



## SUSTAINABILITY REPORT

# 2022

EXECUTIVE SUMMARY

# SUSTAINABILITY REPORT 2022



*The main objective of our Sustainability Report is to describe how the Canal Group continues contributing to the value of **society** in the places where it operates, through water and its contribution to **Sustainable Development***



The 2022 **Sustainability Report** highlights:

- **Canal's activity is 100% sustainable according to the taxonomy of the European Union.**
- **98.5% of Canal's net turnover is eligible** and aligned with the taxonomy from an environmental point of view.
- In 2022 we have managed to meet **98.3% of the annual objectives** of our 2018-2030 Strategic Plan.
- In 2022, we have allocated **more than 65 million euros** to voluntary environmental and social spending.



# OUR FUNDAMENTAL TARGET IS TO **GUARANTEE** A RELIABLE QUALITY WATER SUPPLY



RELATED  
UNITED NATIONS  
SUSTAINABLE  
DEVELOPMENT  
GOALS

The essence of our mission is to guarantee a sufficient supply of water to all our users.

In 2022 we continued to improve the efficiency of our network, minimizing losses, reducing breakages and promoting awareness of its use through our communication campaigns, among other actions. All this in a **year that was drier than normal and the warmest on record in the entire historical series.**

## 594

hm<sup>3</sup> water diverted for  
consumption in 4 countries



## 40.346

km of networks managed



LE01 - ENSURING  
THE SUPPLY  
GUARANTEE



LE02 - GUARANTEEING  
THE QUALITY OF  
DRINKING WATER



LE03 - STRENGTHENING  
THE CONTINUITY OF  
THE SERVICE

LINES OF THE 2018-2030  
STRATEGIC PLAN RELATED  
TO THESE ACTIONS

# GUARANTEEING QUANTITY, QUALITY AND CONTINUITY

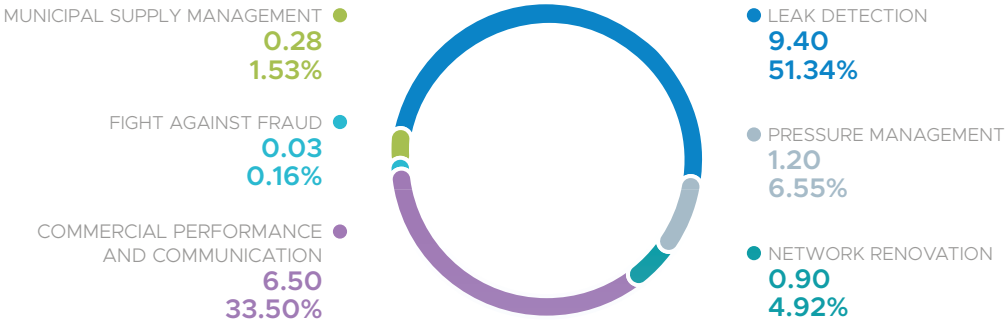
Our measures to promote efficiency have allowed us to save 18 million cubic meters, equivalent to 3.2% of total consumption in the Community of Madrid.

These include the renovation of 190 kilometres of supply networks.

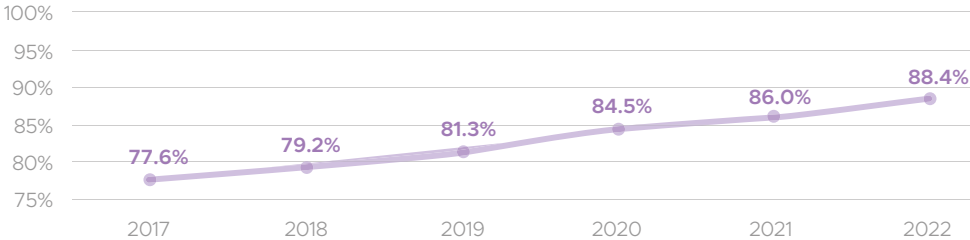
Moreover, now more than 88% of our customers have more than one supply alternative.

