition of an inventory methodology for the carbon footprint of AdP Group companies, in 2021, AdP ENERGIAS proceeded with a contractual procedure for acquiring specialist technical advisory services and contracting the design, development, installation and monitoring of an inventory tool for AdP Group company carbon footprints.

This tool will later allow for the design and development of the AdP Group's Carbon Neutrality Program - NEUTRO - and by each of its companies as well as underpinning the multiannual budget for carbon neutrality.

This should also note that the NEUTRO Program represents an essential component of the group's financing plans, allowing for access to green bonds, purpose designed to raise support for climate and environmental projects and the sustainability of businesses and companies.

AdP Group energy neutrality program

Based on the already known results returned by the Energy Production and Efficiency Plan (PEPE 2017 - 2020) and the innovative EPAL 0% programme for energy neutrality, and the already referenced European and Portuguese government targets, the AdP Group decided to develop a program to study and enable the extension of similar initiatives, albeit broader and more integrated and with different requirements and dimensions, to all its companies, additionally promoting investment in the territory, improvements in environmental conditions, efficiency in resource utilisation, the leveraging of available renewable resources, digitalisation, reuse, knowledge and the training of workers and reindustrialisation, generating very significant value for the sector, the regions and the country.

The AdP Group has therefore developed the ZERO Program, which is based on reducing energy consumption in water supply, wastewater sanitation and other non-operational facilities and sharply increasing the in-house production of 100% renewable energy, primarily for self-consumption. Through this program, the Group aims to achieve energy neutrality by 2030 and become the first group in the water sector worldwide to implement a project aimed at energy neutrality and self-sustainability.

The targets set for the ZERO Program, in particular in terms of energy self-sufficiency, are global to the AdP Group and are not evaluated on a company-by-company basis. Furthermore, this involves the companies managing multi-municipal systems, state-authority partnerships, support services and the international area. This reflects how some companies will generate surpluses in terms of energy production while others will be deficient and thereby taking advantage of the best energy resources in the former locations without forcing investments into less profitable locations in keeping with the current technologies on the market.

The Program objectives, however, extend beyond the production of in-house renewable energy.

The priorities and ambitions extend to reducing the consumption of energy by the operational infrastructures and facilities managed by Group companies as well as fostering partnerships with the management entities of municipal systems for greater reductions in water losses and undue accumulation in the low water networks as these inefficiencies provoke increases in energy

consumption by the activities developed by Group companies. The Program will also target the maximisation of the energy produced for self-consumption through the change/adjustment in operating pattern, incorporating the production and storage of energy into the core of the supply, sanitation and reutilisation activities, requiring the re-engineering of systems and processes to increase efficiency, taking advantage of the asset renewal cycle to invest in more efficient solutions capable of enhancing technical solutions through innovation and increasing system sustainability and resilience, thereby constituting an opportunity to promote reengineering, focusing on digitalisation and the professional re-qualification of our employees as well as regional development and social support, encouraging reutilisation and reindustrialisation, boosting the competitiveness of regional economies, providing value to the country and contributing to differentiation in the competences of the Portuguese water sector in international markets.

The ZERO Program will undergo implementation over two investment periods (2021 to 2025 and 2026 to 2030), differentiated as follows:

Period 1 - Energy efficiency and energy production facilities in infrastructures with higher self-consumption, and

Period 2 - Other energy production facilities, taking advantage of the potential of available endogenous resources.

The main Program lines for development are detailed in the following table:

Key indicators	Amount
Companies involved	14 companies
Total AdP Group consumption (in 2031, including external activities and the service fleet)	722.1 GWh/year
Reduction in consumption through energy efficiency measures	- 67.4 GWh/year
In-house production of electricity (in 2020)	- 35.7 GWh/year
In-house production of electricity (increase in 2031)	- 627.3 GWh/year
production of energy by the AdP Group Sludge Plan	- 28.2 GWh/year
Program Balance (in 2031)	- 36.5 GWh/year
Neutrality obtained (in 2031)	105.6%
Investment in energy efficiency (by 2025)	42.9 MEUR
Investment in in-house 100% renewable energy production (by 2030)	280.1 MEUR
Other investments (by 2030)	40.3 MEUR
Total Program Investment (2021 to 2030)	363.3 MEUR

Note: The energy production values indicated include an annual depreciations rate for the respective production.

The AdP Group's Energy Neutrality Program enables the in-house production of 100% renewable electricity, forecast to reach a level of 691 GWh/year following investment of 280 MEUR throughout Portugal.

In summary, the AdP Group's Energy Neutrality Program makes it possible to

- Reduce electricity consumption by 67.4 GWh/year, resulting from energy efficiency actions, representing an investment of 42.9 MEUR by 2025;
- Increase own production of 100% renewable electricity by 627.3 GWh/year, representing field investment of 280.1 MEUR, of which 185.8 MEUR by 2025.

The AdP Group's Energy Neutrality Program also enables a reduction of 185,070 tons/year in CO₂ emissions (in 2031), totalling around 2,776 million tons in the 15 subsequent years of the project (from 2031 to 2045).

The avoided emissions (185.1 thousand tons of CO₂ per year) represent a saving for Portugal of 8.1 MEUR/year, totalling 121.1 million euros in the 15 years of the project at 2021 prices (43.61 EUR/ton CO₂).

Energy consumption is inseparable from the activities of our companies and the Águas de Portugal Group. Water supply and wastewater sanitation, fundamental to the quality of life and environment account for very significant energy consumption and consequent greenhouse gas emissions by our Group companies.

As such, the AdP Group has been developing strategies to combat climate change, having assumed the commitment to achieve energy neutrality by 2030 through the ZERO Program, which involves every Group company and activity, including those carried out internationally. The Program contemplates reductions in electricity consumption and increases in the Group's own production of 100% renewable energy, contributing to the reduction of greenhouse gas emissions through obtaining neutrality. This initiative deepens the commitment made in 2019 when we signed the letter "Business Ambition for 1.5° C" as promoted by the United Nations Global Compact.

Participation in the 1st edition of the Climate Ambition Accelerator was also very relevant insofar as the know-how shared will provide an asset in preparing the detailed inventory of emissions, already ongoing across the Group and in alignment with the SBTi targets.

From linear to circular

Strategically, we are moving at a good pace towards the circular economy, reinforcing our position in reusing wastewater, obtaining renewable energy, combating losses and recovering value from the waste generated.

In recent decades, there has been substantial evolution in wastewater treatment processes in Portugal, which have contributed significantly to public health, to the protection of ecosystems and to the sustainable development of our communities. The results are visible and reflected in visible examples, such as the rise in the number of Blue Flag beaches, increases in the numbers participating in water sports and the presence of various species along the shores and estuaries of Portugal.

To get here required an unprecedented investment program in wastewater collection and treatment systems, centred on the so-called Wastewater Treatment Plants (WWTP). It has now become time to evolve into a new paradigm, within a circular economic logic of the water cycle in which the priority becomes recovering the maximum level of value from resources.

In this context, we have set up Water Factories, where wastewaters emerge as a raw material full of resources that require using, reusing, recycling and valuing. In these factories, industrial processing transforms used wastewaters into new products: recycled water for agriculture, irrigation, washing streets and vehicles, equipment and industries; industrial water for cooling systems in buildings and for the production of algae and biofuels; biogas for energy use; biosolids for agricultural use; bioplastics and various nutrients to be incorporated into new production processes.

The utilisation of the treated wastewaters accounts for a determining factor for environmental sustainability favouring the optimisation of water resources for purposes that do not require drinking water standards.

These examples reflect the constant concern of the Group over preserving natural ecosystems

To be highlighted in 2021

➤ In promoting the circular economy in the urban water cycle, we would highlight the AdP Group Action Plan for Reuse with the goal of identifying the treatment facilities feasibly able to produce water for reuse (ApR), its potential uses and the investment needs to ensure treatment levels in accordance with the required quality standards and as well as building ApR distribution systems, tailoring them to the demand prevailing at each point in time.

➤ Furthermore within the scope of the circular economy, we should highlight the participation in various European consortia that are developing innovation projects, in particular "LIFE RENATURWAT", which involves demonstrating the improvement of wastewater treatment using the sludge that results from the water filtration process in Wastewater Treatment Plants, and "LIFE PHOENIX", which aims to develop and demonstrate modular, flexible and efficient solutions for the sustainable and safe production of water for reuse (ApR).

