Canal de Isabel II

SUSTAINABILITY REPORT 2024



Non-Financial Information Statement (NFIS)

OUR PURPOSE

Caring for water and guaranteeing the sustainable future of the Community of Madrid.



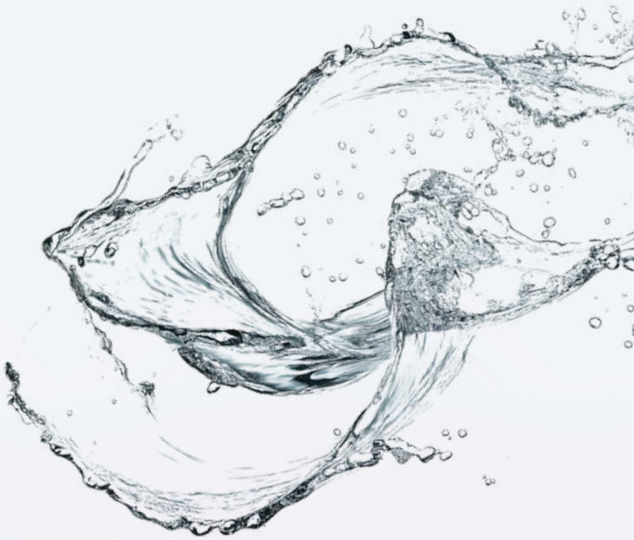
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OUR VISION

We want to be part of the lives of the people of Madrid, to make them feel proud of the quality of their water, and of our contribution to the development of the Community of Madrid.

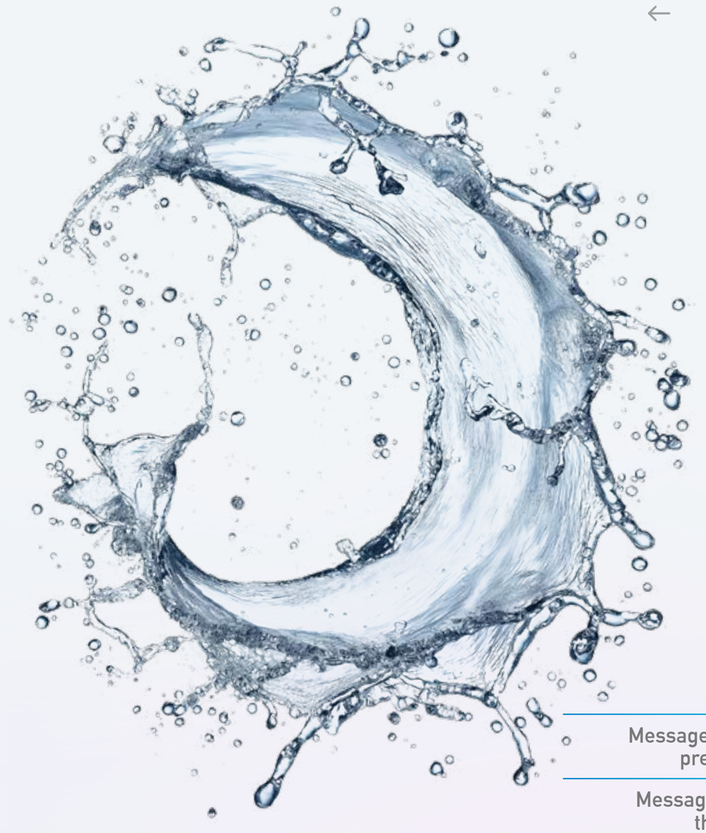


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OUR MISSION

Managing water efficiently, protecting the environment and getting closer to people.



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OUR **VALUES**

*We seek **CLOSENESS** with all our stakeholders.*

*We want **EXCELLENCE** in the execution of the functions and facilities we are responsible for.*

*Our goal is to achieve **INNOVATION** that allows us to offer new services and process improvements to make people's lives easier.*



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22 JANUARY

Canal's CEO and security director participated in the first edition of **CiberAgua**, a congress organised by the Consorcio de Aguas Bilbao Bizkaia to address the challenges faced by the water sector in terms of cybersecurity.

29 FEBRUARY

Canal holds an **Extraordinary General Shareholders' Meeting** at which Ms Judit Piquet, president of the Madrid Federation of Municipalities and mayoress of Alcalá de Henares, is appointed proprietary director, and Mr Antonio Javier Cordero is re-elected as independent director.

10 MARCH

Canal de Isabel II brings together **3,300 participants** in the **41st edition** of the **Water Race**, an event organised by the public company to raise awareness among the population about the responsible use of this natural resource.

14 MARCH

Together with the Lima Drinking Water and Sewerage Service (**Sedapal**), we are finalising the implementation in Peru of the **Vigía system**, the largest system for tracking and early warning of COVID-19 in **wastewater**, which the Madrid public company set up during the pandemic. To this end, a monitoring network will be set up in the metropolitan areas of **Lima** and **Callao**, Peruvian cities with more than 9 million inhabitants (30% of the country's population).

11 APRIL

We held at the Canal Foundation the **3rd Conference on Technologies Based on the *Narrow Band Internet of Things***, the telecommunications technology that we are using for the remote water meter reading service. The event had the collaboration of Orange Empresas, Telefónica Tech and Vodafone.

30 MAY

We held our **Annual General Shareholders' Meeting**, at which the individual and consolidated accounts for the financial year 2023, the Non-Financial Information Statement and the management of the directors were approved.

1 JUNE

The **new Canal tariffs** come into force in the Community of Madrid after more than 10 years without increases. The measure increases the progressivity in the prices of services according to consumption, with the aim of encouraging saving and rational use of water.

4 JUNE

Canal de Isabel II and the **Hotel and Catering Business Association of the Community of Madrid** have signed a **collaboration agreement** whereby both entities undertake to encourage sustainable water consumption in the hotel and catering sector, as well as to promote the quality of tap water in Madrid.

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5/7 JUNE

More than a dozen professionals from Canal presented real case studies related to urban water management at the **XXXVII Congress of the Spanish Association of Water Supply and Sanitation (AEAS)**, held in Castellón.

12/13 JUNE

Madrid hosted **the 2nd Global Symposium on Sustainable Water and Energy Solutions** at the Canal Theatres, which brought together more than 60 speakers specialised in these matters and was attended by around 300 participants. Canal acts in this edition as host of the event, which it organises together with the United Nations Department of Economic and Social Affairs (**UNDESA**) and its Global Sustainable Water and Energy Solutions Network.

9 JULY

We presented our experience and best practices in water and energy management at the **High-Level Political Forum on Sustainable Development**, in New York.

12 JULY

The signing of the agreements with the municipalities of **Alcobendas**, **San Sebastián de los Reyes** and **Colmenar Viejo**, which include the execution of **new hydraulic infrastructures** that will represent eighty-six million euros of investment and will facilitate the urban and industrial development of these localities.

16 JULY

We announce that Canal's **remote water metering service** has reached **500.000 supply points** in the Community of Madrid, which is approximately one-third of the company's total customers. Canal's objective is that by the end of 2026, 100% of the meters will be connected to the remote metering system: a total of 1.6 million.

19 JULY

The Board of Directors of Canal de Isabel II has approved the text of the **agreement** that the public company will sign with the **Town Council of Pozuelo de Alarcón** to manage the more than 346 kilometres of **municipal sewerage networks**. The agreement came into force in January 2025.

11 AUGUST

We announce that, after several years of study and development, we have incorporated **self-guided drones and artificial intelligence into the inspection and maintenance of the sewerage network**, thus avoiding the need for operating personnel to travel around these installations to detect deficiencies.

18 SEPTEMBER

We received at Canal's headquarters the **mayors and representatives of fifty municipalities in Madrid** in order to present them, in summary, the **current regulatory scenarios in drainage and sanitation**, as well as the possible technical approaches to ensure compliance with the new environmental requirements.

27/28 SEPTEMBER

We open the doors of our facilities so that the public can get to know four of the most representative ones from the inside by means of free guided visits to the Manzanares El Real dam, the Torrelaguna hydroelectric power station, the Loeches sludge treatment plant and the Fourth Reservoir in the Plaza de Castilla.

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9 OCTOBER

The **newspaper *La Razón*** awards our **Project of Remote Reading** and Mass Deployment of Smart Meters with NB-IoT Technology in the framework of the **4th Sustainability and Environment Awards**.

11 OCTOBER

We continue to promote **dual vocational training** and the training of new professionals through its support for Dual Vocational Training for the seventh consecutive academic year. In the 2024-2025 academic year, we will welcome 29 students who will carry out internships in the medium and higher degrees, which is 53% more than in the previous academic year.

17 OCTOBER

The specialised media on corporate social responsibility, Compromiso RSE, recognises the massive deployment of meters with remote metering by Canal de Isabel II as one of the **the *sustainability actions of* 2024**.

23 OCTOBER

We make public through our website the **Sustainability Plan 2024-2026 of Canal de Isabel II**, which the Board approved of Directors on 25 July 2024 at the proposal of the Sustainability Committee. The Plan is the roadmap to develop the **10** Environmental, Social and Corporate Governance (ESG) **Principles** included in our Sustainability Policy. In the document, Canal sets out the main actions it is deploying to consolidate its achievements and make progress in sustainability.

6 NOVEMBER

We sent technical and human assistance to the **Valencian Community** to help alleviate the **damage caused by the Cut-off Low (DANA)**, responding to the needs communicated by the companies responsible for supply and sanitation services in Valencia and its metropolitan area. Firstly, we provided the authorities with **29 volunteers specialised** in the construction and repair of supply networks and drinking water connections. In a second phase (at the end of November), we focused our collaboration on **the cleaning and reconstruction of sewerage** and urban drainage networks in several affected municipalities.

22 NOVEMBER

The **#deMadridydelgfrifo**, initiative, promoted by Canal de Isabel II to encourage the sustainable consumption of tap water, now **has more than 40 establishments** in seventeen municipalities in the region. By joining this community, hospitality businesses recognise the quality of tap water in Madrid and undertake to offer it preferentially and free of charge, thus promoting a safe, responsible and sustainable habit.

2/5 DECEMBER

Five representatives of Canal de Isabel II participated in the **17th edition of the National Environmental Congress (CONAMA)**, at the IFEMA North Convention Centre.

18 DECEMBER

Our Board of Directors approved the **distribution of an interim dividend** of 57.80 million euros, charged to the financial year 2024, and our new **Strategic Plan 2025-2030**, which will start to be implemented in January 2025.

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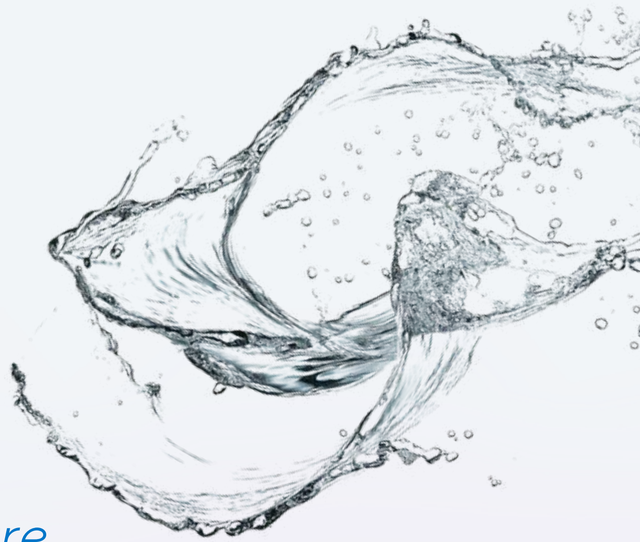
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MESSAGE OF THE **PRESIDENT**



Carlos Novillo Piris

Chair of the Board of Directors of Canal de Isabel II

Regional Minister for the Environment, Agriculture and the Interior of the Community of Madrid

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Some of the events that occurred throughout 2024 have highlighted **the importance for our society of the activities conducted by water companies and the challenges we must face** in the short, medium and long term. Extreme weather events have had grave consequences in some Spanish regions, although, fortunately, in the Community of Madrid, the effects on the lives of citizens have been moderate.

The floods caused on 29 October by the exceptionally torrential rains, associated with an Isolated High-Level Depression (DANA), in dozens of municipalities in the Valencian Community and Castilla-La Mancha caused irreparable human damage and profoundly serious material damage. Therefore, I would like to begin this message **by sending all the affection of the people of Madrid to those affected** and thanking the efforts of **the workers of Canal de Isabel II** who voluntarily travelled to the affected areas to do their job: to restore normality in terms of access to water and sanitation, aware of the critical role that water plays in public health in catastrophic situations. We hope that the technical and human resources we made available to the affected municipalities helped to alleviate the difficulties faced by local authorities, water companies and, especially, the people affected.

On the other hand, during the summer of 2024, there was a severe drought situation in large parts of Spain. It has led to consumption restrictions in several regions, with a consequent impact on businesses and the quality of life of citizens.

However**, in the Community of Madrid, we have been able to maintain a supply without** significant **incidents in 2024**, and this has undoubtedly been due to a sustainable and successful management of the integral water cycle —which is becoming more complex every year—, the result of continuous investment in the best technologies for hydraulic infrastructures. Once again, we have shown that we are prepared to guarantee access to water, even in unfavourable situations, offering an excellent product, both in terms of quantity and quality.

Our efficiency is proof that investing in water pays off, and because we believe in the future of water, this 2024, we have made the largest annual investment in our history: 437.1 million euros.

A notable example of these investments is our **Network Plan**, whose objective of replacing a total of 1,200 kilometres of pipes with others made of more modern and break-resistant materials. We have already managed to surpass this in 2024. In total, since 2018, we have replaced 1,275.3 kilometres, a major milestone for the company that has allowed us to improve the quality of drinking water while reducing leaks in the network. In fact, this 2024, we have achieved real losses of less than 2%, which places us as an international benchmark in this area.