## SAVINGS ACHIEVED WITH EFFICIENCY MEASURES IN 2022

(HM<sup>3</sup> AND % OF THE TOTAL)



## PERCENTAGE OF CONTRACTS WITH CUSTOMERS WITH A SUPPLY ALTERNATIVE IN LESS THAN 12 HOURS



# RENEWABLE ENERGIES, OUR PROJECT FOR THE PRESENT AND THE FUTURE

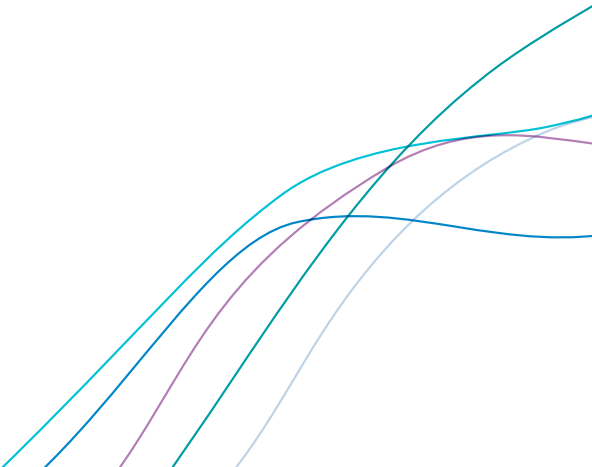


Being aware of the importance of our energy consumption, in recent years Canal has developed initiatives for the generation of electricity through synergistic processes with water management. At the end of 2022, we were the company with the highest installed power for the generation of electricity in the Community of Madrid.

**275**  
GWh of electricity  
produced in 2022

**109.3**  
MW Power installed  
for electricity production

Our electricity  
production is equivalent to **51%**  
of our total consumption



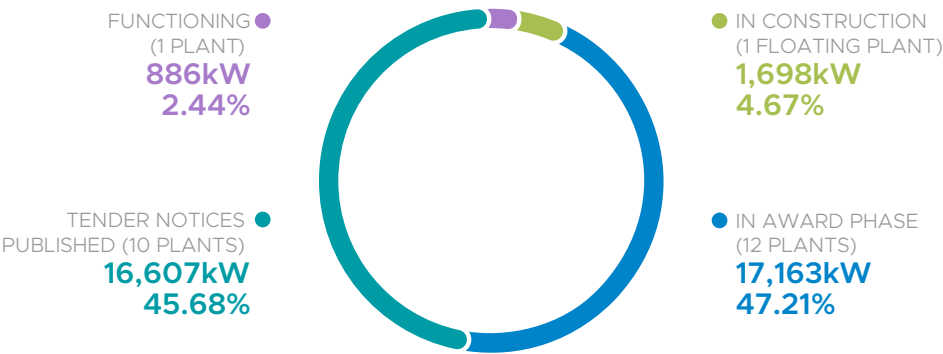
# FAVOURING RENEWABLE ENERGY

2022 marked the effective start of our Solar Plan, which in its initial phases (0, 1 and 2) contemplates a total of 24 facilities with an installed power of 36.35 megawatts, and which will involve an investment of close to 55 million euros.

In addition to those included in the Solar Plan, the 9 solar plants that were already in service (1.39 MW installed) produced more than 720,000 kWh in 2022.

## SITUATION OF THE SOLAR PLAN PLANTS AT THE END OF 2022

(KW INSTALLED AND % OF TOTAL POWER)





# WE TAKE CARE OF THE ENVIRONMENT



LE04 - PROMOTING ENVIRONMENTAL QUALITY AND ENERGY EFFICIENCY

Environmental protection is a fundamental part of Canal’s identity. As managers of a vital resource, such as water, and responsible for its treatment and purification, in addition to the proper discharge of wastewater from more than 6.7 million people, we are committed to preserving and caring for our natural environment to present and future generations

For this reason, the conservation and care of the environment is part of our mission, and it is one of the main ones in our day to day. In 2022 we have continued to promote our actions in this line because caring for water is caring for the environment