We invest in environmental education

The AdP Group is integrated into the community, sharing the sustainability principles in which it believes and that underpin its strategy.

Environmental Education is a strategic initiative of the Águas de Portugal Group that aims to actively contribute to the pursuit of activities strongly oriented to a more conscious environmental

education, which may encourage the adoption of more sustainable behaviours regarding the value of water as a scarce and essential resource to life and to all dimensions of human activity.

AdP Group companies maintain close relationships and partnerships with the local community. The promotion of greater awareness of the populations over the sustainable use of water and sanitation services has been a constant campaign of Group companies, in particular through awareness raising actions with education still remaining online throughout 2021.

The Group has played a leading role in environmental awareness campaigns for its various target groups. These have focused on promoting the rational use of water for supply, avoiding waste, and the proper disposal of urban wastewater. These actions, developed individually or through partnerships (municipalities, associations or other entities), have returned a strong impact at the national level.

The "Aquaquiz" game particularly stands out as a tool made available by the AdP Group to teachers and educational communities to support the development of participative, creative and dynamic teaching practices that promote the value of water within the context of the Sustainable Development Goals (SDGs).

Also worthy of mention is the Water at 360° Environmental Education Centre, which is a facility dedicated to raising awareness and developing various activities focused on the value of water across different dimensions. The touring of various educational materials featuring the latest generation of technologies represents a means of multiplying the message and information through modern and technologically advanced methods in which technological innovation provides the core vehicle for learning and entertainment with activities closely involving the visitors in both the water cycle and environmental values. Through the application that spans a smartphone inserted into 3D glasses, this brings about visits with a maximum virtual reality component, highly detailed and enabling the (online) display of the physical spaces of the core water infrastructures (water and wastewater treatment plants), guaranteeing visitors with a truly immersive experience without ever leaving their chair. This voyage includes an explanation designed to explain the preservation and sustainability of the surrounding environment as well as appeal to individual awareness about the unique and finite resource that is water and hence ensure its preservation. The targets are wide reaching, ranging from school groups (from primary through to secondary schools) through to spontaneous groups of citizens, with various age groups, especially seniors.

Nevertheless, irrespective of the scope attained, the major focus is on the young age group as the great multipliers of information and action, focusing on their awareness as regards developing respect and care for natural resources through innovative, participative, pleasurable, dynamic and emotive tools.

The Water at 360° Centre remained closed during 2021 due to the Pandemic context.

The Águas de Portugal Group continued an awareness campaign for the efficient utilisation of water within the scope of raising the awareness of the population as regards the value of water and the importance of ceasing with wasteful habits.

Rigour and transparency are our motto

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

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

The AdP Group's Integrity Commitment was publicly presented in December 2021 and is based on a governance model with the highest ethical standards, transparency, accountability and excellence in public management practices and is subscribed to by all Group companies.

The AdP Group's Integrity Policy presents our vision on ethics and integrity, consolidating the commitment of Group companies to a governance model based on the highest standards of ethics, transparency, accountability and excellence in public management practices.

The systematic definition of an Integrity Policy, which identifies the different internal entities and instruments that undertake the implementation of the commitments made in terms of ethics, compliance and other interrelated legal obligations – Code of Ethics and Conduct; Risk Prevention Plan for Corruption and Similar Infractions; Regulations for the Voluntary Reporting of Irregularities; Manual for the General Procurement Regime and the Procurement Manual – with some of the instruments and procedures hitherto in effect subject to updating and articulating with the European directive on the protection of individuals reporting infringements of European Union law (Whistle Blowing).

The governance structure of organisational ethics was also strengthened with the establishing of an Ethics Council as a consultive body in conjunction with expanding the Ethics Committee, the executive body with powers in terms of analysing reports, questions and ethical issues reported through confidential and safe means of communications set up for this purpose, particularly as regards the reporting of irregularities.

We share the vision on transparency and public integrity of international bodies such as the UN, the OECD and the European Union and review our actions in accordance with the OECD Recommendation on Public Integrity, which "recognises as a priority the promotion of a culture of consistent public integrity aligned with common values, principles and ethical standards to sustain and privilege the public interest over private interests in the public sector".

We have provided an ethical framework based on the values and principles enshrined in the Code of Ethics and Conduct, the Principles of Good Governance that require the Group to align with the 10th Principle of the United Nations Global Compact, anti-corruption and in alignment with the targets of Sustainable Development Goal 16 - Peace, Justice and Strong Institutions of the United Nations Agenda 2030. In 2019, all AdP Group companies responded to the Anti-corruption Call to Action issued by the UN Global Compact, correspondingly subscribing to the Portuguese Anti-corruption Campaign. The ethical framework receives backing from the norms of conduct and a set of other internal policies and procedures that guarantee conformity with the different instruments regulating Group activities and actions. The Policy serves to confirm how this set of principles establish harmonised criteria for decision-making processes, at the internal level and in relationships with interested parties.

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

The Policy describes the integrity model that guarantees the ethical quality of the Group's decisions and options based on the three axes that structure the actions into prevention of inappropriate or inadequate behaviour, mechanisms for detecting potential situations in violation of the ethical framework and instruments and mechanisms for resolution, action and evaluation to restore responsible behaviour. The assessment of ethical performance is an essential component in consolidating an ethical culture, which has proven its positive effects on the level of employee commitment, reduced situations of inappropriate conduct and enhanced the credibility of both internal mechanisms and Group transparency.

The effective articulation between the established ethical benchmarks and the different internal policies and processes implemented, from those that ensure legal compliance to internal control processes, provide for the closure of this cycle and its feedback.

Framed in the first pillar of the Strategic Framework of Commitment, Group Culture, the Policy serves to contribute to strengthening the remaining two, Service Excellence and Social Utility and thereby supporting the twelve strategic challenges.

The AdP Group integrity model

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

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

The “Detect” axis serves to frame the different internal mechanisms for identifying situations and areas of risk, deviations from procedures or conducts, ethical dilemmas or anomalous circumstances and the definition of corrective measures. The Group makes available channels for collecting situations that may involve internal or external interlocutors and also endowing the bodies with the appropriate responsibilities and authority for defining the measures necessary for application.

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

- c) ***Adoption of equality plans aimed at achieving effective equality of treatment and opportunities between men and women, eliminating discriminations and enabling the reconciliation of personal, family and professional lives (see no. 2 of Article 50 of RJSPE);***

and

- d) ***Reference to concrete measures with regard to the Principle of Gender Equality, as established in no. 1 of the Resolution of the Council of Ministers no. 19/2012, of 8 March and the preparation of the report referred to in no. 2 of the Resolution of the Council of Ministers no. 18/2014, of 7 March.***

The AdP Group has implemented a **sustained Gender Equality policy**. In addition to this specific policy, the existence of a set of non-discriminatory Human Resource policies, the Code of

Conduct and Ethics, the Collective Labour Agreement, the SA8000 Social Responsibility and the Conciliation between Professional, Family and Personal Life certifications, consolidate this issue. In 2021, 8 of 13 Group companies were certified under the Portuguese Norm 45552: 2016 systems for Reconciliation Management of professional, family and personal lives.

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

GENDER EQUALITY POLICY

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

In terms of the workplace, this principle reflects in:

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

A gender equality and reconciliation policy for professional and family obligations is not only a factor of development that enables the elimination of discrimination and fosters the better deployment of human resources but also reflects a necessary component for the evolution of societies.

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

The core Policy guidelines are the following:

I. **Strategy, Mission and Values** – this requires assuming the transversal nature of the Equality Principle through its inclusion in the company strategy and activity plans and materially expressed

in the definition, in terms of human resource policies, measures and concrete targets to be achieved as regards equality between male and female workers.

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

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

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

V. Social Dialogue and Participation – Male and female employees should be called on to participate in the definition, implementation and evaluation of measures as regards gender equality, the reconciliation of professional, personal and family lives and the protection of maternity and paternity. This participation adds value to the companies in terms of their capacities for integration and motivation of their staff whatever their gender.