Another example of technological investment is our project to deploy **meters with remote reading** throughout the Community of Madrid, which will

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encourage more sustainable consumption by the people of Madrid. By 2024, we will have achieved the implementation of remote metering in 36.69% of Canal's meter fleet, which represents a total of **614,787 smart meters connected** to the digital remote metering system. Thanks to this, since we started in 2023, the service of proactive warnings to customers with high consumption (sometimes anomalous) has generated savings of approximately 2.7 million cubic metres of water, with the consequent savings in their bills. It has been one of the actions that has contributed to **placing for the first time the total consumption per inhabitant** supplied by Canal **below 200 litres per day** (198.1).

With the investment made in these projects and many others, we have managed to become an international benchmark in smart and sustainable water management, and we have avoided the serious costs associated with obsolete or insufficient water infrastructures.

Moreover, even with this increase in investment, we are consolidating our position as an example of financial sustainability. Investment in infrastructure must be compatible with an affordable tariff, such as that of the Community of Madrid, which is approximately 2% below the national average. We are also working to ensure that the company's indebtedness is adequate so that by the end of 2024, our net financial debt is only 1.03 times our EBITDA, thus demonstrating our high level of solvency. We have also concluded the repayment of the bonds issued in 2015 for a value of 500 million euros, and we have just signed a transaction with the European Investment Bank for the financing of our infrastructures for a value of 430 million euros.

The extreme weather events I mentioned at the beginning are not the only challenge facing our sector. Water companies are currently in the process of evolution due to numerous



factors, such as the threats to environmental quality, the need for a more circular economy, the increasing demands of regulations, and the opportunity to implement innovative technologies, including artificial intelligence.

The Strategic Plan sets out the company's roadmap for the next six years, focusing our efforts on **addressing 4 Strategic Challenges**: securing **water to meet the climate challenge**, fostering the **circular economy** and **protecting the environment**, improving **people's quality of life** and contributing to the **prosperity of the region**. We will do this by following best **governance** practices. With this Plan, we expect to **invest** approximately **2,000 million euros over the next six years**, which is 35% more than in the previous six-year period (2019-2024) and

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consolidates us as the economic engine of the Community of Madrid.

The implementation of this new Strategic Plan started in 2025, so **2024 was the last year of the previous Plan, which we closed with 99.91% compliance with the annual objectives.** Some of the major milestones that have led us to this achievement have been, in addition to those already mentioned, increasing electricity production to 75% of our consumption, achieving customer satisfaction of 8.78 out of 10 (the highest on record), exceeding 284,000 beneficiaries of our social tariffs and carrying out 12 innovative projects, totalling 100 innovative projects since 2018.

It is the best record of target achievement since we started the Plan in 2018 and has been achieved thanks to the tireless efforts of our team to develop the company's major projects.

The challenges ahead are undoubtedly challenging, but thanks to the talent and commitment of all of us at Canal de Isabel II, I am sure that we will respond with the closeness, excellence and innovation that has always characterised Madrid's water company.

Yours sincerely

To meet the challenges, we will face in the years ahead, in 2024, we took a step forward by approving our Sustainability Plan 2024-2026 and our Strategic Plan 2025-2030.



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MESSAGE FROM THE **CEO**

Mariano González Sáez

Chief Executive Officer of Canal de Isabel II, Sociedad Anónima, M.P.



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A COMMITMENT TO THE FUTURE OF WATER

Water is memory. In its tireless journey, it crosses mountains, nourishes fields, satiates cities and returns to the cycle of life, carrying with it the trace of everything it touches. Canal de Isabel II also moves forward with a clear vocation: to manage this **essential resource** with **responsibility**, with **innovation** and with a firm **commitment** to the future.

This report reflects our commitment to **sustainability**, understood not as a challenge for tomorrow but as a **task for today**. Because every infrastructure we optimise, every technology we apply and every drop we reuse is another step towards a more efficient, robust and planet-friendly management model.

Here, we take **the pulse of a year of effort**, innovation and commitment to a resource that is as essential as it is fragile. Every drop counts, and with it, every decision we make. From management efficiency to the protection of our rivers and reservoirs, from digitalisation to the promotion of the circular economy, this report is testimony to a company that not only manages water but also cares for it and respects it.

If there is something that defines an advanced society, it can **guarantee access to an essential resource, such as water**, with safety, efficiency and sustainability. Next year, Canal de Isabel II will celebrate **175 years of assuming that responsibility**. We are not only talking about pipes, reservoirs and treatment stations: we are talking about a living system, in constant evolution, that adapts to climatic challenges, incorporates innovative technologies and reliably responds to the needs of the citizens.

But we do not stop at what we have already built because the true value of an infrastructure is not only in its existence but in its capacity for transformation. That is why, since 2018, we have been following **a clear roadmap**: **our Strategic Plan** is designed to ensure that this legacy is not only preserved but that it is strengthened, evolves and becomes a benchmark for innovation and sustainability.

2024 has marked a milestone in our journey, consolidating the success of the 2018–2030 Strategic Plan with 99.91% compliance, the highest value achieved since its inception. This achievement reflects effort, innovation and commitment to sustainability, efficiency and service to citizens.

We have broken records in water management, managing for **the first time to reduce consumption** per inhabitant to below 200 litres per day despite the population of the Community of Madrid growing by more than 140,000 people by 2024. We have also improved our efficiency, with a **reduction in real water losses** to just **4%**, compared to the national average of 16%, a figure that reinforces our leadership in water management.

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The commitment to **water quality** has translated into an unprecedented effort in the renewal of infrastructure. This year, we have **replaced 347 kilometres** of pipes, totalling more than 1,275 kilometres since the start of the Strategic Plan in 2018. It has been a record year, with more than **200 works executed**, ensuring that our network continues to be a benchmark in terms of reliability and quality.

Ensuring **continuity of service** is a priority, which is why we have strengthened the security of our infrastructure, the protection of people and cybersecurity. By the end of 2024, more than 91% of contracts had an alternative to restore supply in less than 12 hours in the event of an incident, a key indicator of our responsiveness.

It has also been a positive year in terms of **sustainability and energy efficiency**. We have increased electricity production thanks to our thermal sludge drying plants at the SUR WWTP and Loeches WWTP, and we have taken advantage of optimal conditions for hydroelectric generation during the first months of the year.

Our **collaboration with local councils** continues to be essential to improve the service. In 2024, we worked on the drafting and review of the **SANEA Plans**, adapting them to the new environmental regulations. A good example is the agreements of Las Rozas de Madrid, Griñón, Navalcarnero and Meco, in addition to the sixteen new SANEA agreements for municipalities with less than 2,500 inhabitants approved in collaboration with the Public Entity Canal de Isabel II.

We have also worked to guarantee **excellent service to our customers and users**, consolidating all our communication channels and committing to remote reading, with almost 37% of our meters already connected to this system. Thanks to this, we will be able to offer more accurate information and new services adapted to the needs of each user. **Customer satisfaction** has reached **8.7 out of 10**, the best rating obtained by Canal to date,



a recognition that reinforces our commitment to continuous improvement.

Moreover, we have not forgotten those most in need. Our **social commitment** remains firm: more than 284,000 people have benefited from social tariffs in 2024, ensuring that **access to water is not a barrier for** the most vulnerable groups. We have also made progress in terms of transparency and good governance, with the design of a new Transparency Portal that will be launched in 2025, reinforcing our proximity and accessibility.

During 2024, we have retained **essential partnerships** and established new collaborations, such as our agreements with **Hostelería Madrid**. In addition, since 2022, Canal has been part of the United Nations Global Sustain-

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able Water and Energy Solutions Network, promoted by the Office of Economic and Social Affairs (DESA), with the aim of accelerating the fulfilment of the 2030 Agenda and promoting a joint approach to the SDGs related to water, energy and climate. As part of this network, we have actively participated in international meetings, including the High-Level Political Forum in New York and the II Global Symposium held in Madrid, thus consolidating our role as a benchmark in sustainability at a global level.

But beyond the figures, there is something that defines us even more: our professionals have once again demonstrated in 2024, that the vocation of public service is not only a corporate value but a way of being, of working and of building a team.

The value of our company lies in its people. This year, we have reduced the temporary employment rate to 6.30%, below the legal 8%, and we have incorporated 91 new employees with permanent contracts, totalling 334 in the last two years. Ensuring **stability and talent** within Canal de Isabel II is a priority in our path towards excellence.

Proof of this took place in October 2024, when the severe floods caused by the DANA in Valencia and Castilla-La Mancha left numerous municipalities without drinking water. Canal de Isabel II did not hesitate to mobilise: technical and human resources were immediately put into action, including a team of **29 volunteers** specialised in supply networks, who travelled with tools and materials to **collaborate in the recovery of the supply**. A gesture that reflects our capacity to respond to emergencies and, above all, our **firm commitment to water and people**, inside and outside the Community of Madrid.

Innovation has once again been an essential pillar of our strategy. We have promoted cutting-edge projects, such as remote meter reading and Industry 4.0, and we are already working on major initiatives such as DREINCAM, a smart urban drainage management system in our region.

In the area of **internal management**, we have optimised our tendering processes, breaking the record in reducing average contracting times and bringing them below 200 days. Moreover, in financial terms, our EBITDA/turnover ratio reached 36.23%, driven by revenue growth and cost containment.

All this shows that 2024 has been a year of challenges overcome, of progress and strengthened commitment. We continue to look to the future with determination, consolidating a **sustainable, efficient and people-centred management model** because water, more than a resource, is a right and a shared responsibility.

However, we are facing a changing world: extreme weather phenomena, population growth, technological advances and more demanding regulations. In the face of these challenges, **two major corporate strategies** have been adopted: The **Sustainability Plan 2024-2026** and the **Strategic Plan 2025-2030 of Canal de Isabel II**.

The Sustainability Plan aims to ensure compliance with the ten objectives of Canal's Sustainability Policy, and with it, we want to promote the actions of Canal's Strategic Plan with the greatest positive environmental, social and governance impact.

On the other hand, after more than five years of implementing the 2018-2030 Strategic Plan, in 2023, we began a process of reflection to update our strategy and ensure that we remain on the path to success. Thus, on 19 December 2024, the Board of Directors approved the **new Strategic Plan 2025-2030**. This new strategy reinforces our mission, vision and values, aligned with our essential purpose: "Caring for water and guaranteeing a sustainable future for the Community of Madrid". We want to share with you where we are heading and how we are strengthening our infrastructure to achieve a water

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future that is smarter, more efficient and aligned with the challenges of our time. Because water does not wait, and neither does our commitment to it.

Our path is underpinned by four major challenges: **securing *water* to meet the climate challenge**, promoting **the *circular economy***, improving ***people's* quality of life**, and contributing to the **region's *prosperity***. To respond to these challenges, we have launched a set of key actions backed by significant investment, designed to transform, advance and leave our mark.

Our **2025-2030 investment plan** amounts to **2,026 million euros** and, among other actions, will allow us to continue working to reduce losses in the network, promote the reuse of treated water and protect our resources against emerging pollutants with more effective treatments. We want to transform waste into resources, obtaining fertilisers, biofuels and electricity from WWTP sludge, as well as improving efficiency in sewerage and treatment. We will strengthen the link with our customers, with local councils and with society in general by promoting active listening, expanding communication channels and strengthening our company's social responsibility. We will also tackle the energy transition by promoting renewable energies, green hydrogen and biogas. We will ensure diversity and inclusion, promoting an enriching and sustainable working environment for our professionals.

The world is evolving at a dizzying pace, and **Canal is ready to lead the change**. We are committed to the digital revolution with tools such as *Big Data* or artificial intelligence, among others, to optimise our operations and improve the quality of service. Moreover, as a public company, we must find a formula that allows us, with affordable tariffs, to execute the necessary investments and guarantee the economic sustainability of the company.

Looking back, we see the reflection of a commitment that has been constant but that is renewed with every step, every challenge, and every new opportunity for improvement. Our journey towards sustainability is never-ending because every day, we face new challenges that drive us to **keep innovating**, to **keep learning** and to **keep caring for water** with the respect it deserves.

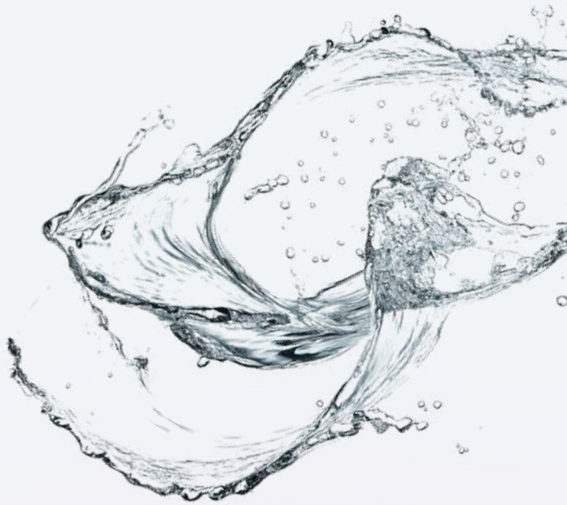
It is a crucial moment in our history. We are shaping the future of water in Madrid. And we do so with the certainty that, together, we can build a more sustainable, robust management model that is prepared for the challenges of tomorrow. **To guarantee quality water today is to ensure the life and well-being of future generations**. Water, which unites us and gives us life, guides us in this mission. And as always, **every drop counts**.



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1. OUR COMPANY

Canal de Isabel II, Sociedad Anónima, M.P. *is a 100% public company whose shareholders currently include the Community of Madrid, through the public entity Canal de Isabel II, and 116 Madrid municipalities. The company started its activities on 1 July 2012, assuming a large part of the competencies and activities of the public entity Canal de Isabel II, which, created in 1851, has been since 1984 the public company dependent on the Community of Madrid in charge of the management of the integral water cycle in the region.*



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[GRI 2-1]
[GRI 2-6]



1. OUR COMPANY

Canal de Isabel II, Sociedad Anónima, M.P. (hereinafter "Canal de Isabel II" or "Canal") is in charge of the management of the integral water cycle in practically the entire region of Madrid; that is, of all the processes aimed at an adequate administration of water resources and the conservation of the environment. These processes, which are the **collection**, **treatment** and monitoring **of water quality**, its **transport** and **distribution**, the **sanitation** and **treatment** of wastewater, and the **regeneration** of wastewater for its subsequent reuse, are necessary for the development and maintenance of the quality of life of the citizens.