**492**  
hm<sup>3</sup> wastewater treated  
in WWTP of the Group.



**118**  
hm<sup>3</sup> reclaimed water  
at Group facilities



**36,121**  
tree units  
planted



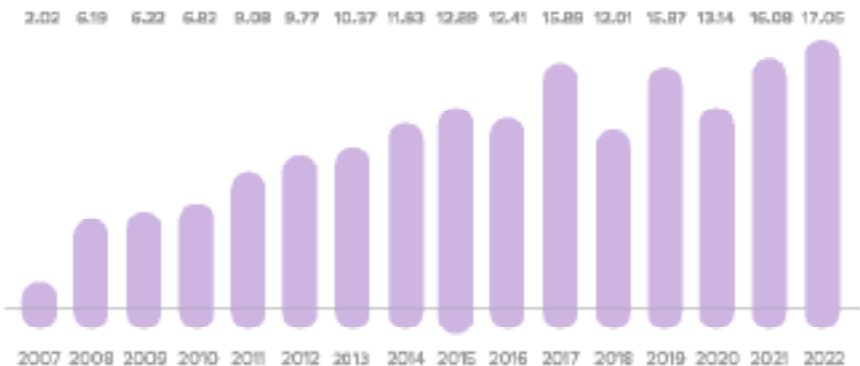


# WE PROMOTE THE CIRCULAR ECONOMY

In 2022 we broke our historic record by reusing 17.05 million cubic meters of reclaimed water, equivalent to the sum of the capacity of the La Jarosa and Navacerrada reservoirs together.

Furthermore, in our WWTPs we have produced 365 tons of fertilizers (struvite), more than 26,000 tons of fertilizer for agricultural use, biomethane to cover the consumption of 20 of our vehicles, and almost 94 million kilowatt hours of electricity using the biogas of wastewater treatment processes as fuel.

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



DISTRIBUTION IN % OF THE USES OF REUSED WATER IN 2022  
(% OF THE TOTAL CONSUMED)



# WE ARE THE COMPANY OF ALL MADRID RESIDENTS



LE07 - PROMOTING  
TRANSPARENCY,  
GOOD GOVERNANCE  
AND COMMITMENT  
TO SOCIETY

We are a **public company** that provides an essential **public service** and therefore we have an obligation to be excellent and rigorous in our corporate governance and in the behaviour of our employees. In addition, we have a duty to the citizens, which is why our management must be absolutely transparent and, in the field of Social Responsibility, we must develop open and participatory activities for all the groups with which we interact.



**7.55 %**  
Expenditure on CSR  
versus turnover

**75.45 %**  
Good governance  
recommendations of the CNMV  
voluntarily implemented

**> 260,000**  
beneficiaries of  
our social rates



# WE ADD VALUE TO OUR STAKEHOLDERS: **SOCIAL DIVIDEND**

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## ENVIRONMENT

- **Electricity production in 2022: 275 GWh** with renewable or high-efficiency technologies (over 50% of our consumption. Largest electricity producer of the sector in Europe).
- **We have thermally dried almost 30 %** of the sludge produced in WWTPs (116,549 tons).
- **First plant for obtaining wastewater struvite** in Spain (365 t).
- To improve the quality of our rivers, almost **20% of the discharges into riverbeds** are done with **tertiary treatment** (91.79 hm3 in 2022).

## HUMAN TEAM

- 361.5 thousand euros invested and training (**27 hours per employee**).
- Labour integration of **people with disabilities (2.5 % of the workforce)**.
- **229 selective processes** published in 2022 and **incorporation of 176 permanent professionals**.

## SHAREHOLDERS

- **Dividends** given to municipalities and the Community of Madrid of **more than 1,453 million** until 2022.
- We have distributed 42.46 euros in dividends per inhabitant since the creation of the Society.
- We contribute to public coffers with **more than 25.6 million in taxes**.

## REGULATORY BODIES

- **217 requests from parliament** answered in 2022.
- **Institutional transparency** (Chamber of accounts, external auditor, Commercial Registry, CNMV, Admin. Court, Contracting, Court of Audit).
- **Good governance: 75.5%** of the CNMV's voluntary **recommendations have been implemented**.

We create value for  
our stakeholders

## SOCIETY

- Employment (direct, indirect and induced): more than **8,600 people working for our group**.
- Innovation: the equivalent of **3.01 % of revenue** is for **R+D+i** projects.
- Spending on **social activities: 13.1 million euros**.
- Our **Foundation** received more than **182,000 visitors** in 2022.

## MEDIA

- **Transparency** and immediacy of information with the media.
- Constant collaboration and proactive attitude.
- Extensive **communication campaigns** ("Matilda – Isabel, la del 2º").