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

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

OTHER INSTRUMENTS FOR EQUALITY BETWEEN WOMEN AND MEN

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

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

Águas de Portugal is a flagship organisation for the Reconciliation Pact alongside eight companies, which highlights AdP SGPS certifying the norm 4552: 2016 – management system for reconciliation between professional, family and personal lives.

GENDER EQUALITY PLAN

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

This Equality Plan is structured into seven aggregating dimensions:

- ✓Strategy, Mission and Values;
- ✓Equality in access to employment;
- ✓Initial and continuous training;
- ✓Equality in workplace conditions;
- ✓Protection of parenthood;
- ✓Reconciliation between personal, family and professional lives;
- ✓Prevention of workplace harassment.

Furthermore, the Sustainability Commitment of the AdP Group for 2022-2025 takes on the objectives of “Guaranteeing equality of opportunity and fostering diversity and inclusion” and “Fostering the balance between professional, family and personal lives” and setting out four targets to be applied in every Group company:

- ✓Drafting a program nurturing diversity and inclusion in the Group
- ✓Guaranteeing compliance with the annual Plan for Gender Equality
- ✓Achieving 40% of women in decision-making roles by 2030
- ✓Raising the awareness of all Group members of staff as regards diversity and inclusion

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

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

- ✓ Nomination of the Ethics Committee and a new Ethics Council. Implementation of an Integrity Policy. Review of the Code of Ethics and Conduct. Implementation of new channels of communication.
- ✓ The AdP Group annually publishes its Business Report and Accounts (R&C) and the corporate Sustainability Report with relevant information on human resources, broken down by sex (awareness by companies). The Sustainability Report is sent to the leading stakeholders and made available on the Group and company websites as well as over the intranet.
- ✓ Membership of the Portuguese Association for Diversity and Inclusion, established to manage and guarantee the sustainability and development of the Portuguese Charter for Diversity and Inclusion. Signing up to GRACE – the Association of Responsible Companies.
- ✓ Monitoring of the explicit and measurable objectives of the Corporate Responsibility Management System and the definition of new targets within the scope of repositioning the Sustainability of the AdP Group.
- ✓ Consulting the Group's employees about their level of satisfaction with the policies and measures implemented in the field of diversity and equality, ethics, non-discrimination and balancing and reconciling professional, family and personal lives within the scope of sounding out the Organisational Climate.
- ✓ Staging training actions targeting all members of staff with the objective of mitigating the risk of unconscious bias in processes of performance evaluation: "Evaluation with Purpose" and disseminating the support document "Unconscious bias – a practical guide to evaluating with purpose."
- ✓ Staging the session "Meeting with Our AdP" with witness accounts from members of the Paralympic Committee and awareness about equality and non-discrimination, resilience, motivation and spirit of mutual assistance in teams.
- ✓ Participation in the project "Engineers for a day" through the companies AdDP and AdP ENERGIAS with the empowerment of young students and breaking down the gender based barriers and prejudices associated with water and sanitation operations and maintenance and the choice of technical or higher education study programs. Furthermore, within the framework of empowerment and breaking down barriers and prejudices, we carried out a session with a vocational orientation for the children of employees.
- ✓ Certification of AdDP and SIMDOURO according to the Portuguese Norm 4552:2016 – management system for the reconciliation of professional, family and personal lives. This

certification demonstrates our commitment to the objective of reconciliation as a management criterion compatible with the strategy and integration of its processes, leveraging benefits in terms of the retention and attraction of talent, reducing absenteeism and raising productivity, cutting labour conflicts, valuing the organisation before the local and international communities, and enhancing its products and/or services.

- ✓ Training in the 4552 norm at the focal points of the AdP Internacional and AdP ENERGIAS companies.
- ✓ Participation in the project “Divers@s and Ativ@s: Promoting Diversity and Non-Discrimination in the Professional Context”, run by APPDI in conjunction with the following partner entities: EAPN – the European Anti-Poverty Network; KUN – the Intercultural European Club and the European Centre for Equality and Diversity.
- ✓ Carrying out a study of the psycho-social risks with the results referring to the non-existence of tendencies towards gender based discriminatory practices.
- ✓ Internal promotion of the Guide to Parenting Rights.
- ✓ Signing up to the National Target for Gender Equality, 40% of women in decision-making positions by 2030, as a company flagship commitment, deepening its commitment to SDG5 – Gender Equality in the United Nations Agenda 2030.
- ✓ Participation in the organisation of the IV National Forum for Diversity and Inclusion – Perspectives on Diversity and Inclusion.
- ✓ AdP SGPS promoted the drafting of reports on that stipulated by paragraph 2 of the Council of Ministers Resolution no. 18/2014, of 7 March, as regards the 2020 financial year, on the remunerations paid out to women and men, releasing them internally and making them available for consultation via the following link: <https://www.adp.pt/pt/pessoas/trabalhar-na-adp/igualdade-de-genero/?id=229>
- ✓ Given this report demonstrates the non-existence of differences in the remunerations paid to women and men, there is no need to foresee the adoption of specific measures to deal with eventual situations of wage inequalities detected between women and men as stipulated in paragraph 3 of the aforementioned resolution.
- ✓ All the indicators relevant to gender equality are made annually available in the AdP Group Sustainability Report.

Águas de Portugal, SGPS

Monitoring of the Gender Equality Plan 2021

I- Strategy, Mission and Values

Objectives	Measures	Implementation
Publicly assume (internally and externally) the commitment to the promotion of equality between women and men.	Dissemination of AdP's commitment to equality between women and men, internally and externally: Incorporate into the corporate Communication Plan.	Implemented.
	Become a member of 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.	Implemented.
Ensure the implementation of the Equality Plan, its monitoring, follow-up and sustainability.	Inclusion, in the strategic planning, of explicit and measurable objectives aimed at promoting equality between men and women.	Implemented.
	Establishment of an operational team responsible for the implementation of measures and actions to promote gender equality.	Implemented.
Make the Equality Plan and its strategic importance for the company known. Involving all male and female workers in the implementation of the Equality Plan.	Awareness-raising and dissemination of the Equality Plan, its measures and objectives to all male and female workers.	Implemented.
	Evaluation of the impact and progress of implemented policies and initiatives.	Implemented.
Encourage male and female worker participation in the promotion of equality between women and men.	Holding initiatives to debate ideas on the promotion of equality between men and women and the reconciliation between personal, family and professional lives.	2 initiatives implemented
Ensure a working environment free from discrimination on the grounds of sex, parenthood and/or reconciliation between professional, family and personal life.	Consulting employees about the degree of satisfaction with implemented policies and measures related to diversity and equality, ethics, non-discrimination and balance and reconciliation between professional, family and personal life.	Implemented.
Recognise and include equal visibility of women and men in all forms of language, both internal and external. Counteract the perpetuation of gender stereotypes and strengthen a culture of equality between women and men.	Training/awareness-raising	Implemented.
	Adoption of an Inclusive Writing Manual in the AdP Group.	Ongoing.
Ensure respect for the principle of gender equality and non-discrimination in external relations. To promote and consolidate external relations in the framework of promoting equality between women and men.	Promote the issue of Gender Equality in the supply chain	Implemented.
	Dissemination and proposal of adoption of the BCSD Charter of Principles to AdP SGPS suppliers.	Not implemented.
	Integrate relevant projects on Equality, non-discrimination and reconciliation, focusing on those fighting poverty and social exclusion in society.	Implemented.
	Promote initiatives on Equality, non-discrimination and reconciliation at the Água 360° Environmental Education Centre.	Implemented: 1 initiative (carried out via zoom as the Environmental Education Centre remains closed due to the pandemic).