The **experience accumulated** by Canal de Isabel II in **almost 175 years of management** has allowed us to contribute value through other activities related to the water sector and in geographical areas other than the Community of Madrid. Thus, since the sixties of the last century, Canal de Isabel II has been integrating a set of investee companies that, together with our parent company, currently make up the **Canal de Isabel II Business Group** (hereinafter, "Canal Group").

In 2024, the **Canal Group** supplied water to a total of **7.67 million people** (7.30 million in Spain and 0.37 million in Latin America), and employed **3,799 workers**, as well as generating more than **5,768 indirect jobs**. Likewise, in 2024, we supplied 579.95 million cubic metres of water (554.48 in Spain and 25.47 in Latin America) and managed **43,975 kilometres** of supply, sewerage and reclaimed water networks. At the end of the year, we had **1.96 million supply contracts** (**83%** of which were domestic) in almost two hundred municipalities (196), with a degree of supply coverage of 99.28%.

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CANAL GROUP COMPANIES

As of December 31, 2024
(not including holding companies).



Further details on the companies and key figures of our business group at the end of 2024 can be found in section 3 of this report: "The Canal Group".

SPAIN

Canal de Isabel II www.canaldeisabelsegunda.es	● ●
Delegación de Canal en Cáceres www.canaldeisabelsegunda.es	●
Aguas de Alcalá UTE www.aguasdealcala.es	●
Canal Gestión Lanzarote www.canalgestionlanzarote.es	●
GSS Venture www.grupogss.es	●
Canal Extensia www.canaldeisabelsegunda.es	●

COLOMBIA

Canal Extensia América www.canalextensiamaerica.com	●
Amerika TI www.amerikati.com	●

DOMINICAN REPUBLIC

AAA DOMINICANA www.aaa.com.do	●

ECUADOR

AMAGUA www.amagua.com	●

BRAZIL

Fontes da Serra www.fontesdaserra.com.br	●
Emissão www.emissao.com.br	●

● Management of the integral water cycle ● Electric power generation ● Support services for the management of the integral water cycle ● Telecommunication and information technologies ● Other activities

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TECHNICAL INFORMATION IN THE COMMUNITY OF MADRID AT THE CLOSE OF 2024



6.79

million inhabitants given supply services

(+2.11% - 140,304 more inhabitants than in 2023) ↑

6.99

million inhabitants given sanitation services

(+2.07% - 141,741 more inhabitants than in 2023) ↑

18,005

kilometres of supply networks

(+ 0.33% - 58.43 km more than in 2023) ↑

496.42

hm³ derived for consumption

(+1.38% - 6.74 hm³ less than in 2023) ↑

506.13

hm³ water purified in wwtps

(+2.68% - 13.20 hm³ more than in 2023) ↑

14.99

hm³ of water reclaimed for reuse

(–4.09% - 0.64 hm³ less than in 2023) ↓

95.77

hm³ of reclaimed water poured into a riverbed

(+4.63% - el 19.48% of the total discharges into riverbeds in 2024) ↑

934.29

million euros of turnover

(+5.99% - 52.82 million less than in 2023) ↑

490.22

million euros of investments

(+21.47% - 86.65 million more than in 2023) ↑

371.22

gwh of electricity generated

(+65.15% - 145.07 GWh less than in 2023) ↑

3,253

employees on staff

(+1.97% - 63 employees more than in 2023) ↑

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TECHNICAL INFORMATION IN THE MADRID REGION AS AT YEAR-END 2024

Supply	2023	2024
Number of Canal-owned dams	13	13
Capacity of Canal reservoirs (hm^3)	943.51	943.51
Water derived for consumption in reservoirs and catchments (hm^3)	489.68	496.42
Number of **catchment wells** in operational status	78	78
Kilometres of network managed (adduction and distribution)	17,946	18,005
Number of drinking water **treatment plants** (**DWTP**)	14	14
Treatment capacity (hm^3 per day)	4.55	4.55
Number of large **regulating reservoirs**	34	34
Storage capacity large reservoirs (hm^3)	3.3	3.3
Number of **smaller deposits**	290	290
Number of large **pumping plants**	22	22

Sanitation	2023	2024
Kilometres of **municipal sewerage networks** managed	15,171	15,428
Kilometres of network of **large collector sewers and outfalls**	875	881
Total kilometres of network managed (municipal+ Canal)	16,046	16,309
Number of **rolling mills and storm tanks** managed	73	73
Capacity of the managed storm tanks (hm^3)	1.39	1.39
Number of **wastewater pumping** stations (**WWPS**)	145	145
Number of **wastewater treatment plants** (**WWTPs**)	155	155
Nominal **treatment capacity** (million population equivalents)	16.25	16.25
Water treated in WWTPs (hm^3)	492.19	506.13

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Reclaimed water	2023	2024
Number of **wastewater reclamation plants**	33	33
Kilometres of **reclaimed water network**	744	744
Reclaimed water tanks in service	64	64
Volume of **reclaimed water produced for reuse** (hm^3 per year)	15.63	14.99
Municipalities with reuse services with Canal	26	26
Golf courses with reuse agreements or contracts	11	11
Companies and other entities with a reuse service	16	16
Volume of reclaimed water **discharged to watercourse** (hm^3 per year)	91.53	95.77



Clients and population served in the Madrid Region	2023	2024
Number of **contracts with customers** (millions)	1.59	1.62
Population supplied* (millions of inhabitants)	6.64	6.79
Supply coverage* (percentage of inhabitants)	96.58%	96.62%
Municipalities with **supply services***	184	184
Population served in **sewerage** management (millions inhabitants)	5.87	5.99
Coverage of **sewerage** management (percentage of inhabitants)	85.53%	85.62%
Municipalities managed in sewerage	138	138
Population served by wastewater **treatment** (millions inhabitants)	6.85	6.99
Wastewater **treatment coverage** (percentage of inhabitants)	99.87%	99.87%
Municipalities managed in **purification**	178	178

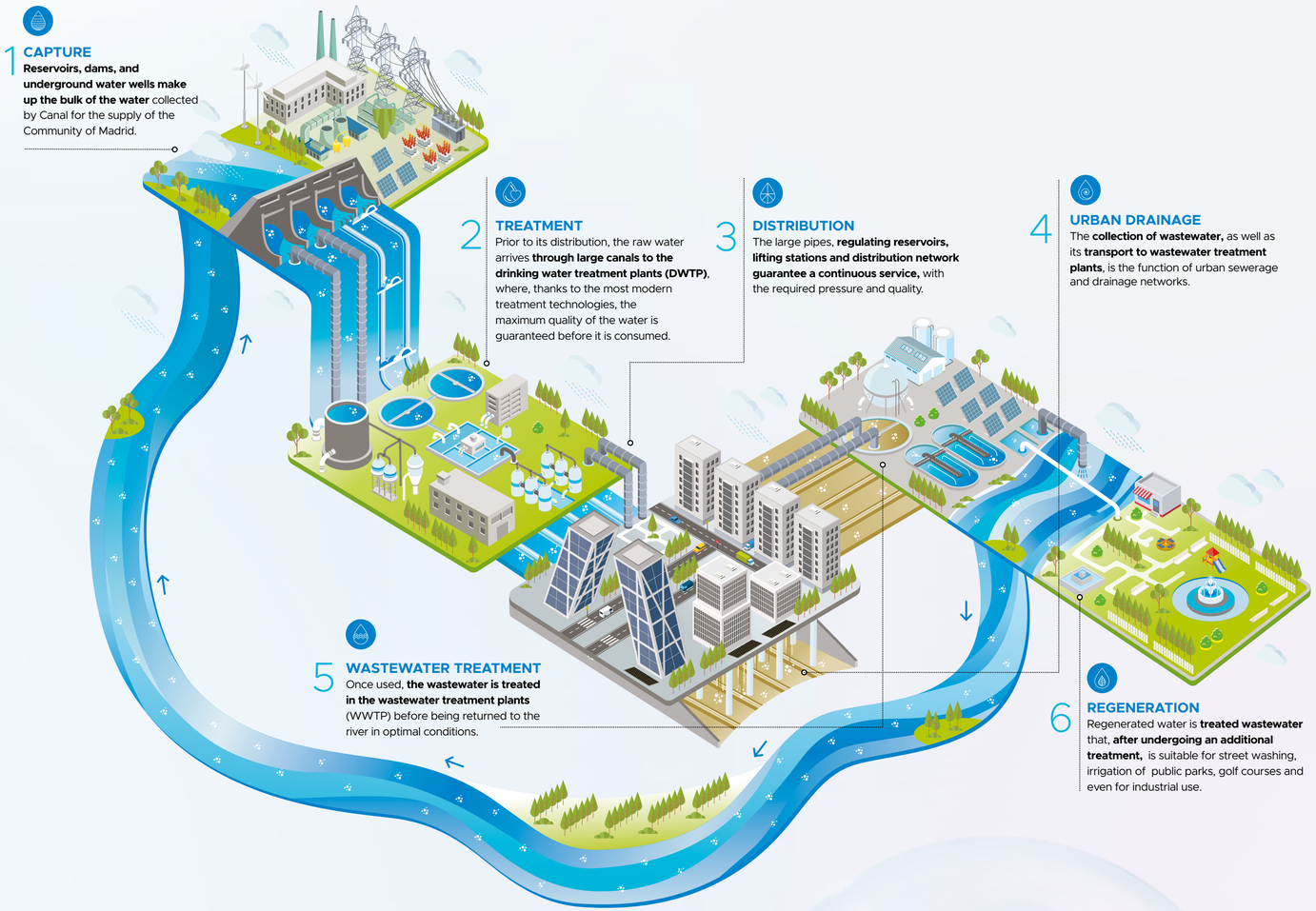
* Data from the **Canal System**, which includes municipalities with supply services in the Community of Madrid and 10 neighbouring municipalities in Castilla y León and Castilla-La Mancha.

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1.1. OUR ACTIVITY

The main activity of Canal de Isabel II is the management of the integral water cycle in the Community of Madrid

The cycle consists of **two main phases**, **supply** and **sanitation**, which correspond to the actions necessary to bring drinking water to consumers and the collection and treatment of wastewater. A third phase can be added to this cycle, which is the **reuse** of this wastewater after appropriate treatment to guarantee its sanitary characteristics and which can be used for garden irrigation, street cleaning, watering of sports areas and even for industrial use. Canal currently manages all the aforementioned phases and stages.



All the information about the integral cycle is available on our website.

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[GRI 2-6]
[GRI 303-1]
[GRI 2-1]

SUPPLY: ADDUCTION (COLLECTION AND TREATMENT)

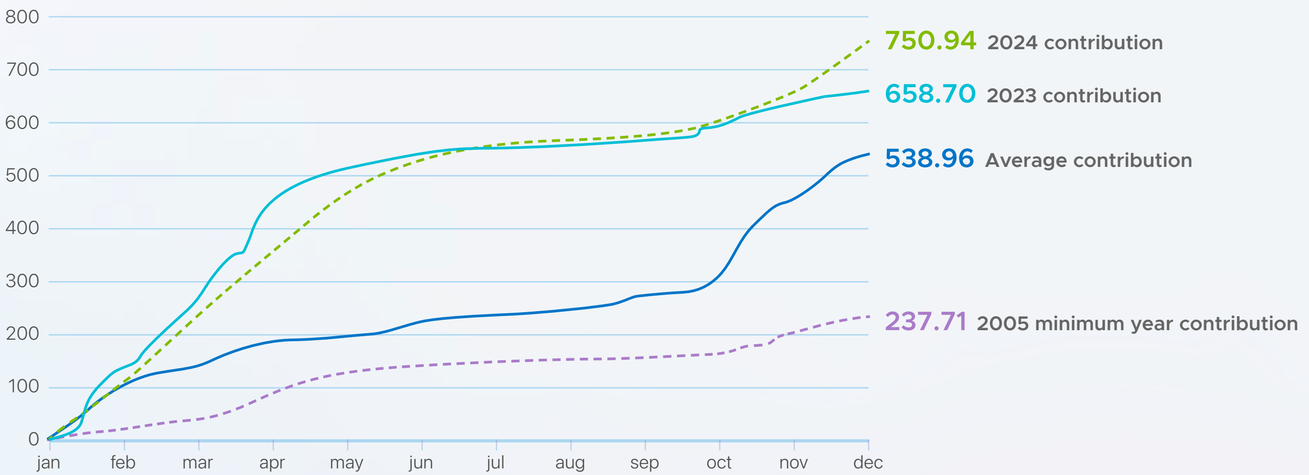
The supply system of the Community of Madrid is based mainly on the collection of surface water, using the **13 reservoirs** that we manage, the contributions of the basins of the Lozoya, Jarama-Sorbe, Guadalix, Manzanares, Guadarrama-Aulencia and Alberche. Of these, in 2024, we have captured 89.33% of the water we have supplied to the networks (77.31% in 2023).

The water provided by the rivers to the reservoirs varies greatly depending on whether the year is wet, dry or average. The historical average contribution since 1913 is **750.94 million cubic metres per year**, although on occasions it has reached more than 1,756 million cubic metres (in 1941) or 237.7 million cubic metres (in 2005). In 2024, , the contributions to the Canal reservoirs were **658.70 million cubic metres**, **12.28% less than the historical average**, but, at the same time, **6.27% more than the average of the last 30 years** (619.85 hm^3).

As for the rainfall recorded, in 2024, the rainfall recorded in the reservoirs of the Canal dams was also somewhat lower than the historical average (11.19% lower).