## SUPPLIERS

- In 2022 we awarded our suppliers **294 contracts, totalling 535.6 million euros**.
- **87.55 %** of the amounts **awarded by open procedure**.
- **57.6 %** of successful bidders were **SMEs**.
- Average **payment period to suppliers is 23.9 days**.

## CUSTOMERS

- Record average grade: **8.76 out of 10 in customer satisfaction**.
- Widest **social rate** in our sector, which exceeds **75 % bonus, with more than 260,000** beneficiaries.
- **Ninth consecutive year** without an increase in rates, which are more than **25 % lower than the Spanish average**.

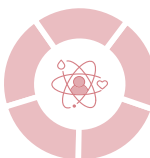
# CANAL EMPLOYEES, OUR BEST ASSET



The management of human resources is a key aspect of our management, since it deals with one of Canal's main assets: **our people.**



We know that achieving service excellence and customer satisfaction within a framework of responsible and efficient management of water resources, are objectives that we can only attain with the cooperation and qualification of each and every one of the workers that make up our company.



LE08 - PROMOTING THE  
TALENT, COMMITMENT  
AND HEALTH OF OUR  
EMPLOYEES

**3,666**  
workers in the Canal Group

Almost **5,000**  
indirect jobs generated  
by our activity

**85,360**  
HOURS spent on training  
our employees  
(27 per person)

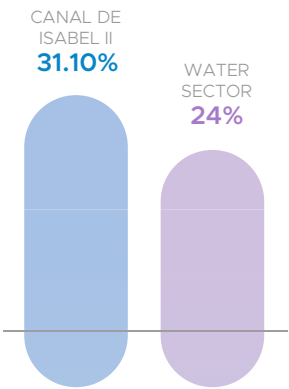


# EQUAL OPPORTUNITIES FOR ALL

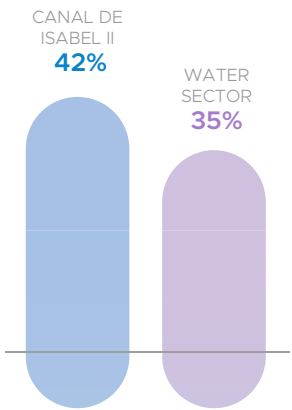
**Equality was the aspect most valued by Canal employees (75 out of 100%) among all those included in the Commitment and Satisfaction Survey carried out in 2022, in which all employees of our company could participate.**

In terms of salary, our company Collective Agreement ensures equality between men and women, with the same salary concepts existing for both groups and in the same amount in all professional categories, there being no possibility for the so-called gender gap to exist.

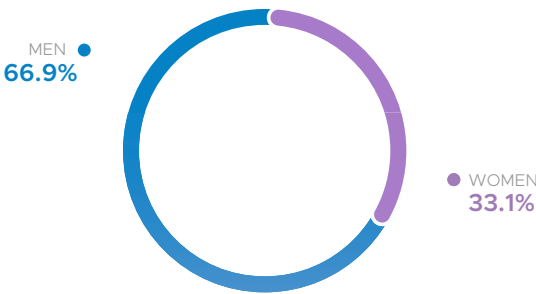
PERCENTAGE OF WOMEN ON THE WORKFORCE



WOMEN WITH A UNIVERSITY DEGREE



DISTRIBUTION OF MANAGEMENT POSITIONS BY GENDER AT CANAL DE ISABEL II



# COMMITTED TO OUR CUSTOMERS AND SHAREHOLDERS



Satisfying our customers and users is one of our main objectives. Satisfaction is obtained by providing reliable, quality services at fair rates, but it is also very important to provide adequate customer service, meeting their expectations and needs in an agile and simple way.

For this purpose, we have provided ourselves with the means and resources that make our commercial work one of the best valued within our sector in Spain.

At the same time, the relationship with the municipalities is especially important for Canal, since it makes it easier for us to provide an efficient and quality service to all citizens. In this area, our efforts stand out in our relations with the town halls of the region to help them improve their sewerage networks through our **Sanea Plan**.