2 - Equal access to employment

Objectives	Measures	Implementation
Contribute to a fair and objective selection and recruitment process for women and men.	Establishment and implementation of an internal procedure to ensure that the criteria and procedures for selection and recruitment of human resources bear in mind the principle of equality and non-discrimination on the grounds of gender, and are prepared by the company in a transparent and objective manner.	Recruitment Manual: provides for equality and non-discrimination - currently being revised.
Counteract structural barriers to gender equality. Contribute to a better balance between women and men in the company.	Empowerment of young students and breaking down barriers and gender prejudices associated to professions in water and sanitation operation and maintenance and choice of technical or higher education course.	Implemented.
Promote internal sexual desegregation and a better balance between women and men in the company.	Carrying out training actions aimed at employees in order to mitigate the risk of unconscious bias in performance assessment processes, skills analysis, promotions, progressions, among others.	Implemented: 1 action.
Guarantee the principle of equality and non-discrimination in access to employment.	Publication of job offer advertisements written in inclusive language in the job title and content of the advertisement, not containing directly or indirectly any gender-based restriction, specification or preference.	Implemented.
	Verification of all job advertisements and other forms of advertising linked to pre-selection to ensure that they do not contain, directly or indirectly, any gender-based restriction, specification or preference.	Implemented.
	Verification of all job advertisements to ensure that they contain the job title written in a common way for both genders and the M/F indication is clearly displayed.	Implemented.
	Establishment and implementation of an internal procedure to ensure the company keeps a five-year record of recruitment processes, duly broken down by gender, in accordance with the requirements identified in the Labour Code (compulsory legal compliance measure).	Implemented.
	Creation and implementation of an internal procedure to ensure the selection and recruitment process includes the provision of information on the professional category and a summary description of the corresponding functions, as well as information on the value and frequency of remuneration (legally binding measure).	Implemented.
	Establishment of a procedure to ensure that, during the trial period, the company respects the contractual period of effective performance in order to assess the interest in maintaining the person (mandatory measure for legal compliance).	Implemented.
Protect the safety and health of pregnant workers and workers who have recently given birth or are breastfeeding.	Establishment of a procedure to ensure that the company temporarily replaces pregnant workers, workers who have recently given birth or who are breastfeeding, who are contracted for a fixed term and who are absent from work due to exercising rights related to parenthood, guaranteeing their return after exercising these rights.	There was no such situation in 2021.

3 - Initial and continuous training

Objectives	Measures	Implementation
Foster a culture of equality between women and men in the workplace by promoting management and working practices that are consistent with this goal.	Establishment and implementation of internal procedure to ensure that, when drawing up the training plan, the company bears in mind the principle of equality and non-discrimination between women and men.	Implemented.
	Inclusion of training/awareness-raising on Equality, non-discrimination and reconciliation, including inclusive language, in the training plans of the corporate HR department and companies. This can be done through e-learning.	Implemented. In addition, the Inclusive Communication Manual is under production.
	Development of specific content related to reconciliation and equality for implementation in induction sessions for new male and female workers: Revision of induction manuals ensuring the principles of Equality, non-discrimination and reconciliation.	Ongoing - In the welcoming actions developed, the theme of reconciliation was addressed. The review of the Welcome Manual is underway.
Foster equal opportunities between women and men in access to training.	Organisation of compulsory training in the AdP Group to coincide with normal working hours.	Implemented.
	Establishment and implementation of an internal procedure to ensure that, when training courses are advertised, the description of the trainee's profile refers to both genders and does not contain, directly or indirectly, any restriction, specification or preference based on gender (compulsory legal compliance measure).	Not applicable, in the sense that the invitations are made according to the training plan, aimed at each employee individually. When group invitations are made, the principle of equality and non-discrimination is ensured.
	Establishment and implementation of an internal procedure to ensure that women and men have equal opportunity to the number of hours of certified training established by law (legally binding measure).	Implemented.
Foster internal sexual desegregation and a better balance between women and men in the company.	Establishment and implementation of an internal procedure so that, in vocational training actions aimed at a profession exercised predominantly by workers of one of the sexes, preference is given, whenever justified, to workers of the sex with less representation in the respective profession, as well as, when appropriate, for workers with reduced schooling, without qualifications or with single parent responsibilities or in the case of parental leave or adoption.	Implemented.

4 – Equality in working conditions

Objectives	Measures	Implementation
Ensure a fair and objective evaluation process for women and men.	Performance evaluation model based on objective criteria applied to all male and female workers regardless of gender, and/or family responsibilities.	In the next revision of the Performance Assessment Manual, the principle of equality and non-discrimination will be explicitly introduced. However, there is no discriminatory criterion or approach in the current document.
	Training in unconscious bias for all professional human resource employees and directors, contributing to raising awareness of potential biases in processes inherent to people management, such as performance evaluation, contracting, promotions, training/development.	Implemented.
Foster internal transparency regarding the performance evaluation model.	Disclosure of the performance evaluation model, ensuring its transparency with male and female workers and their representative structures on the company's website, intranet, email and posting in internal places of recognised visibility.	Implemented.
Foster equality between women and men in the area of professional progression and development.	Establishment of procedures and/or mechanisms for disclosing internal opportunities in a specific area on the internal portal.	Implemented.
Ensure the principle of equal pay for equal work or work of equal value.	Carrying out internal analysis and review (whenever necessary) of the job analysis system, seeking to ensure that it obeys clear, objective and transparent evaluation criteria in order to respect the principle of "equal pay for equal work or work of equal value" (mandatory measure of legal compliance).	The salary table in effect is disclosed to all employees, in particular through the CLA. There is an internal guideline for contracting on a career basis regardless of gender. The Organisational Climate Questionnaire was carried out.
	Carrying out the internal verification, and review (whenever necessary), of the determination of the value of (basic and complementary) remuneration in order to ensure they are based on the quantity, nature and quality of work, equally for men and women, in order to respect the principle of "equal pay for equal work or work of equal value" (legally binding measure).	The salary table in effect is disclosed to all employees, in particular through the CLA. There is an internal guideline for contracting on a career basis regardless of gender. The Organisational Climate Questionnaire was carried out.
	Undertaking an internal check, and review (whenever necessary), of job descriptions and criteria to ensure they are drawn up according to the same parameters for both predominantly female and predominantly male jobs with regard to qualifications, assigned responsibilities, experience required, mental and physical effort, and the conditions under which the work is carried out (legally binding measure).	The study of psychosocial risks - Report of February 2021, carried out within the scope of the evaluation of dangers and risks and in accordance with the legislation in effect, was performed. No results were identified that specifically identify discriminatory tendencies against

		Women. The Organisational Climate Questionnaire was carried out.
	Carrying out internal analysis, and reviewing (whenever necessary), of the description of functions/tasks existing in the company in order to ensure this is written in a clear, rigorous and objective manner, containing common criteria for women and men in order to exclude any gender-based discrimination (mandatory legal compliance measure).	The Organisational Climate Questionnaire was carried out.
	Carrying out internal analysis, and review (whenever necessary), to ensure the objectives for attainment that determine the variable remuneration component are equally achievable for predominantly female and predominantly male functions (mandatory legal compliance measure).	Not currently applicable, there is no variable remuneration (performance bonus).

5 - Parenthood protection

Objectives	Measures	Implementation
Guarantee the right to parental leave for male and female workers. Encourage male workers to share usage of initial parental leave.	Foster equality between men and women in the enjoyment of parental leave through the dissemination of maternity/parental rights and duties, as provided for in legislation.	Implemented.
Guarantee both male and female workers the right to take parental leave. Encourage male workers to share usage of parental leave.	Preparation of a Manual with all the information on the legislation relating to parenthood rights.	Implemented.

6 - Reconciliation of personal, family and professional lives

Objectives	Measures	Implementation
Foster reconciliation between male and female workers' professional, family and personal lives.	Encourage and support the certification of Group companies in the reconciliation of personal, family and professional lives.	Currently, 47% of the Group's companies (8 companies) are certified by this standard. The AdP Group's commitment to reconciliation between professional, family and personal life was reinforced in December 2021.