The **13 reservoirs** that we manage at Canal de Isabel II have a total storage capacity of **943.51 million cubic metres**, of which 62.4% is located in the basin of the river Lozoya. The main reservoir in this region is **El Atazar** reservoir, with a storage capacity of more than **425 million cubic metres**.

Accumulated natural river inflows to reservoirs (million m^3)



Rainfall recorded in the Canal reservoirs (litres per m^2 per year)



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Groundwater abstraction, as a support for surface water supply, is a key element in the management of the supply system during periods of drought or water shortage and can provide up to 90 million cubic metres per year of operation. To guarantee this volume we have **78 wells** in operation. In contrast to 2023, when their contribution to consumption was significant, with a total of 19.23 million cubic metres extracted throughout the year (4.06% of the total), in 2024, they only contributed 2.02 million cubic metres (0.72% of the total).

THE 13 RESERVOIRS OF CANAL DE ISABEL II

Reservoirs	Water catchment area	River	Reservoir capacity (hm^3)	Reservoir volume at the close of 2024	
				hm^3	% of total
Pinilla	Lozoya	Lozoya River	38.05	25.22	66.29%
Riosequillo		Lozoya River	50.01	37.19	74.37%
Puentes Viejas		Lozoya River	52.99	40.89	77.16%
El Villar		Lozoya River	22.39	19.33	86.32%
El Atazar		Lozoya River	425.27	298.82	70.27%
El Vado	Jarama	Jarama River	55.68	29.04	52.16%
Pedrezuela	Guadalix	Guadalix River	40.89	36.20	88.52%
Navacerrada	Manzanares	River Samburiel	11.04	6.43	58.21%
Manzanares el Real		Manzanares River	91.24	51.12	56.03%
Navalmedio	Guadarrama - Aulencia	River Navalmedio	0.71	0.39	55.21%
La Jarosa		La Jarosa stream	7.18	3.46	48.20%
Valmayor		River Aulencia	124.36	86.29	69.38%
La Aceña	Cofio	La Aceña River	23.7	11.10	46.84%
TOTALS			**943.51**	**645.48**	**68.41%**

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We also have the possibility of **transferring water** from the San Juan, Picadas and Los Morales reservoirs in the **Alberche river** basin, and from the Guadarrama and Sorbe rivers, via the Las Nieves and Pozo de Los Ramos dams. We can also supply water from the San Juan reservoir for treatment at the Rozas de Puerto Real DWTP and the Pelayos de la Presa DWTP. Finally, we can also take water from the Tagus river to supply it to the networks once it has been treated at the Tagus DWTP.

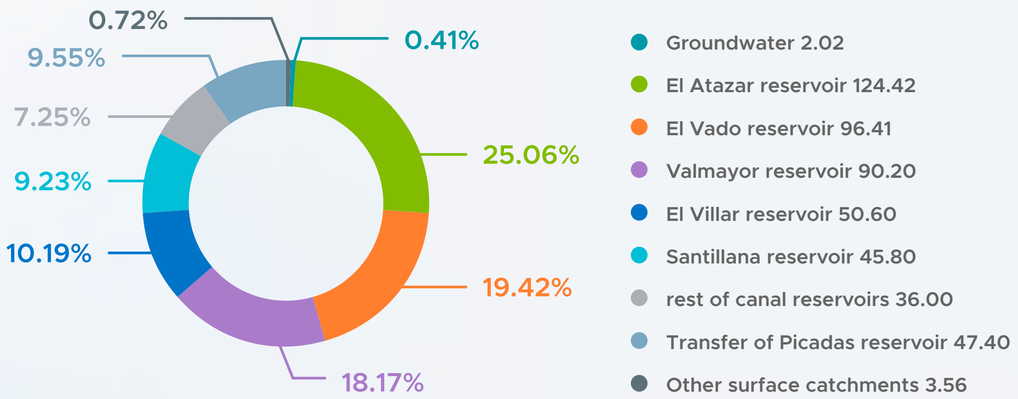
The total volume of water derived for consumption in 2024, amounted to **496.42 million cubic metres**, almost the same as the average of the previous five years (only 0.85% higher) and 1.38% higher than in 2023.

From all the catchment possibilities described above, we obtain the resources that are subsequently sent to the DWTPs through a network of **large canals** and raw water pipelines, which, at the end of 2024, had a length of 224 kilometres.

Canal manages **14 drinking water treatment plants (DWTP)**, with a total nominal capacity to treat **4.55 million cubic metres per day**.

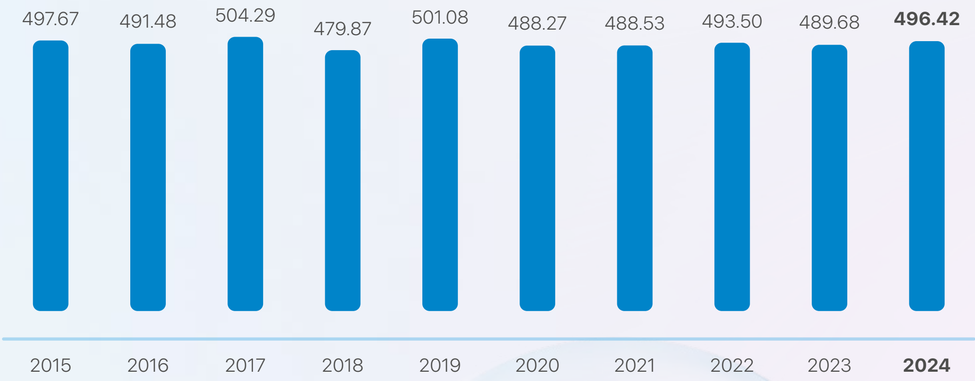


Origin of water derived for consumption in 2024 (hm³ and % of total)



More details about our reservoirs and catchments can be found here.

Water derived for consumption (million m³ per year)



For more information on our treatment plants, please see this link.

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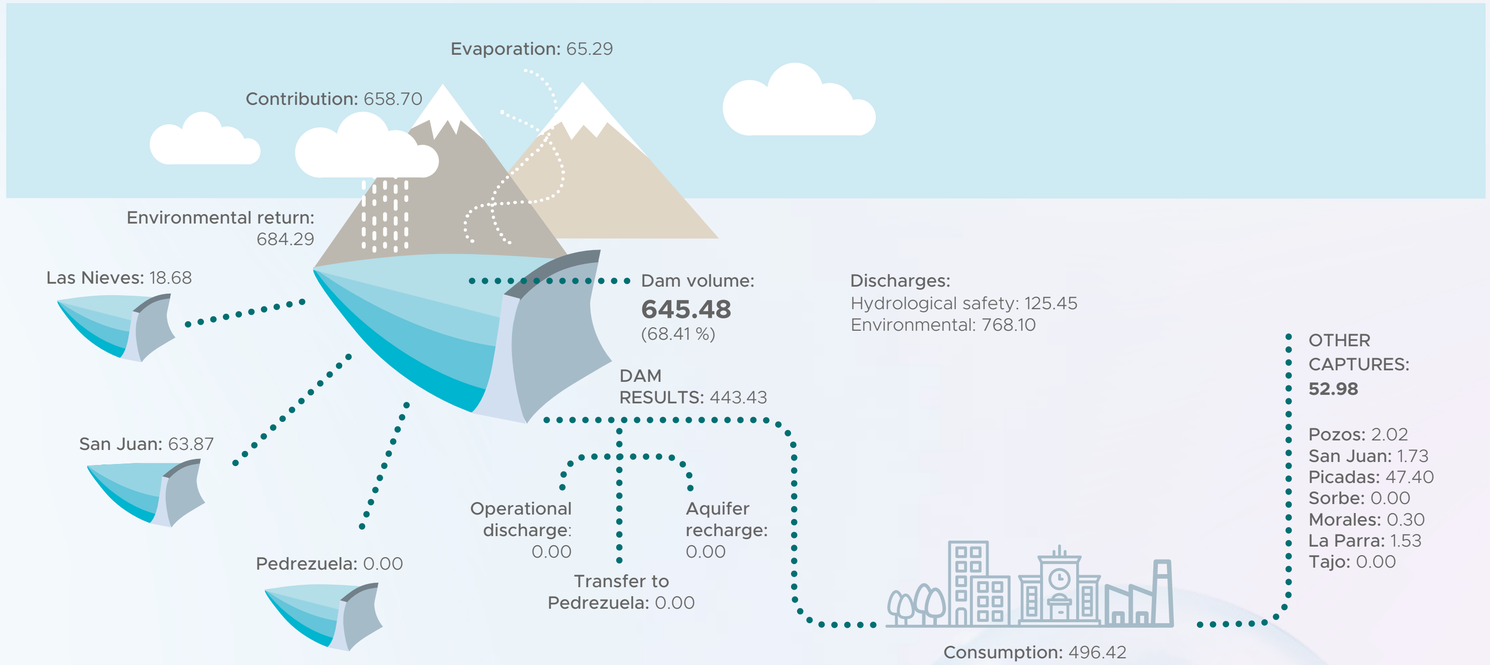
SUPPLY: DRINKING WATER DISTRIBUTION

In the journey of the water from the DWTP to the user's tap, we have a series of facilities that ensure the **maintenance of the service**: the **large pipelines**, the **regulating reservoirs**, the drinking water **pumping stations** and the **distribution network** guarantee a continuous service, with the appropriate pressure and quality. The drinking water distribution networks managed by Canal 2024 **exceeded 18,000 kilometres** in length **for the first time**, and we closed the year with a network of 18,005 kilometres.

Regulating reservoirs are enclosures designed to store the water that supplies the population. We currently manage **34** of these large regulating reservoirs, with a total capacity **of 3.26 million cubic metres**, in addition to a further **290 smaller reservoirs** distributed throughout the region.

In order to take the water from the corresponding reservoirs and lift it to a higher elevation, thus guaranteeing the water supply in the higher areas, Canal has **22 large pumping stations** and **109 smaller pumping stations**.

Supply scheme for the Community of Madrid in 2024, (million m³)

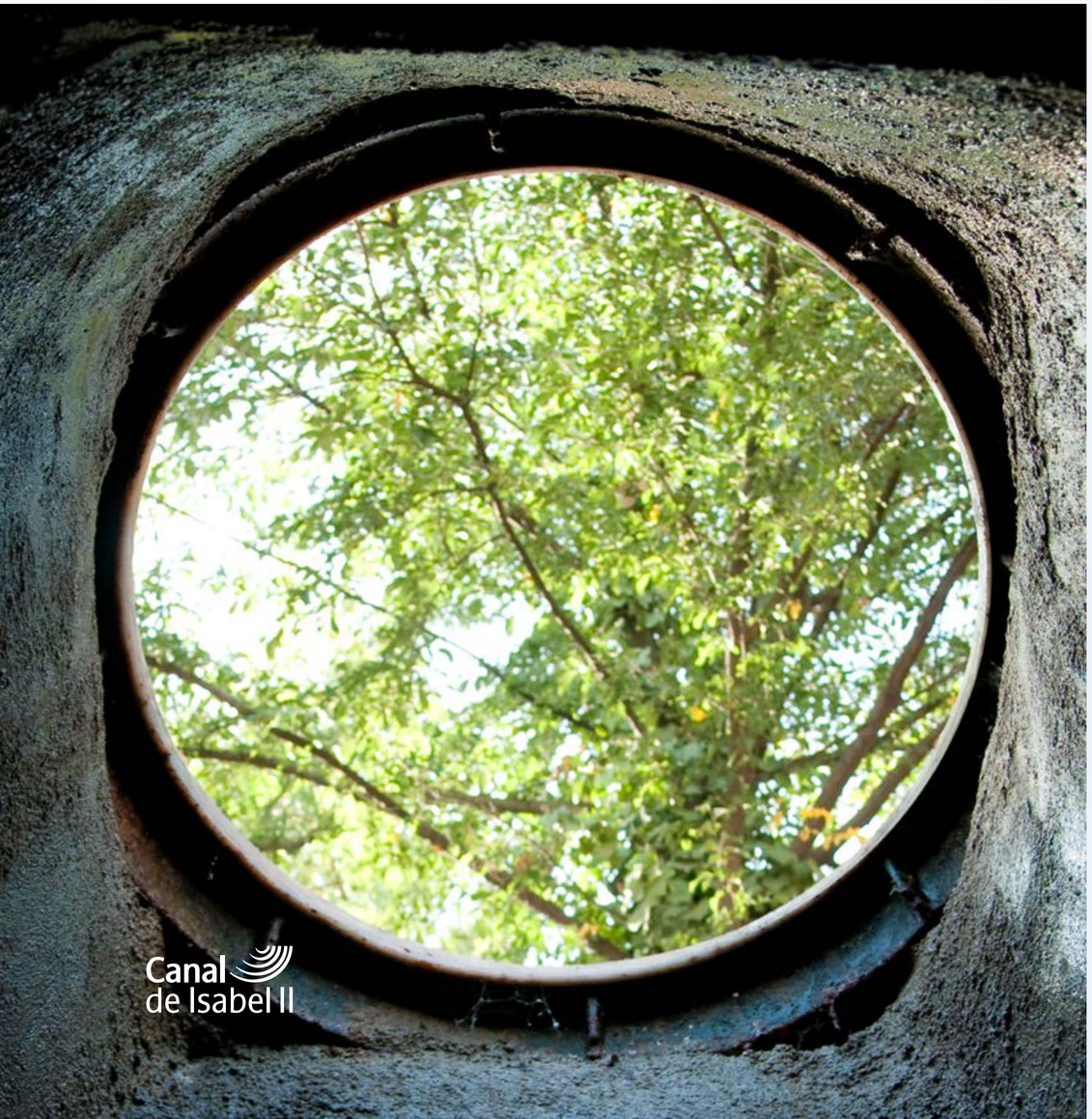


If you want to know more about the distribution, please visit this link.