**96%**  
Average compliance of the Letter  
of commitments with the customers



LE05 - DEVELOPING COOPERATION WITH THE MUNICIPALITIES OF THE COMMUNITY OF MADRID



LE06 - REINFORCING COMMITMENT AND CLOSENESS TO THE USER

We now have **112**  
shareholder municipalities  
(including the recent  
incorporation of Moralzarzal)



# WE SATISFY OUR SHAREHOLDERS...

## Sanea Plan (by the end of 2022)

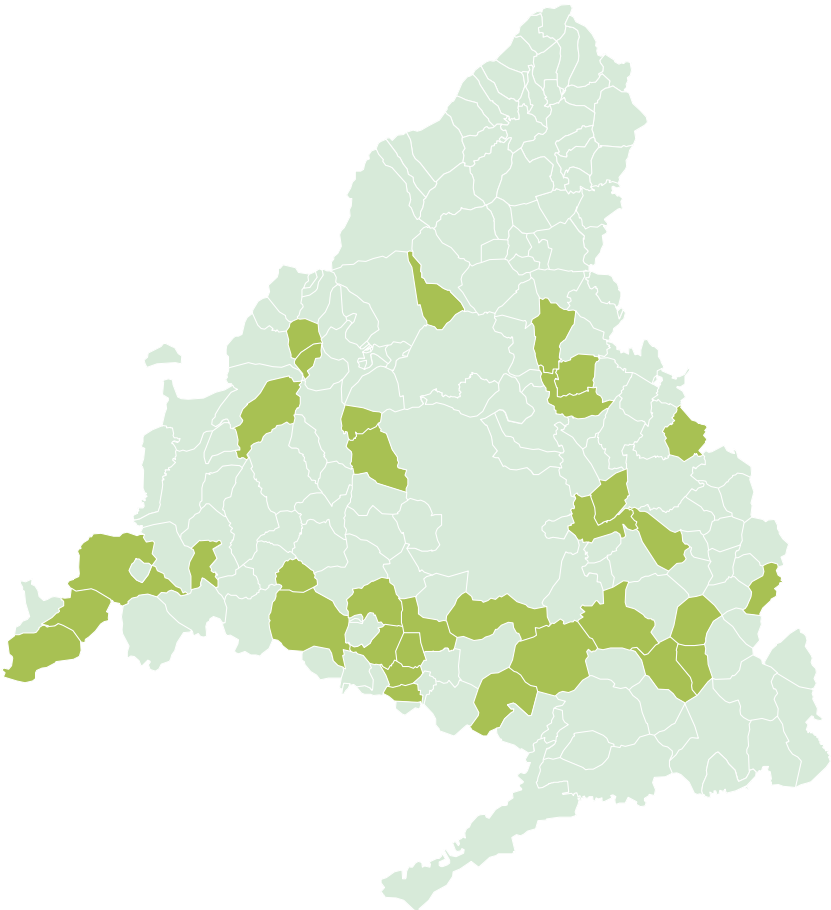
**33** municipalities

**1,250,344** inhabitants

**18.52 %** of the population  
of the Community of Madrid

Committed investment **374**  
million euros

**569** actions carried out to  
renovate 293 kilometres of  
municipal sewerage networks



- Algete
- Alpedrete
- Ambite
- Arganda del Rey
- Cadalso de los Vidrios
- Cenicientos
- Chapinería
- Collado Mediano
- Cubas de la Sagra
- Escorial, El
- Fuenlabrada
- Fuente el Saz de Jarama
- Getafe
- Griñón
- Humanes de Madrid
- Meco
- Molar, El
- Moraleja de Enmedio
- Móstoles
- Navalcarnero
- Perales de Tajuña
- Rozas de Madrid, Las
- San Fernando de Henares
- San Martín de la Vega
- San Martín de Valdeiglesias
- Sevilla la Nueva
- Soto del Real
- Tielmes
- Torrejón de Ardoz
- Torrelodones
- Torres de la Alameda
- Valdemoro
- Valdilecha