	Provide own equipment, grants, financial support or sign protocols with support services for sons and daughters (or other dependent children) of male and female workers and relatives with special needs, due to disability, incapacity or handicaps. For example: Higher Education and Special Education Scholarship Programs for the children of male and female workers, AdP Born in the World Program.	Implemented: Scholarship program. Kits produced by Mundo AdP.
	Provide own equipment, grants, financial support or sign protocols with health and/or welfare services. For example: Health Insurance extended to the families of workers; Online fitness program for workers and their families, Curative medicine for workers, Provision of psychological support services for workers and their families, Free vaccinations.	Implemented.
	Provide a set of measures/benefits for male and female workers that promote the reconciliation of their professional life with their family and personal lives. For example: the provision of fruit in the workplace, the existence of a recreational club that fosters various initiatives for well-being and entertainment.	Implemented.
	Provide own equipment, grants, financial support or sign protocols with health and/or well-being services. For example: Protocol with CP, Protocols with pharmacies, Protocols with Banks, Protocol with KidZania, Protocol with Galp.	Implemented.
	Publicise resources existing in the company's geographic area that facilitate work-family reconciliation (crèches, support services for dependent children and the elderly, child activity centres for outside school hours).	Implemented.
	Foster corporate volunteering actions related to equality, non-discrimination, reconciliation and female entrepreneurship.	The procedures associated to corporate volunteering are under revision.
	Provide means/information that promote the improvement of health throughout the life cycles of women and men (Example: safe driving campaigns, campaigns for active retirement).	Given the atypical year of the pandemic and the short stay of the workers in the building, this campaign will be postponed to 2022.
Ensure the organisation of working hours takes into consideration the need to reconcile the professional, family and personal lives of both male and female workers, especially those with family responsibilities.	Take advantage of the progress in information technologies to establish new ways of organising and managing work, accessible to both male and female workers and facilitating the reconciliation of working and family lives.	Implemented.
	Establish and implement an internal procedure that ensures: 1) the company respects the rights of workers with family responsibilities to flexible working hours or part-time work. 2) prior to rejecting any request for flexible working hours or part-time work, a prior opinion from CITE is requested. 3) In the event that CITE issues an unfavourable opinion concerning the intention to refuse a flexible working hours or part-time work request, the company respects this opinion, allowing the worker to work the hours stipulated. 4) as the request for flexible working hours or part-time work was accepted in the precise terms in which it was requested, the company complies with the provisions of Article 57, paragraph 8 of the Labour Code (mandatory measure of legal compliance).	The Parental Rights Guide was disseminated via email and made available on the internal portal.
Guarantee the continuous working day structure contemplates the need to reconcile the professional, family and personal lives of male and female workers, especially those with family responsibilities.	Establish and implement internal procedures ensuring the company grants continuous working hours at the request of an employee responsible for any child under the age of 12 or, regardless of age, with a disability or chronic illness (legally binding measure).	The Parental Rights Guide was disseminated via email and made available on the internal portal.

7 - Prevention of harassment at work

Objectives	Measures	Implementation
Prevent and combat harassment at work. Prevent and combat the practice of other offences to the physical or moral integrity, freedom, honour or dignity of the worker.	Training for all employees on the Code of Conduct and Ethics and on the Social Responsibility Manual (M.01).	An Ethics Board and a new Ethics Committee were appointed. An Integrity policy was approved. The Code of Ethics and Conduct was revised. At the beginning of 2022, all employees of the Group will be trained in this subject.

The Gender equality plan 2022 was submitted on 15 September directly on the CITE platform, complying with Article 7 of Law no. 62/2017, of 1 August, and Article 3 of Normative Order no. 18/2019, of 21 June.

I- Strategy, Mission and Values

Objective 2022	Measures 2022
Disseminate the Equality Plan and its strategic importance to the company; Involve all male and female workers in the implementation of the Equality Plan.	Disclosure of the Equality Plan, of the respective measures and objectives, through awareness-raising sessions, dissemination on the company's website, intranet, by email, and by posting in internal locations of recognised visibility.
Ensure the implementation of the Equality Plan, its monitoring, follow-up and sustainability.	Definition of measurable strategic objectives for the promotion of equality between women and men.
Encourage the participation of male and female workers in the promotion of equality between women and men.	Holding initiatives to debate ideas on the promotion of equality between men and women and the reconciliation of personal, family and professional lives.
Recognise and integrate the equal visibility of women and men in all forms of language, both internal and external.	Adoption of inclusive language (verbal and non-verbal) in all documents and management tools and in company communications (e.g., reports, regulations, website, intranet, communications, emails, images conveyed).
Actively participate in projects with an impact on equality and non-discrimination issues.	Establishing cooperation relations with public entities and/or civil society organisations that pursue the objective of promoting equality between women and men.
Operationally implement the commitment assumed towards the reconciliation of professional life with the family and personal lives of workers.	Maintain the management system certifications in the norms of Quality, Safety at Work, Social Responsibility and Reconciliation.
Keep workers informed in an accessible way.	Restructure the intranet space dedicated to reconciliation (protocols, best practices, among others).
Promote the reconciliation of the professional, family and personal lives of male and female workers in the AdP Group.	Encourage and support the certification of Group companies in the reconciliation of personal, family and professional lives.

2 - Equal access to employment

Objective 2022	Measures 2022
Contribute to a fair and objective selection and recruitment process for women and men.	Training for persons responsible for selection and recruitment interviews on selection and recruitment procedures free from gender bias.
Guarantee the principle of equality between women and men and non-discrimination in access to employment.	Checking all job advertisements and other forms of advertising linked to pre-selection to ensure they do not, directly or indirectly, contain any restriction or discriminatory specification (particularly gender based).

3 - Initial and continuous training

Objective 2022	Measures 2022
Foster a culture of equality between women and men in the workplace by promoting correspondingly appropriate management and working practices.	Integration of a training module on equality between women and men in the annual training plan, in particular on gender stereotypes; inclusive language; parental protection; reconciliation of professional, family and personal lives; moral and sexual harassment at work.
Foster internal sexual desegregation and a better balance between women and men in the company.	Implementation of an internal procedure so that, in professional training actions aimed at a profession exercised predominantly by workers of one sex, preference is given, whenever justified, to workers of the sex with less representation in the respective profession, as well as, when appropriate, to workers with reduced schooling, without qualifications or with single parent responsibilities or in the case of parental leave or adoption.

4 - Equal working conditions

Objective 2022	Measures 2022
Ensure a fair and objective evaluation process for women and men.	Annual monitoring of the results of the performance evaluations and possible revision of the procedure in order to ensure that it excludes any discrimination (direct or indirect).
Ensure a fair and objective evaluation process for women and men.	Disclosure of the performance evaluation model, ensuring its transparency towards male and female workers and their representative structures, on the company's website, intranet, email, and posting it in internal locations with recognised visibility.
Promote equality for women and men in the field of professional advancement and development.	Preparation and implementation of the Mentoring Program.

5 - Parenthood protection

Objective 2022	Measures 2022
Guarantee the right to parental leave for male and female workers - Encourage male workers to share usage of this leave.	Posting on company premises, or otherwise disseminating in an appropriate manner, all information on legislation, including leave, concerning parental rights.

6 - Reconciliation of personal, family and professional lives

Objective 2022	Measures 2022
Foster the reconciliation of the professional, family and personal lives of male and female workers.	Financial support/in kind or signing of protocols with support services for the workers' descendants.
Foster the reconciliation of the professional, family and personal lives of male and female workers.	Provision of own equipment, granting of financial support or signing of protocols with health and/or welfare services.
Foster the reconciliation of the professional, family and personal lives of male and female workers.	Support to workers, in kind or through establishing protocols for the purchase of goods/services.
Foster the dissemination of protocols facilitating the reconciliation of the professional, family and personal lives of male and female workers.	Publicising existing resources in the geographic area of the company and/or the residence of male and female workers that facilitate the reconciliation of professional, family and personal lives (e.g., crèches/nanny services, institutions for the elderly).

Foster the reconciliation of the professional, family and personal lives of male and female workers.	Promotion of corporate volunteering actions related to equality, non-discrimination, reconciliation and female entrepreneurship.
Foster the reconciliation of the professional, family and personal lives of male and female workers.	Providing means/information that promote the improvement of health throughout the life cycles of women and men (Example: Safe driving campaigns, campaigns for active retirement).
Guarantee that the remote working regime incorporates the reconciliation needs of male and female workers in terms of their professional, family and personal lives, especially for workers with family responsibilities.	Applying, on its own initiative, the remote working regime to male and female workers as a means of reconciling professional, family and personal lives.
Guarantee that the organisation of working time includes the reconciliation needs of male and female workers in terms of their professional, family and personal lives, especially for workers with family responsibilities.	Encouraging male workers to adopt flexible working hours - Dissemination of the reconciliation brochure.