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[GRI 303-3]

SANITATION: SEWERAGE AND URBAN DRAINAGE



The collection of wastewater and rainwater and its transport to treatment plants is the function of the **sewerage and urban drainage networks**. Currently, Canal conducts the maintenance of these networks in **138 municipalities**, thus collecting the wastewater of **5.99 million inhabitants**.

The length of the municipal sewerage networks managed totals **15,428 kilometres** (257 more than in 2023). In turn, Canal manages almost **881 kilometres of large collectors and supra-municipal outfalls**, pipelines that collect and transport wastewater from the municipalities to the corresponding WWTPs.

Other important facilities we manage are the **145 wastewater pumping stations (WWPS)**, whose mission is to lift wastewater when it cannot be transported to the WWTPs by gravity. In addition, to prevent flooding, as well as to retain the first rainwater, which is the most polluting, we have **73 facilities known as storm tanks and rolling mills**, with a total capacity of 1.39 million cubic metres.

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[GRI 303-2]

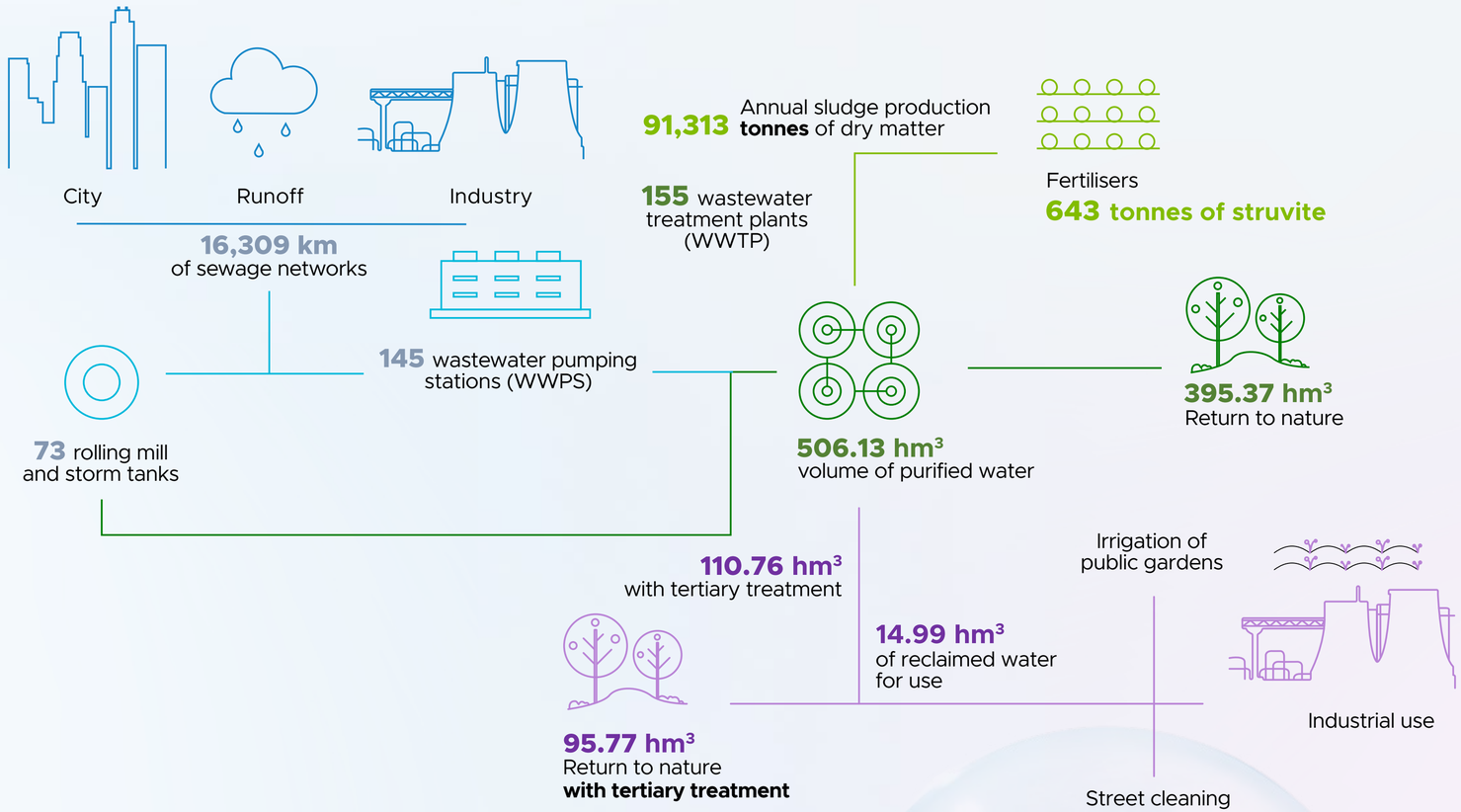
SANITATION: WASTEWATER TREATMENT

After being collected and transported through the sewage systems of towns and cities, wastewater is treated before being discharged into natural watercourses, in accordance with the quality standards set by the European Union and Spanish legislation, or for reuse.

At Canal we carry out this task in 178 of the 179 municipalities of the Community of Madrid and in the town of Ontígola in Toledo (179 municipalities in total) and we have excellent infrastructures that allow us to provide a continuous, high quality, efficient and highly technological service. In 2024, the 155 **wastewater treatment plants (WWTP)** managed by Canal, whose **nominal** treatment capacity is **16.25 million equivalent inhabitants**, treated 506.13 million cubic metres, of which **491.14 million were discharged into watercourses (95.77%** of them **with tertiary treatment** to contribute to the improvement of the quality of the rivers). Our WWTPs in 2024, **managed to remove 95.52%** of **suspended solids**, **97.59% of BOD_5**, **92.50% of COD**, **90.25% of phosphorus** and **65.15% of nitrogen** they contained.

In addition to the treated water discharged to watercourses, Canal's WWTPs in 2024, treated a further **14.99 million cubic metres**, which were destined for reuse.

Sanitation scheme in the Community of Madrid in 2024



More details on sewerage and wastewater management are available at.

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[GRI 303-2]
[GRI 306-1]

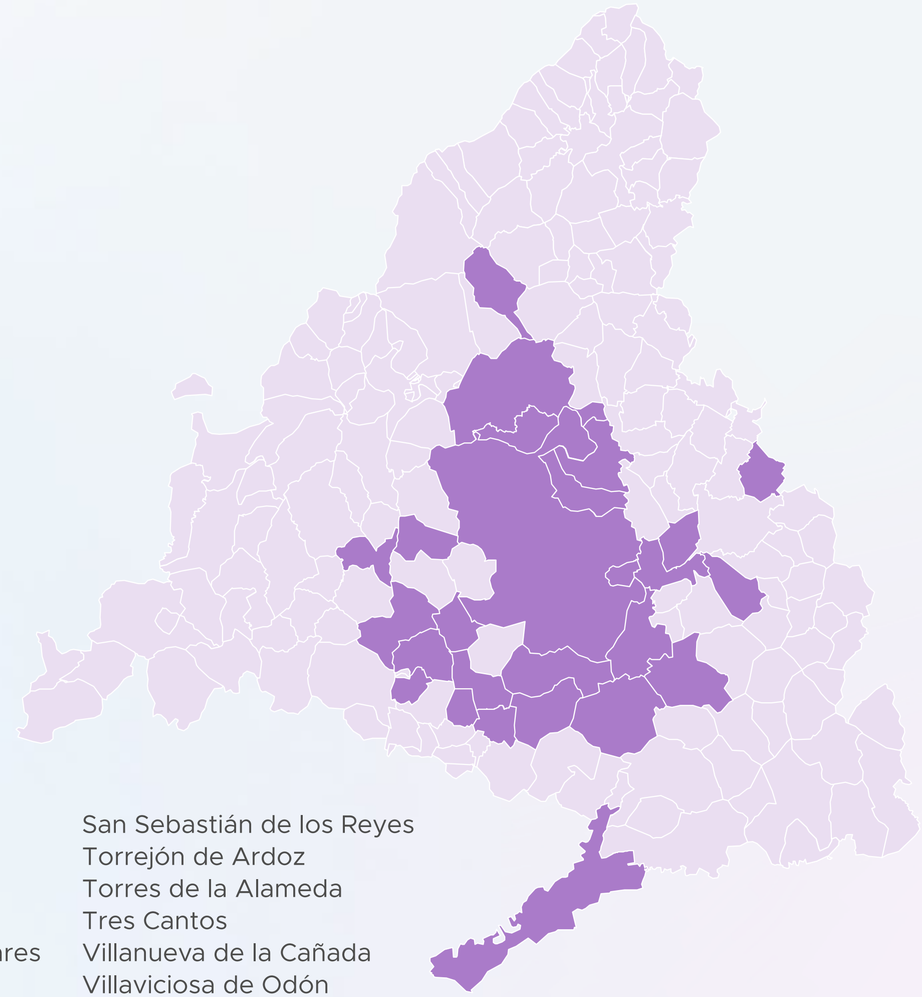
REGENERATION OF TREATED WASTEWATER FOR REUSE

The **reuse of** treated wastewater is an essential component of the integrated management of the resource because it contributes to the net increase in water availability in the region. For this reason, in recent years we have increasingly developed the distribution of reclaimed water for uses that do not require drinking water, especially for **street washing** and **irrigation of public parks**, **golf courses** and even for some **industrial processes**.

At the end of 2024, we had **33** reclaimed water production plants (tertiary treatments), with a capacity to produce **395,493 cubic metres per day**, and **744 kilometres** of reuse networks, which supplied **14.99 million cubic metres** of reclaimed water to the **26 municipalities** that had this service and in which more than 5.42 million inhabitants live.

With the reclaimed water produced by Canal, **2,955 hectares** are currently irrigated: in **401 municipal green areas** in the region (1,875 hectares), in **11 golf courses** with a total surface area of 789 hectares and in **15 companies and entities** that have the reuse service (291 hectares).

Municipalities with a reclaimed water reuse service by 2024



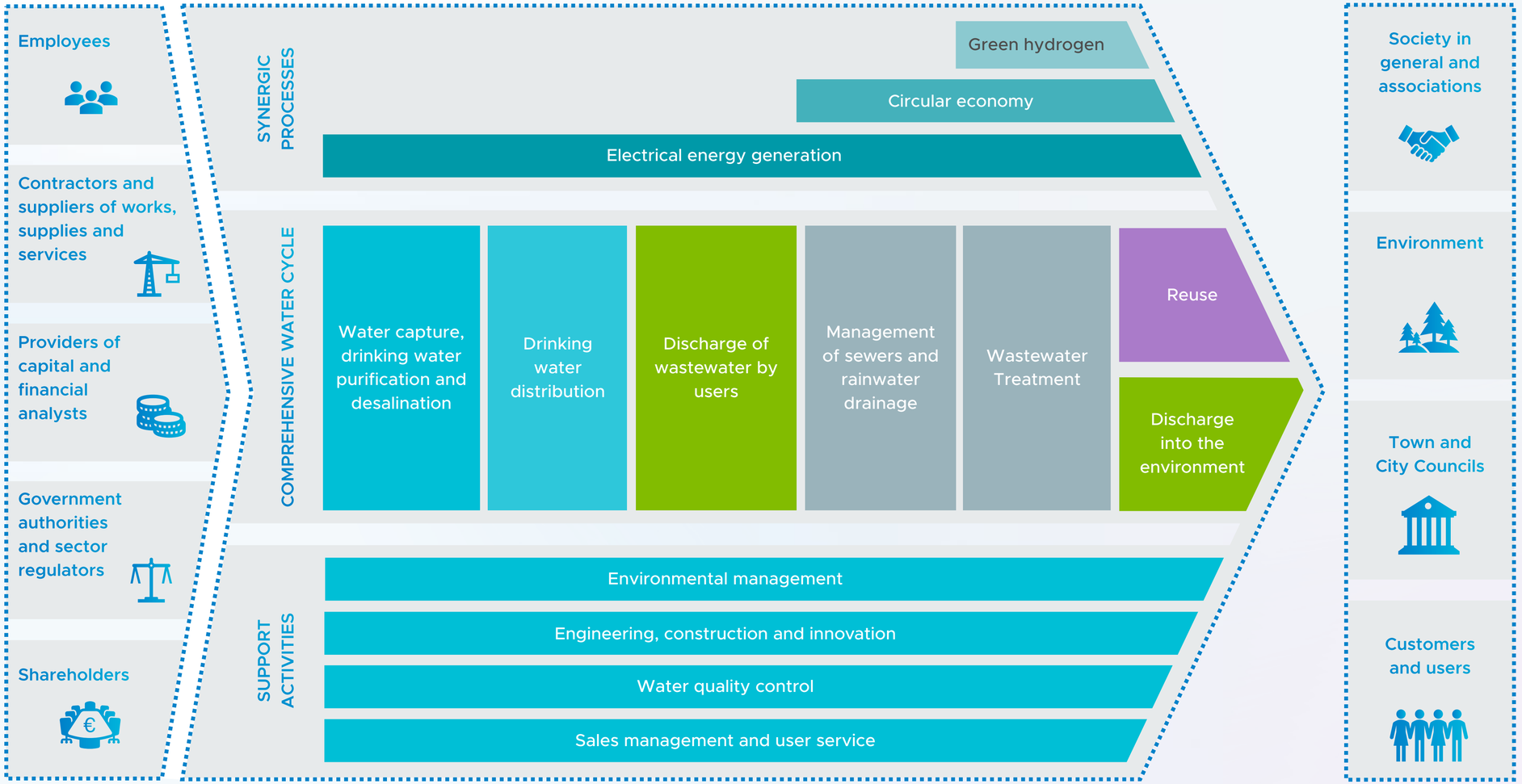
Alcobendas
Alcorcón
Aranjuez
Arganda del Rey
Arroyomolinos
Colmenar Viejo
Coslada
Fuenlabrada
Getafe
Humanes de Madrid
Madrid
Majadahonda
Meco
Miraflores de la Sierra
Móstoles
Parla
Pinto
Rivas Vaciamadrid
San Fernando de Henares
San Martín de la Vega
San Sebastián de los Reyes
Torrejón de Ardoz
Torres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

More information on reclaimed water at this link.