# ...AND OUR CUSTOMERS AND USERS

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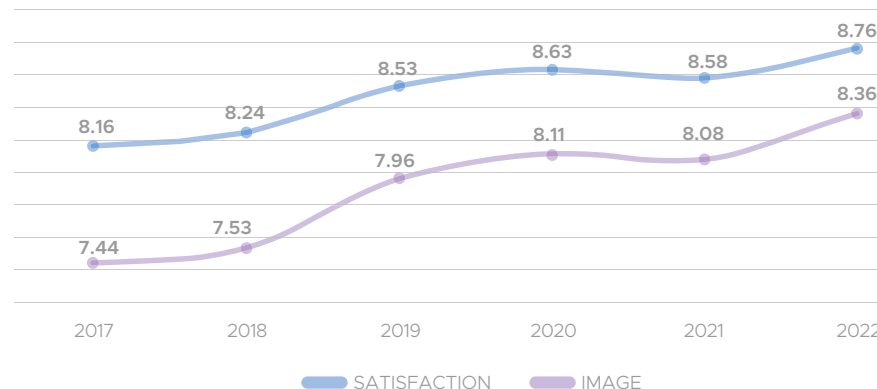
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**In 2022, under ordinary operating circumstances\*, we have obtained our best-ever customer rating ever (a B+).**

As regards our image in 2022, we also achieved the best annual value of the historical series.

(\*) In previous years, the circumstances of the COVID-19 pandemic and the effects of the Filomena storm significantly affected our customers' assessment.

**EVOLUTION OF THE IMAGE AND GENERAL SATISFACTION  
OF OUR CUSTOMERS AND USERS BETWEEN 2017 AND 2022**  
(MARK FROM 0 TO 10)



# TOWARDS WATER MANAGEMENT 4.0



LEO9 - LEADING  
INNOVATION  
AND DEVELOPMENT

Since our origins more than 170 years ago, we have been committed to innovation and technological development to face the challenges posed by the management of the integral water cycle. We have been pioneers in many areas such as remote control, communications and information technology, and we are currently one of the companies in our sector that invests the most in innovation.

**Innovation** is a fundamental tool for advancing the objectives of our 2018-2030 Strategic Plan.

**3.03%**  
of our turnover  
allocated to innovation



In 2022 we worked on **75**  
innovation projects



# WHAT DO WE USE OUR INNOVATIVE EFFORT FOR?

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## With our innovation projects we seek to...

- Maintain the balance between water availability and demand.
- Ensure strategic continuity of the supply service.
- Facilitate strategic management of infrastructures.
- Improve drinking water and public health.
- Integrate sustainability into our operations.
- Improve the efficiency of our management.



# SUSTAINABILITY THAT IS (ALSO) **ECONOMIC**

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The economic and social sustainability of public sector entities is an increasingly important aspect for our model of growth and well-being.



LE010 - ENSURING  
SUSTAINABILITY  
AND MANAGEMENT  
EFFICIENCY

As a reference company that is one hundred percent public, we have the obligation to guarantee our economic sustainability in order to foster trust in our company, as well as to promote economic growth and job creation. We are an efficient company in all our actions, offering society a social and environmental return.

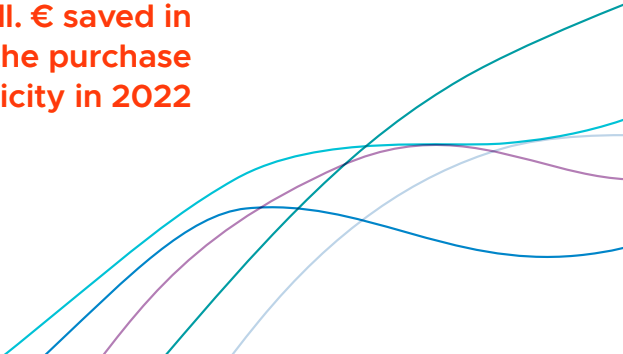


**947.7**  
mill. € Ordinary  
income of the Canal  
Group



**0.387 %**  
Net Financial  
Debt over EBITDA

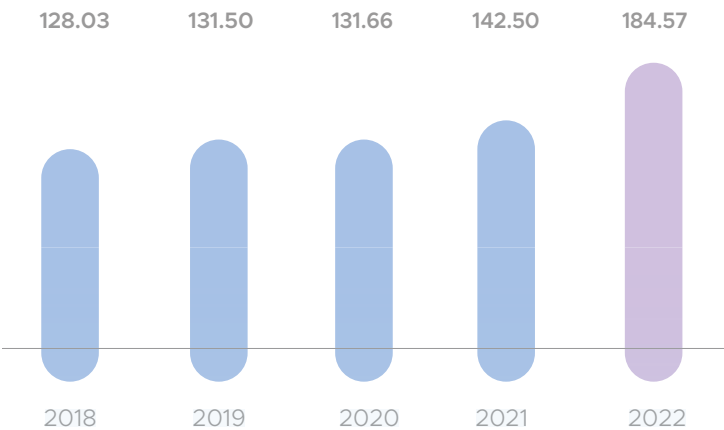
**> 1.2**  
mill. € saved in  
the purchase  
of electricity in 2022