7 - Prevention of harassment at work

Objective 2022	Measures 2022
Prevent and combat harassment at work - Prevent and combat the practice of other offences to the physical or moral integrity, freedom, honour or dignity of the worker.	Disclosure of the Equality Plan, of the respective measures and objectives, through awareness-raising sessions, dissemination on the company's website, intranet, by email, and by posting in internal locations with recognised visibility.

- e) **Identification of the human resources policies defined by the company oriented towards valuing the individual, strengthening motivation and stimulating increases in productivity, treating workers with respect and integrity and actively contributing towards their professional enhancement (see Article 50, paragraph 1 of RJSPE);**

As part of its corporate human resource management policy, AdP is committed to actively promoting the development and continuous satisfaction of all employees, thereby contributing to their involvement and a culture of responsibility, autonomy, initiative, meritocracy, internal requirements, service excellence and social usefulness, promoting the sustainability of the AdP Group.

The year 2021 corresponded to a year of implementation and maintenance of many commitments, highlighting the rapid adaptation of our people to a hybrid reality marked by a phased return to face-to-face meetings in our offices, and the carrying out, even in this environment, of various studies and internal diagnosis projects and national and international benchmarking practices.

Diagnosis

As it was a year of change and readjustment, the work of diagnosis of the major human resource processes that began in 2020 continued, including a complete diagnosis of the people cycle, which resulted in the identification of ongoing projects to update, modernise, simplify and mainstream human resource management in the AdP Group, placing people at the centre of this discussion.

Nurturing more transversal, agile and consistent processes has become the focus of this work, which will be carried out throughout 2022, with an exhaustive review of the main existing human resources policies and processes, making recourse to internal and transversal committees to incorporate the different realities existing within our AdP Group.

We have simultaneously outlined action plans to follow up on the issues identified by employees in the two main instruments for internal consultation - the psychosocial risks questionnaire and the climate questionnaire.

With the focus on people, 2022 will be a year of continuity, implementation and measurement of the impact of all these initiatives.

Collective Labour Agreements

Since 2018, all AdP Group workers are covered by the Collective Labour Agreements (CLAs) in effect, which include principles of equality and non-discrimination and individual rights, as well as topics such as the rights, duties and guarantees of companies and workers, professional categories and job descriptions, professional careers, organisation and provision of work, financial benefits, individual protection equipment and vocational training, among other aspects.

The year of 2021 also marked the start of work of the joint committees associated with the CLAs, aimed at clarifying any issues that may arise in terms of interpreting the respective clauses.

In 2022, all this work will be continued, including the launching of negotiations aimed at updating the CLAs in effect.

Remunerations Policy

After revising our Remuneration Policy in 2020, complementary to the Collective Labour Agreements, we went ahead with the application of this policy to all AdP Group employees.

This policy defines the rules for the attribution of allowances and other complementary benefits not regulated by the CLA, continuing to allow for the adaptation and flexibility of human resource management practices to the real needs of Group companies.

Furthermore, in 2021, there was the implementation of a project designed to analyse wages and benefits, including national and international benchmarking, and thereby verifying the reality prevailing in the AdP Group.

Continuous Training

Embodying the culture of continuous improvement that is part of our strategy, we believe it is essential to provide our people with the necessary skills to enable them to achieve their full potential, thus also contributing to the success of the AdP Group.

Correspondingly, employee training reflects a strong focus of the human resource management policy, with a focus on knowing, doing, sharing and being.

The training planning, management and evaluation processes seek to respond to the training needs identified and guarantee the quality, effectiveness and suitability of the training.

Training actions of a transversal and strategic nature are also encouraged with a view both to promoting organisational development and reinforcing and consolidating the sharing of values and the aligned and joint development of work.

We may highlight the Microsoft Power BI course, which was attended by 64 workers from company head offices, totalling 2,048 hours of training and a satisfaction rating of 4.5 (on a scale of 1 to 5). This initiative is in keeping with our goal of modernisation, simplification, digitalisation and transversal knowledge.

AdP T@lks

In 2021, we implemented our internal fortnightly webinar model, called AdP T@lks, which were held in a digital format and open to all AdP Group employees.

With the aim of inspiring and promoting new ways of thinking and being, we held 22 sessions throughout 2021, with internal and external guests, who brought us reflection, openness to the world and new perspectives.

This initiative, highly valued by employees, received an overall rating of 4.1 (on a scale of 1 to 5) and a very high level of recommendation, reflected in the evaluation of 8.7 (on a scale of 1 to 10).

Conscious Leadership

The Conscious Leadership Program was launched with the mission of promoting vitality, passion, purpose and cohesion in the AdP Group's leadership, in its organisations and around them, making teams more committed, working more and better, achieving improved results, greater team spirit and greater motivation and personal fulfilment.

During 2021, eight training groups were held, consisting of top management (directors and senior managers).

We thus took the first steps on a path that we believe in and see ourselves in - leadership by example.

This initiative will continue during 2022, with the development of programs aimed at middle management.

Professional valuation

One of the AdP Group's values is its contribution to developing its employees through the acquisition of skills and lifelong learning.

In addition to tailor-made training programs focusing not only on technical skills but also on behavioural and personal skills, all employees are also encouraged to participate in post-graduate, master's or doctoral degree programs in areas directly related to their activities and that unequivocally contribute to increasing their intellectual capital.

Participation in professional or trade associations that contribute to professional development or are appropriate to the pursuit of the AdP Group's goals is also encouraged and supported.

Flexible working hours

Within the scope of the commitment to fostering a in the personal and professional lives of workers, the flexible working time system is made available, which allows individual management of each person's working time, while simultaneously guaranteeing compliance with all the established professional and productivity obligations.

Remote working policy

As a means of adapting to a new reality, the Group has developed an internal remote working regulation that allows our employees to carry out their activities outside the office for one day a week, fostering the balance between their personal and professional lives, individual responsibility, autonomy and performance through merit.

Insurance and health

The health and safety of employees is highly valued by the AdP Group. All employees have access to a range of insurance policies that guarantee support for themselves and their families in the event of accident or illness and also in the event of invalidity or death.

Health at work receives very particular attention, and workers are guaranteed constant monitoring by the Health at Work Department, through appointments, complementary diagnostic tests and visits to workstations, always in accordance with the functions performed by each person.

Additionally, we provide Curative Medicine consultations in our facilities and ensure free flu vaccinations for all workers.

In 2021, we launched the campaign for COVID-19 screening tests, with weekly or fortnightly testing, depending on the pandemic context. Participation in the testing campaign was voluntary, subject to registration, and with the confidentiality of the test results guaranteed.

“Born into the AdP World”

Within the framework of nurturing employee’s engagement with the company and the balance between personal and professional lives, when an employee's child is born, they are gifted a birth basket to celebrate that unique moment when a new life is born “*into the AdP world*”.

Performance Management

The Performance Evaluation System aims to manage and develop individual contributions in order to guarantee the alignment of performance with the strategy and goals of the company and to enhance continuous improvement.

The Performance Evaluation System provides that this evaluation is no isolated act but rather part of a permanent and continuous process, which includes the alignment of expectations, the clear definition of the goals and objectives to be achieved, the identification of opportunities for the improvement and development of employees and hence the greatest transparency is sought in developing this procedure.

During 2021, we evaluated all employees and initiated a profound reflection and review of the current system, having already defined a new continuity model for implementation in 2022, which will allow us to consider performance from the perspective of true individual potential, reinforcing the maxim that our people and their development are our main focus.

Career Management

The internal mobility of employees is a practice that we value and encourage, constituting an important factor in the professional development of our people.

The internal recruitment of professionals, for deployment on projects and/or to meet specific knowledge needs, represents a process that adds value to the AdP Group and enables employees to encounter new contexts and challenges that foster the acquisition of cross-cutting learning and skills.

When undertaking international projects, we make recourse to internal employees whenever possible as a means of capitalising on the AdP Group's existing knowledge and promoting the professional development of our people.

Birthdays

Each calendar year, AdP Group employees are granted one day off work to be taken whether on their own birthdays or on another day chosen by the employee.