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[GRI 303-2]

VALUE CHAIN OF CANAL DE ISABEL II AND ITS BUSINESS GROUP



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[GRI 2-6]

1.2. ORGANISATION OF OUR COMPANY

The corporate structure and governing bodies of our company have been in line with the requirements of its legal status as a public limited company since its establishment in June 2012.

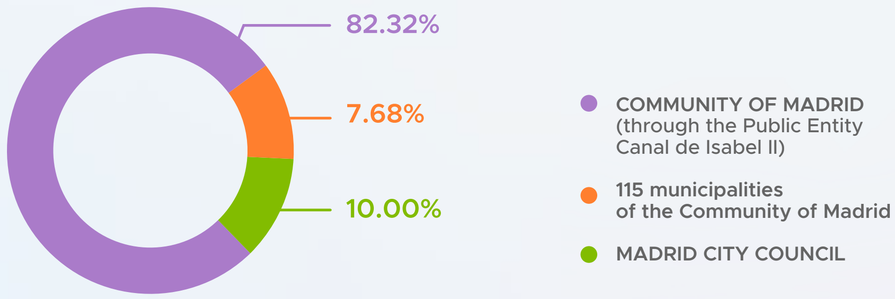
SHAREHOLDERS

The **share capital of Canal de Isabel II, Sociedad Anónima, M.P.** is represented by **1,074,032,000** ordinary **shares** with a **par value of one euro** each. The incorporation of the Company was authorised by a resolution of the **Governing Council of the Community of Madrid on 14 June 2012**. The delivery of the shares to **the first 111 municipalities shareholders of** the Company was formalised in December 2012, in compliance with the agreement reached with these municipalities.

With the approval in 2018 of *Act 8/2018*[1] the possibility of incorporating new municipalities into the shareholding structure was opened up, as has recently occurred with the municipality of Pezuela de las Torres[2] bringing the total number of shareholding municipalities to 116, with a population of **6,320,230 inhabitants** in 2024, i.e. **90.27%** of the population of the Community of Madrid.

The governing bodies of the corporate governance of Canal de Isabel II are the **General Meeting**, of which **all the shareholders** of the company are members, and the **Board of Directors**. Their composition and operation are set out in the **Articles of Association**, a document that embodies the set of articulated rules governing the corporate operation of the Company.

Current shareholding structure of Canal de Isabel II, Sociedad Anónima, M.P.





1. Law 8/2018, of 26 December, amending Law 3/2008, of 29 December, on fiscal and administrative measures, to guarantee the public nature of Canal de Isabel II.
2. The incorporation of the municipality of Pezuela de las Torres as a shareholder was authorised by the Board of Directors of the Company on 19 December 2024, and the accession agreement was signed in the first quarter of 2025.

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[GRI 2-1]

GOVERNING BODIES OF THE COMPANY

The Shareholders' Meeting

The Shareholders' Meeting, among other legally attributed powers, is responsible for **approving the corporate management**, **the accounts**, **the Non-Financial Information Statement (*NFIS/Sustainability* Report)** for the previous year and resolving on the **appropriation of the profit** for each year.

Since the creation of the public limited company Canal de Isabel II, in 2012, and until 2024 (including the interim dividend for the financial year 2024), a total of **1,607.38 million euros in dividends** have been distributed: 1,324.38 million euros corresponded to the Community of Madrid, 160.81 to Madrid City Council and 122.19 to the remaining municipalities that are shareholders of Canal. It represents a contribution of **44.78 euros per inhabitant** in the shareholder municipalities.

Two shareholders' meetings were held in 2024, one ordinary (30 May) and one extraordinary (29 February). The main resolutions adopted were as follows:

- **Approval of the** Company's individual annual accounts (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements) and the ***management report*** for the financial year 2023.
- Approval of the consolidated annual accounts of the Company and its Group (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement, *consolidated notes to the financial statements*) and the ***consolidated management report*** (including the Non-Financial Information Statement) for the financial year 2023.
- The **approval of the Consolidated Non-Financial Information Statement** included in the *Consolidated Directors' Report* of the Company and its Group for the financial year 2023, which is published as *the Sustainability Report*.
- The discharge of the Company's directors in 2023.
- Approval of the appropriation of the result for the financial year 2023.
- Re-election as member of the Board of Directors **of an independent director** (Mr Antonio Javier Cordero Ferrero).
- The **appointment of a proprietary director** (Ms Judith Piquet Flores).

You can consult our Articles of Association at this link.



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[GRI 2-12]
[GRI 2-14]

The Board of Directors and its committees

The **General Shareholders' Meeting** determines the number and appoints the members of the Board of Directors. The Board currently consists of **fifteen directors** plus a non-director secretary.

Persons declared incompatible to the extent and under the conditions established by *Act 14/1995, of 21 April 1995, of the Community of Madrid, Article 213 of Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Capital Companies Act*, and other applicable legislation, as the case may be, may not hold office in the Company and, where appropriate, may not hold office in the Company.

Although **we are not a listed company**, we are an issuer of non-convertible fixed-income securities on a regulated market. Furthermore, one of the priority lines of action for our Board of Directors is to **promote good governance**, and we, therefore, consider that the *Good Governance Code for Listed Companies* of the Spanish National Securities Market Commission (CNMV) should serve as a guiding document for our activity.

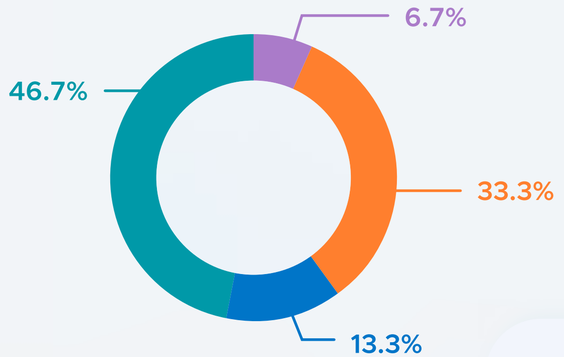
Therefore, at the end of 2024, we had **seven independent directors** (47% of the total), which means complying with Recommendation 17 of the CNMV Code, which indicates that for companies with a shareholder controlling more than 30% of the share capital, such as Canal de Isabel II, Sociedad Anónima, M.P., the number of independent directors must represent at least one-third of the total number of directors.

The **Board of Directors** generally meets once a month and when the Chair decides to convene a meeting. In 2024, 14 Board meetings were held.

At the end of 2024, there were **three committees of the Board of Directors**: the **Audit Committee (CAU)**, the **Nomination and Remuneration** Committee (**CNYR**) and the **Sustainability** Committee (CSOS), chaired and composed of a majority of independent directors as established in our Articles of Association. In 2024, the CAU held fifteen meetings, the CNYR held eleven meetings, and the CSOS held twelve meetings, and there were three joint meetings of the committees (two of CSOS with CNYR and one of CSOS with CAU).

Both the Board of Directors and its committees have **regulations** that determine, among other things, their composition and functioning. In addition, the committees issue an annual report on their functioning, setting out the main activities carried out by each committee during the year.

Current structure of the Board of Directors



- 1 executive director (6.7%)
- 5 proprietary directors representing the Community of Madrid (33.3%)
- 2 proprietary directors representing City Councils (13.3%)
- 7 independent directors (46.7%)

Puedes consultar los reglamentos del Consejo y de las comisiones y los informes anuales de las comisiones en este enlace.

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[GRI 2-10]
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MEMBERS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES AT THE END OF 2024

DIRECTORS	TYPE	BOARD OF DIRECTORS	AUDIT COMMITTEE	APPOIINTMENTSAND REMUNUERATION COMMITTEE	SUSTANABILITY COMMITTEE
Mr. Carlos Novillo Piris	Proprietary Community of Madrid	President of the Council			
Mr. Mariano González Sáez	Executive	Vicepresid. of the Council and CEO			
Public Entity Canal De Isabel II (represented by: Mr. Rafael García Gonzalez (from July 28, 2023)	Proprietary Community of Madrid	Member			
Ms. Isabel Aguilera Navarro	Independent	Member			Committee member
Ms. Cristina Aparicio Maeztu	Proprietary Community of Madrid	Member	Committee member		Committee member
Mr. Antonio Javier Cordero Ferrero	Independent	Member	Committee member		Committee member
Mr. Pablo Cristobal Mayoral	Proprietary Community of Madrid	Member		Committee member	
Mr. Jaime García-Legaz Ponce	Independent	Member	Committee President		
Mr. Salvador Marín Hernández	Independent	Member	Committee member		Committee member
Mr. Francisco Muñoz García	Proprietary town halls	Member			
Ms. Alicia Muñoz Lombardía	Independent	Member		Committee President	
Ms. Judith Piquet Flores	Proprietary town halls	Member			
Mr. Jaime Sánchez Gallego	Independent	Member		Committee member	
Mr. José Ignacio Tejerina Alfaro	Proprietary Community of Madrid	Member	Committee member	Committee member	
Ms. Lourdes Vega Fernández	Independent	Member		Committee member	Committee President
Ms. María del Carmen Tejera Gimeno		Secretary, non-director	Committee Secretary	Committee Secretary	Committee Secretary

You can consult the rules of procedure of the Board and the committees and the annual reports of the committees here.

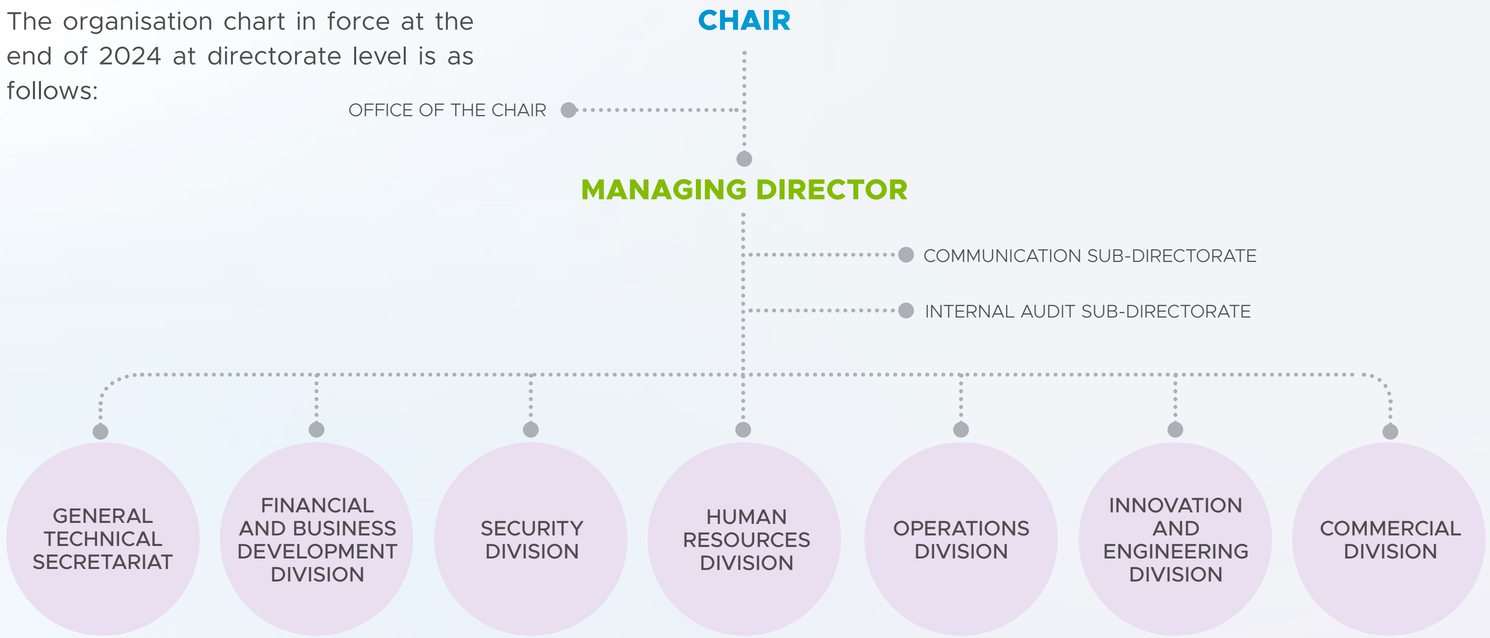
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ORGANISATION AND MANAGEMENT

Our organisation has a structure composed of directorates (7), sub-directorates (28) and operational areas (101).

The organisation chart in force at the end of 2024 at directorate level is as follows:



You can consult the details of our new organisation down to the level of areas in our transparency portal at this link.

Canal has a **Management Committee, chaired by the CEO, which meets regularly** and is currently made up of nine other members: all the directors, the deputy to the CEO and the director of the Chairman's Office.

The Management Committee performs **advisory and consultative work for the CEO** on **relevant issues** affecting the company in any matter (analysis of economic, strategic, operational, commercial and/or environmental information). It is also responsible for **coordinating the activities of the different divisions**, sub-divisions and areas of Canal, and **periodically monitors the results** and deviations with respect to the company's objectives. The agenda of the issues to be dealt with by the Committee is established by the CEO and may also include any other substantial matter that may be proposed by any of its members.

In addition to the Management Committee, Canal regularly convenes different committees and working groups composed of members of management, such as **the Supply Management Committee**, **the Information Systems Committee**, the **Compliance Committee** or the **Tariffs Working Group.**

You can find more information about our organisation and the members of the Canal de Isabel II Management Committee at this link.