# INVESTMENT EFFORT: WE CONTRIBUTE THE DEVELOPMENT OF THE COMMUNITY OF MADRID

In 2022 our investments in works and projects grew by 29.52% compared to those of 2021 (42.07 million euros more).

EVOLUTION OF OUR OWN INVESTMENTS\*  
(MILLIONS OF EUROS PER YEAR)



\* Not including investments in the distribution and sewerage networks that are municipally owned, financed with a supplementary fee that in 2022 have been 27.89 million euros.

# MONITORING OF THE 2018-2030 STRATEGIC PLAN

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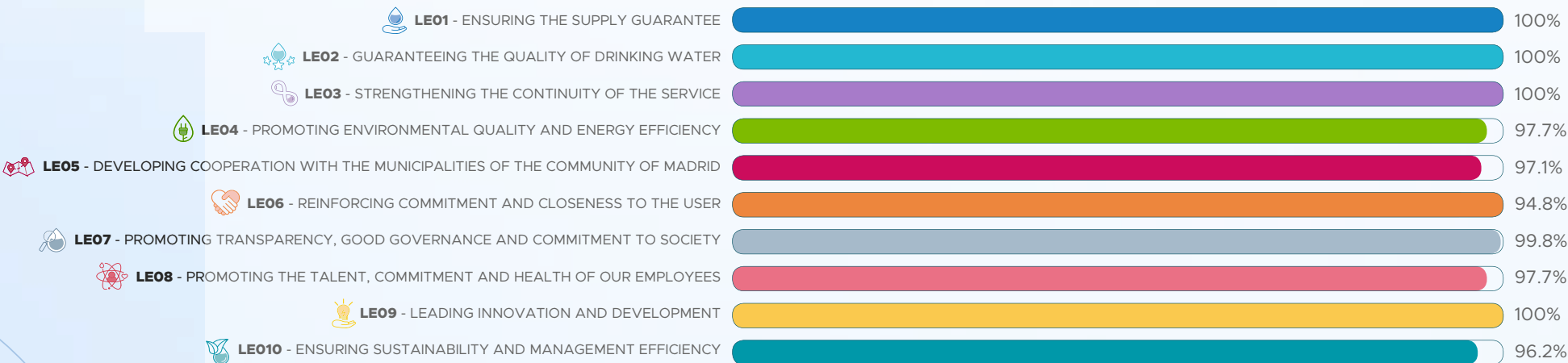
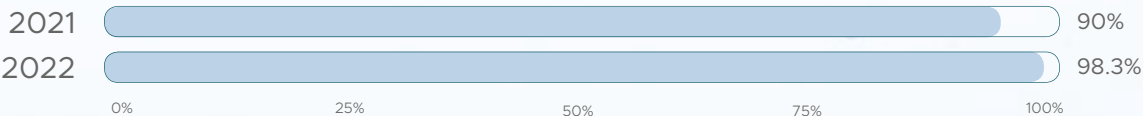
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ESTRATEGIC  
PLAN  
2018-2030

98 %

Average fulfilment of the objectives of the  
Strategic Plan in 2022



The Consolidated Non-Financial Information Statement corresponding to the 2022 financial year and published as the 2022 Sustainability Report was prepared by the Board of Directors of Canal de Isabel II, Sociedad Anónima, M.P. on 30 March 2023 and approved at the General Shareholders' Meeting on 1 June 2023.

The full report can be found at this [link](#).

This Report has been prepared in accordance with the GRI 2021 Sustainability Reporting Standards. Global Reporting Services has reviewed that the GRI content index is presented clearly, in a manner consistent with the Standards, and that the references for the contents are in line with the appropriate sections in the body of the report.







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