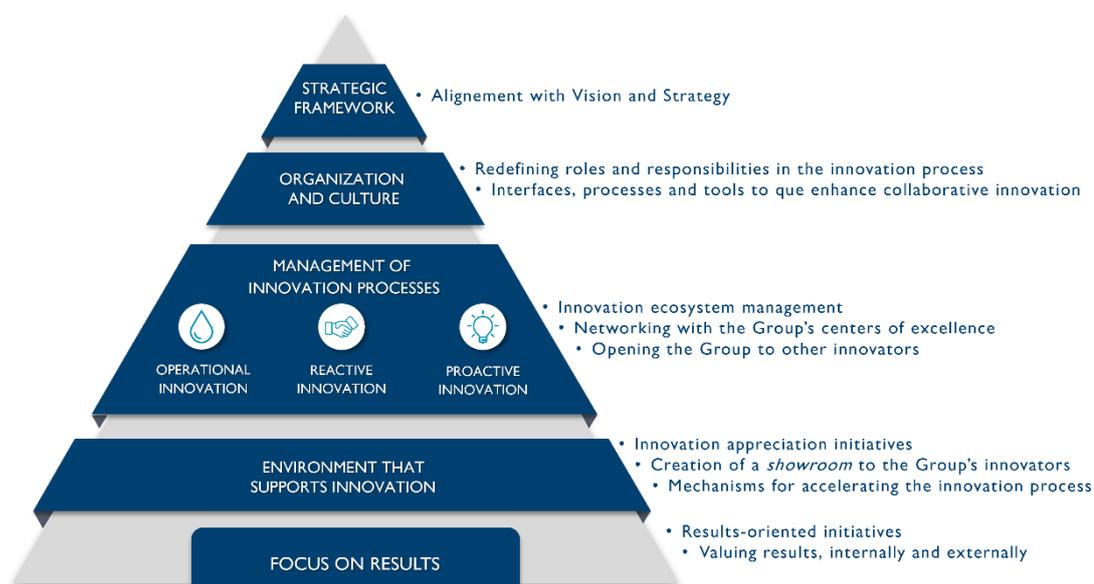
The same applies to the exemption from work on Carnival Tuesday.

Other Benefits

The AdP Group provides employees with different benefits, including: the reimbursement of the cost of public transport passes, delivery of hospitality and COVID-19 prevention kits, gym classes, psychological support, Christmas parties, delivery of Christmas hampers featuring products from our geographic areas of operation and several protocols with entities that thereby provide products and services on advantageous terms.

- f) Information on the economic responsibility policy, with reference to the ways in which the company's competitiveness was safeguarded in particular through research, innovation, development and the integration of new technologies in the production process (see Article 45(1) of the RJSPE). Reference to the action plan for the future and measures to create value for the shareholder (increases in productivity, customer orientation, reduction of exposure to risks arising from the environmental, economic and social impacts of activities, etc.).**

The strategy defined by AdP SGPS for the Group positions innovation as one of the pillars of its sustainability and affirmation, with innovation included in the Framework of Strategic Commitment as one of the twelve pillars of action.



This framework provided for the development of the "Strategy and Action Plan" for innovation (2021-2022), which aims to return a contribution to the global AdP Group innovation strategy as approved in January 2021.

In terms of proactive innovation, 2021 saw the establishing of an innovation agenda for the AdP Group, which was drafted by a working group that included representatives from the operating companies and that met fortnightly between May and July, with contributions to the agenda extended until November 2021.

In terms of reactive innovation, the Group has played a leading role in the challenges posed by the agendas for mobilising business innovation. It submitted two applications in the fields of circularity and energy neutrality, mobilising around 100 partners from the public and private sectors, research institutions and important stakeholders, with a total value of €67M and €60M, proposing the development and launch of 40 and 25 new products and services, respectively in the field of circularity and energy neutrality. The preparation of both applications deserved the commitment, coordination and dedication of several Group companies around the common goal of fostering a spirit of innovation based on a multi-polar network of skills.

Additionally, within the scope of reactive innovation, AdP VALOR continued to strengthen its project portfolio, specifically:

PYROLIFE

(Marie-Curie Innovative Training Networks financing (H2020; 2019-2023; Status: ongoing; AdP Valor Role: secondment)

With the aim of providing countries with the knowledge to enable effective and integrated fire management, through the PyroLife Project, the European Union is financing the PhDs of 15 researchers who are advancing the knowledge on fire-related matters. The PyroLife project brings together knowledge from different countries, fields and scientific practices. The leadership of southern Europe in managing forest fires serves as the foundation for understanding and predicting fires in the north of Europe while lessons from the latter shall be applied in preventing flooding in regions in southern Europe.

FRISCO

(Financed by: FCT; 2020-2023; Status: ongoing; AdP Valor Role: partner)

Rural fires may lead to mass water contamination with fine sediments, nutrients and ashes with water managers thereby needing the appropriate information to determine the post-fire risks and select the most suitable impact mitigation measures. FRISCO seeks to provide answers to these needs through the construction of two outputs:

- 1) An index of post-fire contamination, analysing information on the impacts of forest fires on the vegetation and soils, the mobilisation and transport of contaminants and episodes of contamination with statistical tools and artificial learning.
- 2) A stochastic model of occurrence and fire, applying this to test mitigation solutions according to current and future climate scenarios.

CRISI ADAPT II

(Financed by: EIT Climate KIC; 2019-2022; Status: to be decided; AdP Valor Role: case study provider)

This seeks to monitor and optimise planning for adaptation to climate change through the implementation and validation in real time of seasonal predictions for climate and nature related dangers. As risk and operating management require holistic approaches to the various sectors affected, this project shall foster the democratisation of information on the climatic risks for each user and information on the vulnerability inherent to each impact model.

In Portugal, the case study was the hydrographic basin of the Sado River, one of the rivers that suffers the most from water scarcity and which serves as the water source for two AdP Group companies: Águas Públicas do Alentejo and Águas de Santo André.

COVIDECT

(Financed by: Compete 2020; 2020-2021; Status: to be determined; AdP Valor Role: coordinator)

COVIDetect aims to create an early warning system for the presence of the SARS-CoV-2 virus, the etiologic agent of Covid-19, through the analysis of wastewater, contributing to improving responses to possible new outbreaks of the disease.

The project is part of a national and European initiative considered strategic for the preparation of countries for future epidemic waves and is a tool for the detection, quantification, characterisation and modelling of the virus through analysis of its presence in Wastewater Treatment Plants (WWTP).

LIFE PHOENIX

(Financed by: LIFE; 2020-2024; Status: ongoing; AdP Valor Role: partner)

The LIFE PHOENIX project aims to develop and demonstrate modular, flexible and efficient solutions for the sustainable and safe production of water for reutilisation (ApR) from wastewater following secondary treatment in line with new European requirements for ApR. AdP's collaboration includes participation in the development of a feasibility study for the application of the solutions in two of the Group's wastewater treatment plants and dissemination of the project in Portugal.

LIFE RENATURWAT

(Financed by: LIFE; 2020-2024; Status: ongoing; AdP Valor Role: partner)

LIFE RENATURWAT seeks to demonstrate the effectiveness of using sludge from drinking water purification processes to improve wastewater treatment through its use in artificial wetlands, contributing to the removal of nutrients and organic compounds and to biodiversity and promoting the circular economy in the urban water cycle.

This includes the installation of a demonstration pilot at a wastewater treatment plant in Valencia (Spain). Based on the results of this pilot, AdP VALOR will develop a plan to install the solution in one of its WWTPs in the Norte region.

SARS CONTROL

(Financed by: Compete 2020; 2020-2021; Status: ongoing; AdP Valor Role: coordinator)

SARS Control aims to understand the behaviour of the SARS-CoV-2 virus over the urban wastewater treatment chain (net phase and solid phase), to assess the extent to which wastewater treatment plants constitute effective barriers to the viability and dissemination of the virus, and to

assess the direct and indirect impacts on public health and the health of ecosystems of the flows generated at the plants, in a circular economy context.

REUSE II

(Financed by: Environmental Fund; 2021; Status: completed; AdP VALUE Role: partner)

The project aimed to promote the application of water for reutilisation (ApR) in agricultural irrigation in Alentejo, both involving the usage of environmentally sustainable and low-cost technologies and by creating knowledge and developing communication actions on water reutilisation. The methodology adopted aimed at reusing water in a safe manner and adapted to the usage in question and justified by cost-effectiveness analysis.