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APPROVAL OF MAJOR CORPORATE STRATEGIES IN 2024

Among the most relevant resolutions approved in 2024, by our Board of Directors in September, the approval of the two major Corporate Plans currently in force in our company stands out: The **Sustainability Plan 2024-2026** and the **Strategic Plan 2025-2030 of Canal de Isabel II.**

The **Board approved the 2024-2026 Sustainability Plan** of Directors at its meeting on 30 July 2024 at the proposal of the Sustainability Committee (COS) to ensure compliance with the objectives of Canal's Sustainability Policy approved in September 2023 and with it **we want to promote the actions of Canal's Strategic Plan with the greatest positive impact in environmental, social and governance matters**. It has been prepared with the contributions of the **Sustainability Committee of the Board of Directors**, the Management Committee and a group of technical experts from the different areas of Canal where work related to sustainability is carried out.

The structure of the Sustainability Plan is based on the 10 Principles of our Sustainability Policy, developing for each of them its strategic objectives, the activities we will carry out to achieve them, the indicators that will allow us to measure our performance and the key results we expect to obtain until 2026.

The **Board approved the 2025-2030 Strategic Plan of Canal de Isabel II** of Directors held on 18 December 2024. It is an **update of the Strategic Plan in force until 2024** that will allow us to face the challenges of a constantly changing environment. It does not represent a radical change, but it does include transforming the 10 lines of the plan launched in 2018 into 4 major challenges, which are developed in 8 strategic lines. A more detailed description of the characteristics of the new Strategic Plan is included in the following section of this document in which we describe our business strategy.



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1.3. OUR STRATEGY

Globally, we are seeing how droughts, floods and other extreme weather events are increasingly causing not only losses in the millions, but also loss of human lives. In the Community of Madrid, we are demonstrating that with the right investment in water infrastructure and with efficient and intelligent water management we can minimise these risks and also contribute to the development of our Community by generating a positive multiplier impact on the Madrid economy.



Without large rivers or abundant seawater, the economic and environmental development of the Community of Madrid depends on maintaining the availability and quality of water provided by Canal de Isabel II, which in turn also manages the proper treatment of wastewater for the protection of surface water and the environment.

This successful model (not only recognised in Spain, but also beyond our borders) is facing significant changes in the environment that force us to rethink our future strategy in order to achieve at least as much success as we have achieved so far.

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THE CANAL STRATEGIC PLAN 2018-2030

During 2016 and 2017, Canal de Isabel II carried out a strategic reflection process that concluded in March 2018 with the launch of our **2018-2030 Strategic Plan**, which has been **in force until the end of 2024**. The main objective of our Strategic Plan is to define where we want to position ourselves in the future, what our long-term objectives will be and to propose the necessary strategies to achieve them, facing the challenges of modernisation and sustainability of the company, maintaining and promoting technological levels and service excellence. The process was carried out through the participation and collaboration of all the stakeholders with whom we interact.

As a result of this reflection process, on 1 January 2018 we began implementing our Strategic Plan, which is articulated through 10 strategic lines, as follows:

PLAN ESTRATÉGICO 2018·2030

1. Ensuring supply guarantee

Maintaining the supply guarantee level in the foreseeable scenarios of climate change and with a sustained increase that is equivalent to the average over the last 15 years.

2. Guaranteeing the quality of water for consumption

Guaranteeing water quality from its very origin, preserving our supply sources until reaching the point of consumption.

3. Strengthening service continuity

Ensuring service continuity in the event of possible failings that may affect the networks, the quality of the water supplied or Canal's information systems.

4. Promoting environmental quality and energetic efficiency

Promoting the circular economy and sustainable development, dealing with the challenges associated with climate change by means of the corresponding adaptation and mitigation plans.

5. Developing cooperation with the municipalities of Madrid

Promoting the integral management of Canal in all the municipalities, consolidating the most efficient model of supranational management.

6. Reinforcing commitment and closeness to users

Maximising "customer experience" in all contacts with our users, improving efficiency in commercial and operational processes.

7. Promoting transparency, good governance and commitment to society

Guaranteeing transparency, good governance and commitment to society as a public company offering an essential basic service.

8. Fomenting our professionals' talent, commitment and health

Supporting our professions, attracting, retaining and promoting talent and knowledge, in order to be the best company in our sector for pursuing a professional career.

9. Being at the head in innovation and development

Innovating in our actions so as to be a benchmark in our sector and develop the technologies and services our customers may demand in the future.

10. Ensuring management sustainability and efficiency

Carrying out a rigorous, efficient and transparent public management, ensuring the right economic and social balance.

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Each of the **10 strategic lines** is articulated in strategic plans, of which there were 50 in 2024, including **10 star plans** (one per line). The plans we have worked on in 2024, are as follows:

Each of the strategic plans has measurable annual objectives and one or more indicators to monitor them. The results of this monitoring are published quarterly and annually on our website in the Strategic Plan section. In addition, both the Management Committee and the Board of Directors are informed annually of the details of the fulfilment of each of these objectives.

The degree of compliance with the objectives of the strategic lines and plans is reflected annually in the variable remuneration received by the chief executive officer, managers, management support staff and Canal's graduates.

LE 1 Ensuring supply guarantee	
PE 1	Plan to maintain the level of supply
P.Est.1	Plan 25: reduce by 25% the volume of water derived for consumption per inhabitant
PE 1.1	Plan to ensure the maximum efficiency of existing resources
PE 1.2	Plan to expand and promote the use of reclaimed water
PE 1.3	Plan to ensure and promote an effective management of demand
LE 2 Guarantleeing the quality of water for consumption	
PE 2	Plan to preserve the quality of the water in the distribution network
P.Est.2 / PE 2.4	Plan Red/ Plan to improve preventive maintenance in the supply network
PE 2.1	Plan to improve the quality of the water at its source
PE 2.2	Plan to enhance the use of new treatment technologies
PE 2.3	Plan to improve the network operation process
LE 3 Strengthening service continuity	
PE 3 P.Est.3 /	Plan for 365 days of service continuity / Resilience plan for supply to municipalities
PE 3.1	Plan for the physical safety of the infrastructures
PE 3.2	Staff safety plan
PE 3.3	Information safety plan
LE 4 Promoting environmental quality and energetic efficiency	
PE 4	Plan for dealing with the challenges associated with climate change
P.Est. 4	Plan 0.0Wh: Reaching an electric generation of 100% of our consumption
PE 4.1	Wastewater treatment excellence plan
PE 4.2	Energetic efficiency and sustainable development plan
PE 4.3	Plan for fomenting the circular economy
PE 4.4	**Plan for developing clean energy**
LE 5 Developing cooperation with the municipalities of Madrid	
PE 5	Plan for consolidating municipal management model
P.Est.5	SANEA PLAN: 100% of the sanitation networks adequate for master plans
PE 5.1	Plan for getting closer to city halls and housing estates
PE 5.2	Sewage excellence plan
LE 6 Reinforcing commitment and closeness to users	
PE 6	Plan for getting closer to users
P.Est. 6	Digital solution plan: the electronic invoice
PE 6.1	Plan for fomenting and developing the "customer experience" culture
PE 6.2	Plan for analysing the Voice of the Customer
PE 6.3	Smart-Region Plan: installation of smart meters and new invoicing systems
LE 7 Enchancing transparency, good governance and commitment to society	
PE 7	Plan for guaranteeing transparent management
P.Est. 7	Plan for enhancing investment in CSR
PE 7.1	Strategic good governance plan
PE 7.2	Plan for enhancing transparency and reinforcing relationships with the interest groups
PE 7.3	Strategic plan for commitment to society
LE 8 Fomenting our professionals' talent, commitment and health	
PE 8 / PE 8.2	Staff management plan / Plan for ensuring a staff that is adapted to the needs and with the most adequate professionals
P.Est. 8	Equality plan
PE 8.1	Plan for increasing employee commitment and sense of belonging
PE 8.3	Plan for developing and promoting the sustainable professional development of Canal's structure
PE 8.4	Plan for ensuring safe environments for all employees
LE 9 Being at the head of innovation and development	
PE 9	Plan for developing future technologies and services
P.Est. 9 PE 9.1	Plan Innova 100/ Plan for innovative strategy support
PE 9.2	Plan for internal innovation and development
PE 9.3	Plan for the digital transformation of Canal de Isabel II (Canal 4.0)
PE 9.4	Plan for positioning as an innovative company
LE 10 Ensuring management sustainability and efficiency	
PE 10	Plan for carrying out rigorous, efficient and transparent public management
P.Est. 10	Plan for making hiring processes faster
PE 10.1	Plan for ensuring an efficient use of economic resources
PE 10.2	Plan for progressively adapting the level of indebtedness to the development strategy
PE 10.3	Plan for ensuring the efficiency of processes

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FOLLOW-UP TO THE STRATEGIC PLAN 2018-2030 IN 2024

Canal's Strategic Plan is a living and necessarily flexible tool, a lever of our company's sustainability strategy. Thanks to its participative nature from its design and creation, as well as the constant improvement to which it is open, it has a system of monitoring and control of the quarterly results, as well as a continuous process of strategic review, which involves our entire organisation.

Since its launch in 2018, the implementation of our Strategic Plan has involved the implementation of transversal projects that involve professionals from different areas of our company, so that, in addition to the formal and hierarchical structure of Canal, there is an *ad hoc* transversal structure responsible for the implementation of the plans and actions of each strategic line.

Each of the **10 strategic lines** has been directed by a member of the Management Committee and coordinated by a line coordinator, who in turn leads those responsible for the specific plans and actions associated with their line. In addition, the **Strategy Implementation and Monitoring Office**, an internal team specifically created with the mission of promoting, coordinating and facilitating the execution of the plans and actions, monitors all the objectives of the lines and plans, as well as supporting decision-making.

In the financial year 2024**, the targets of our Strategic Plan 2018-2030 were 99.9% met**, the highest annual value achieved since the start of the Plan in January 2018. In 2023 the degree of compliance was 99.2% and in 2022 98.3%.

PLAN ESTRATÉGICO 2018·2030

ANNUAL COMPLIANCE WITH THE PLAN

YEAR 2022	YEAR 2023	YEAR 2024
98.3%	99.2%	99.9%



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Among the main achievements of the 2018-2030 Strategic Plan through 2024, the following can be highlighted:

1. The **first of the Plan's lines**, which includes the objectives associated with **guaranteeing supply**, focuses on **quantity**. In 2024, we have achieved a **record** in the **reduction of per capita consumption** (water derived for consumption), which has been below 200 litres/inhabitant/day for the first time. We have reached **198.1 litres per inhabitant per day**, despite having increased the population by more than 140,000 people in the Community of Madrid.

   Also noteworthy in this line are the savings measures implemented, such as the improvement in the distribution network thanks to the renovation of pipes carried out in the **RED Plan** or the commercial actions, mainly the installation of new meters connected to the remote reading system (more than 370,000), which **has enabled us to save more than 19 million cubic metres** in 2024.

2. In the **second of the lines,** dedicated to water **quality**, the **renewal of networks** stands out. The length of pipe renewed in 2024, was **347 kilometres**, 133.35% of the target value for 2024. At the end of the year, **we have reached the 1,275.3 kilometres renewed** accumulated since the start of the Strategic Plan in 2018. All the records of pipes renewed in a single financial year have been surpassed, with **more than 200 works** carried out throughout the year, which have enabled us to increase the percentage of the **network to standard** by almost 2% in a single year, reaching a value of more than 87%.

3. In **the third line**, dedicated to service continuity, work has continued in the area of security of infrastructures, people and cybersecurity, and we closed the year with more than **91% of contracts with alternative supply in less than 12 hours** (out of more than 1.2 million contracts with integral management).

4. Our **line 4** is dedicated to **environmental quality and energy efficiency**. This year it is worth highlighting the **increase in electricity production** thanks to the start-up of the thermal drying of sludge from the South WWTP and very good conditions for hydroelectric production in the first months of the year, which, together with lower consumption of the San Juan and Picadas elevators, means that our electricity balance (production versus consumption) reached 75%.

5. In **line 5**, which focuses on **local councils**, we have continued to work on the **SANEA Plan**, revising the master plans to bring them into line with the new regulations while continuing to draw up projects (117.1 million euros accumulated) and execute works (22.52 million euros accumulated in certified works).

   In 2024, we have revised the agreements of Las Rozas, Griñón, Navalcarnero and Meco, and, in collaboration with the Public Entity Canal de Isabel II, 16 new **SANEA-2500 Agreements** have been approved.

6. In **line 6**, dedicated to our **customers and users**, we highlight that on 31 December **614,787 meters** were already connected to the digital **remote metering** system.

   In addition, we achieved the **highest** recorded **rating** for **overall** customer satisfaction with a score of 8.78 out of 10, mainly thanks to a consolidated customer service across all channels and an ever-increasing range of services.

7. In the case of **line 7,** dedicated to **transparency, good governance and commitment to society**, in 2024, we have exceeded 284,000 **beneficiaries of social tariffs** and the resources allocated to families in Madrid have grown by 1.3 million euros (37.5% more). In addition, we have finalised the design and content of the new **Transparency Portal**, with which we will be much closer, and which we hope to launch in 2025.

8. The **temporary employment** targets for **our line 8**, which we dedicate **to our professionals**, have been met, standing at **6.30%** at the end of the year, below the legal figure of 8%. Also, during the year, the review of the workforce was completed and approved by the Community of Madrid **(2,919 posts)**, and progress continues to be made in the stabilisation of the workforce. This year the number of permanent contracts has risen to 91 (334 in the last two years).

9. **Line 9**, dedicated **to innovation and development**, reflects our continued focus on being a leader in our sector. This year, we have dedicated **7.8% of turnover to innovative activities**, with an approximate value **of 73 million euros**. The largest investment was made in the remote meter reading project and in Industry 4.0. In addition, the **100 innovative** and viable **projects** that gave rise in 2018 to the **INNOVA100 Plan** have been **reached** and, also in the year, we have incorporated 12 projects, including DREINCAM, an intelligent urban drainage management system for the Community of Madrid, or a rainfall simulator that we have inaugurated at the Meco WWTP.