The project included the study of ApR usage on a pomegranate crop, located in the proximity of the producing WWTP. In 2021, the project entered a second phase in order to extend the study on the impact of using ApR on soils and crops from another irrigation campaign.

AQUA VINI

(Financed by: Environmental Fund; 2021; Status: completed; AdP VALUE Role: partner)

The project aimed to contribute to promoting the production and usage of ApR in the wine industry in the Alentejo region, more specifically in the vineyards of Herdade da Ravasqueira, managed by Sociedade Agrícola D. Diniz, S.A. The project also intended to contribute to increasing technical knowledge about the reuse of water in irrigated agriculture, the effects of application for the growth of irrigated crops and the impact on environmental receptors, soil and water resources, as well as on irrigation systems.

The methodology adopted in the development of the project is based on the fit-for-purpose approach, based on a risk assessment and therefore ensuring balanced and competitive cost-effectiveness.

Similarly to the REUSE and REUSE II projects, an important component of the project was to raise community awareness, especially in the agricultural community, about the importance of wastewater reutilisation in irrigation activities.

Smart Fire Prevention

(Financed by: Environmental Fund; 2021-2022; Status: on going; AdP Valor Role: coordinator)

This project, Smart Fire Prevention - Fire Risk Assessment using Satellite Inspection and Implementation of Deforestation Procedures, aims to develop a decision support tool to optimize

the planning of fuel management activities around Águas de Portugal Group (AdP) infrastructures through recourse to open access (free) satellite images and developing algorithms and alarmistics

SILVANUS

(Financed by: Environmental Fund; 2021-2022; Status: ongoing; AdP Valor Role: coordinator)

The project SILVANUS - Integrated Technological and Information Platform for Wildfire Management aims to provide a platform for sustainable and climate resilient forest management, offering innovative resources to combat the ignition and spread of forest fires as well as mitigating their effects.

The platform for development will reconcile environmental and social aspects and technological and scientific innovations, providing decision-makers with a holistic and integrated vision of the management of forest areas and the associated fire risk. Thus, the SILVANUS platform will act across three levels: a) prevention and preparedness; b) detection and response; c) restoration and adaptation.

As part of this project, Portugal will be developing a pilot that focuses on two essential goods: water and energy. The Portuguese pilot will be led by EDP New, and counts on the collaboration of partners AdP VALOR, the Higher Technical Institute and TerraPrima, as well as Águas do Vale do Tejo as a third party. The main goal of this pilot is to demonstrate the implementation of forest fire prevention and restoration actions that simultaneously benefit nature conservation. To do so, this shall combine conventional agricultural practices (such as grazing) with digital technologies to develop and implement forest management approaches in proximity to nature.

JRC SERPIC

(Financed by: FCT; 2021-2024; Status: ongoing; AdP Valor Role: partner)

The SERPIC – Sustainable Electrochemical Reduction of Contaminants of emerging concern and Pathogens in wastewater treatment plant effluent for the irrigation of crops project aims to investigate and minimize the dissemination of the so-called emerging pollutants, focusing on the production of quality water for food crop irrigation and the discharge of superior quality water into the environment. To this end, the project focuses on three main objectives:

- Investigating the dispersion and transformation of emerging pollutants, pathogens and antibiotic resistant bacteria in water;
- Developing innovative solutions for advanced wastewater treatment, based on membrane technologies combined with electrochemical solutions for oxidant production, using solar power as the main energy source;
- Developing methodologies and tools for monitoring; environmental and public health risk assessment; and for the implementation of new reutilisation concepts as a basis for improving policy formulation and decision-making processes.

To validate the effectiveness of the treatment technologies developed, a prototype will be installed in Spain to produce water for crop irrigation in situ. Tests will be carried out on the produced wastewater, soil and crops. The necessary electrical energy will be generated by photovoltaic modules.

OZONE4WATER

(Financed by: FCT; 2021-2024; Status: on going; AdP Valor Role: partner)

The OZONE4WATER project aims to develop a disruptive ozone production technology for water treatment, with procedural and economic advantages over conventional solutions. To this end, this project focuses on the optimisation of the process at two levels:

- (i) deploying membranes for O₃/O₂ separation in order to obtain an O₃-enriched stream, significantly reducing O₂ consumption as well as the associated energy consumption;
- (ii) applying a pressurised static mixer micro/meso-structured (NETmix), capable of improving the O₃ mass transfer from the gas phase to the liquid phase to bordering on 100%.

Project development also involves the creation of a laboratory prototype, which will validate the pre- and post-oxidation of drinking water and the advanced treatment of urban wastewaters, thus allowing access to safe and affordable drinking water as well as the production of ApR compatible with the irrigation of raw consumer crops. Prior to project termination, there will be an assessment of the environmental, economic and social impacts of the technology developed as well as the viability of its future implementation through a Life Cycle Assessment.

The company also continued to sit on the advisory boards of several projects, already in the implementation phase, for example WATER MINING.

In terms of operational innovations, we would highlight our participation in the SOL Green Capital program, a program promoted by Beta-i in collaboration with Lisbon City Council, which brings together large companies and start-ups with a view to fostering the search for solutions in the environment and sustainability areas in the Portuguese capital. In addition to AdP VALOR, the AdP Group also participated in this program with EPAL and Águas do Tejo Atlântico with a view to promoting the Group's coordination of innovation.

Also noteworthy was the collaboration with the start-up Aquacorp in the development of three pilot projects at the Group's wastewater treatment plants to test technology for monitoring wastewater quality using images.

In terms of process innovation leading to greater efficiency, AdP VALOR presented the AdP SGPS Executive Committee with a roadmap for the digitalisation of various processes in line with a culture of innovation that has driven progress in this field over recent years and, at the end of 2021, announced the ambition to launch three new digital products during the first quarter of 2022:

- AQUAMOD
- AQUA ICCE
- SIIA

The application to the Corporate R&D Tax Incentives System (SIFIDE) for 2019 was approved and a new application was submitted for 2020.

The Group continues to be represented in WATEREUROPE, specifically in the Policy Advisory Committee, with the role of Water Ambassador aiming to promote the AdP Group's innovation in this international context while also contributing to positively influencing European policies for the water sector.

IX. Evaluation of Company Governance

I. Verification of compliance with the recommendations received⁷ regarding corporate governance structures and practices (see Article 54 of the RJSPE), by identifying the measures taken within the scope of these guidelines. For each recommendation⁸ should be included:

- a) In a format enabling compliance with the recommendation to be estimated or reference to the section in the report that deals with this issue (chapter, sub-chapter, section and page);***

No recommendations were received in respect of corporate governance structures and practices (see Article 54 of the RJSPE).

- b) In the event of non-compliance or partial compliance, justification for this occurrence and identification of any alternative mechanism adopted by the company for the purposes of pursuing the same recommendation objective.***

Non applicable.

- 1. Other information: the company should provide any additional items or information that, not included in the previous points, are relevant for understanding the adopted governance model and practices.***

See Annex "Compliance with Legal Obligations".

X. CGR ANNEXES

Annex 1 - Minutes of the General Assembly of Shareholders of 10 May 2021, which approves the management objectives and indicators, as well as the approval by the holders of the shareholder function of the accounting documents (including the Report and Accounts and the CGR) for the 2020 financial year.

Annex 2 – Degree of achievement with the objectives set for the term of office

Annex 3 - Non-financial statement for the 2021 financial year containing information regarding the company performance and evolution in terms of environmental, social and worker issues, gender equality, non-discrimination, respect for human rights, the combat of corruption and attempts at bribery (see Article 66-B of the CSC) (applicable to large companies in the public interest which, on the closing date of their balance sheet exceeded an average number of 500 employees during the financial year – see no. 1 of the same Art.º).

Annex 4 - Minutes or extract of the minutes of the meeting of the management body at which the approval of the CGR 2021 took place.

Annex 5 - Report of the supervisory body referred to in Article 54 (no.2) of the RJSPE.

Annex 6 - Evidence of the presentation to the respective recipients of the Declarations referred to in Article 52 of the RJSPE.

Annex 7 – Execution of the legal orientations.

Lisbon, 26th April 2022

[Signatures of the Board of Directors]