10. Finally, in **line 10**, which aims **to ensure the financial sustainability of the company**, we have achieved an **EBITDA/turnover** ratio of **36.23%**, higher than budgeted (28.88%), as a result of both cost containment, mainly due to the **improvement in energy costs**, and the **increase in turnover**.

    In addition, for the first time, the **average recruitment period** has **fallen** below 200 days. We have gone from 213.9 days at the end of 2023 to 195.3 days at the end of 2024.

You can consult all the additional information on our Strategic Plan at the following link.

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THE NEW STRATEGIC PLAN 2025-2030 OF CANAL DE ISABEL II

Since 2018, the **2018-2030 Strategic Plan** has been **Canal de Isabel II's roadmap**. However, at Canal we have taken a firm step towards the future, renewing our strategy to anticipate challenges, adapt to a constantly changing environment and turn each challenge into an opportunity to continue growing and improving.

After more than **five years since the beginning of the implementation of** the Strategic Plan, in 2023, a process was started for its **review, adaptation and reorganisation** to face the **changes in the environment** and the **new challenges** that arise both in our sector and in society. In particular, the review has focused on aspects such as **adaptation** to the increase in **extreme weather phenomena**, such as droughts and floods, the promotion of **the digitalisation** of our processes and the improvement of our relationship with our customers and society.

The main objective of the review process was to **update** our trajectory and redefine the **objectives to be followed until 2030**. To this end, the strategic reflection process has involved the participation of a multidisciplinary team of Canal professionals, including a cross-cutting group of experts who have contributed their experience and knowledge. The collaboration of the Management Committee and the Board of Directors, as well as more than 500 representatives of our stakeholders, has also been key. For a year and a half, this process of **internal and external analysis** has taken shape through eight monographic meetings, more than 20 group meetings and constant week-to-week monitoring.

We have **reviewed and redefined** the **principles** that underpin our strategy: **mission, vision** and **values**, always aligned with our essential **purpose**: "Caring for water and guaranteeing a sustainable future for the Community of Madrid".

As a result of this intense process of reflection, on 18 December 2024, the **Board of Directors** approved the **new Strategic Plan 2025-2030**. Shortly afterwards, in the first two months of 2025, the Plan was presented at an Extraordinary General Shareholders' Meeting, and, after being reported to the Governing Council of the Community of Madrid, it was presented to the media.

With this renewed strategy, we are determinedly taking on the **four major challenges of the future**, reaffirming **our commitment** to **excellence**, **proximity** and **innovation** in water management.

The **first** of our challenges is to **"Guarantee water in the face of the effects of climate change"**, because ensuring a constant supply, of sufficient quality and quantity is a growing challenge. In the last thirty years, river inflows to reservoirs have fallen by almost 20%, while the population of the Community of Madrid will grow by one million inhabitants in the next decade, which will mean an increase in water demand of 15%. These factors require us to **act with determination** to manage water more **efficiently and sustainably**.

To meet this challenge, we will work to **reduce** water losses in the network, promote the **reuse** of treated water to increase the availability of water at source and raise public awareness of the importance of conserving this essential resource.

Our **second** major challenge is to **"Promote the circular economy and protect the environment", with** the aim of **minimising the environmental impact** of all our operations by carrying out effective mitigation actions. Our main lines of action include the **reduction of waste** and the **use of by-products** generated in the treatment of wastewater. In particular, we will manage more efficiently the increase in sludge from wastewater treatment, which already accounts for 90% of our waste. We will also work on **the opti-**

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misation of our sewerage and wastewater treatment facilities, with the aim of improving the quality of discharges and ensuring **compliance with increasingly demanding regulations**. In addition, Canal reinforces its commitment to **energy efficiency** by investing in renewable and high-efficiency energies, such as solar and biogas, to **reduce our carbon footprint**.

The **third** challenge is **to "Improve people's quality of life"**. We aim to take care of both **Madrid society** and **the professionals** who form part of our company. We want to place the **customer at the centre of our activity**, for which we will implement active listening strategies that allow us to understand their needs and expectations better. **We will also expand communication channels** with an omnichannel model and develop new services to improve the user experience. We will strengthen our **relationship with local councils**, drive improvements in housing developments and promote social welfare through **corporate social responsibility** (CSR) actions, thus responding to the demands and expectations of today's society. Internally, we will work to achieve a sustainable organisational structure, promote the **professional growth** of our employees and develop a new "employee experience" model that will identify the different interactions between employees and the company. Through their "employee corridor" we will analyse their interactions with the company to assess their satisfaction and detect areas for improvement.

The **fourth** challenge will be to **"Drive prosperity in the region"** through two key lines of action. The first is the **digital transformation** of our processes, which implies not only the adoption of new technologies, but also a **cultural change** within the organisation, preparing our teams for new ways of working. The second is to ensure an **economic and financial balance**, harmonising investment in infrastructure and technology with the accessibility of fares for society. After **assessing the investments needed** to achieve our objectives **up to 2030**, these will amount **to** more than 2 billion euros.

All actions under these **four challenges** will be carried out within a **strategic governance framework**, which will ensure best practices in both good governance and corporate transparency.

The **four challenges** are further specified in **eight strategic lines**, and these are divided into **30 operational plans**, designed to develop key actions and projects.

Challenges and strategic lines of the new Strategic Plan 2025-2030



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2. OUR **PERFORMANCE IN 2024**

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OUR PERFORMANCE IN 2024

Sustainability is not something new for Canal de Isabel II, which for decades has been carrying out business actions based on environmental, social and good governance criteria (hereinafter, ESG criteria) in all the areas in which it develops its management and operations.

Environmental protection is part of Canal's DNA as a company. Our work focuses on the **supply of one of the main natural resources** (water) and the **protection and conservation of the water resources** of our region, through an adequate management of **sanitation**. Today we are one of the main agents in the field of environmental protection and conservation in the Community of Madrid.

In the **social sphere**, for the citizens of the Community of Madrid we are not just another company. Our **public nature** and our long history of service to the inhabitants of our region make **the people of Madrid consider that Canal is theirs**, that is, that we are **a company that belongs to everyone**, of which everyone feels proud and from which **a model performance is expected** that must go beyond the simple provision of water-related services. Therefore, in order to respond to the expectations of the citizens, in recent years, at Canal and from our Foundation, we have allocated significant resources and developed multiple actions in the social sphere aimed at the society of Madrid.

In terms of **governance**, the combination of our nature as a **public limited company** and the **public nature** of our shareholding makes the adoption of **good corporate governance** practices, internal control and management **transparency** particularly relevant. To achieve this, we have set ourselves the objective of continuing to implement best **corporate governance** practices in our company and to continue working to set an example in the field of transparency in public sector entities.



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OUR SUSTAINABILITY POLICY

To consolidate the achievements made so far by Canal, in January 2023 the Board of Directors of Canal de Isabel II set up the **Sustainability Committee (COS)**, a specialised internal, consultative and informative body. In September of that same year, the COS gave final shape to Canal's **Sustainability Policy**, with the aim of advancing even further in the implementation of ESG criteria, and with which we want to be the **benchmark in terms of sustainable development** of the **public companies of the Community of Madrid** and of the sector of the integral water cycle management at a global level.

Canal's sustainability is based on our purpose as a company, is built on our values and is manifested through the active and voluntary involvement in the improvement of our environment, by integrating the **ethical, social, environmental, good governance and human rights concerns** of the different stakeholders with whom we relate.

Our Sustainability Policy is focused on environmental, social and good governance (ESG) issues and is aligned with the spirit, principles and commitments of our Code of Ethics and Conduct. To this end, **sustainability is integrated into the business strategy**, which in turn is configured as **a basic internal management tool**, which is specified in **10 principles and areas of action**. These principles are:

1. **Rational use of water**.
2. The **protection of water bodies and biodiversity**.
3. **Sustainable operation** and the **circular economy**.
4. **Climate change** and **clean energy**.
5. Alliances and support for **social and environmental initiatives of other entities**.
6. **Good governance, ethics** and **transparency** of management.
7. Relations with **our stakeholders**.
8. Support for **local authority initiatives**.
9. **Culture and patronage**.
10. **Innovation and** sectoral knowledge.

The detailed **objectives and contents** of each of these 10 principles are described, **together with the actions in the Sustainability Plan 2024-2026 that develop them**, in the following sections of this *Sustainability Report*, which has been prepared around them.

The **Sustainability Policy of Canal de Isabel II, Sociedad Anónima, M.P.**, constitutes a framework of mandatory compliance for all the entities that make up the Canal Group and their respective governing bodies.

As a frame of reference, any Canal Group entity shall develop and promote sustainable behaviour, regardless of the country in which it operates, adapting locally the actions necessary for its compliance.

Canal's Sustainability Policy can be found at this link:

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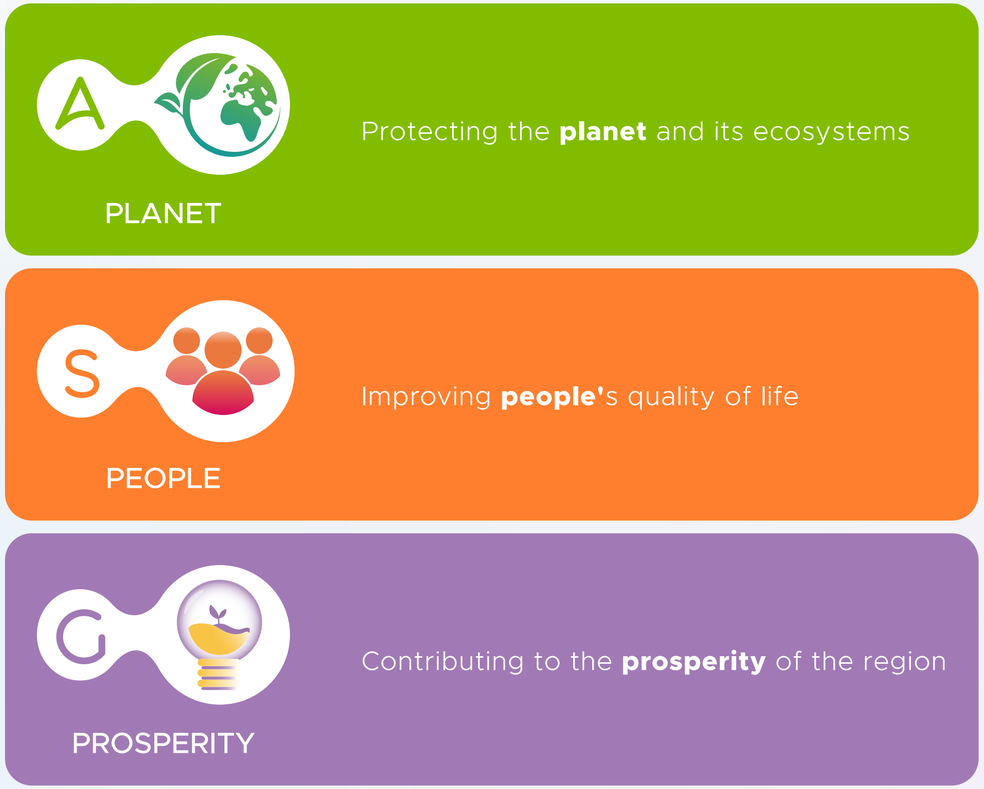
THE SUSTAINABILITY PLAN 2024-2026

To materialise the **10 principles of our Sustainability Policy**, throughout 2023 and 2024 we have been working to translate its objectives into our day-to-day management and operations, through a thorough reflection process carried out in parallel with the review of our 2018-2030 Strategic Plan.

Thus, the ambition to have a positive impact on our environment has led us to create **our first Sustainability Plan**, which covers the period **2024-2026**.

The Board approved the Plan of Directors on 30 July 2024 at the proposal of the Sustainability Committee, and it materialises the **mechanisms and tools to implement Canal's Sustainability Policy**, allowing our company to quantify our progress in sustainable development over the next three years. The Plan establishes the **objectives, actions** and **indicators** that we are going to implement following ESG criteria focused on **three main axes of Canal's sustainability**: **planet, people, and prosperity**, as well as the continuous evaluation mechanisms that guarantee the fulfilment of the objectives.

The 10 principles of our Sustainability Policy have been integrated into one of these three main areas, and for each of them we have defined specific objectives and quantifiable indicators (23 in total) to facilitate the monitoring of the implementation of the Sustainability Plan and to analyse the real impact of our activity.



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[GRI 2-6]
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The following sections of this *Sustainability Report* describe the objectives, monitoring indicators and our performance through 2024 in relation to the 10 principles of our Sustainability Plan 2024-2026.

Objectives of the 2024-2026 Sustainability Plan related to the 10 principles of Canal's Sustainability Policy

Protect thel **planet** and its ecosystems

1. Rational water use

Objective: Reduce per capita water consumption

Target Ensure that water extracted per inhabitant is below 200 l/inhab./day by 2026.

2. Protection of water masses and biodiversity

Objective: Improve the quality of our discharges

Ensure the degree of excellence in purification is higher than 98 %.

3. Sustainable operation and commitment to the circular economy

Objective: Increase the percentage of valorised waste

67% of sanitised sludge by 2026.

4. Climate change and clean energies

Objective: Improve our climate balance

Over 80% of emissions avoided by 2026.

Improve **people's** quality of life

5. Alliances with other entities and support of their social and environmental initiatives

Objective: Consolidate the presence of Canal in the most highly reputed forums in the social and environmental spheres

2% of turnover allocated to social activities.

7. Relations with our stakeholders

Objective: Continuous improvement in customers, employees and society's perception of the Canal

Consolidate our customer satisfaction rating at over 8.5.

8. Support for local entities

Objective: Optimise our relations with town and city councils, developers and residential complexes to solidify our close relationship with and contribution to regional development

Speed up the time it takes to complete an urban development by 33%.

9. Culture and patronage

Objective: Preserve the immovable and movable, documentary, historical, recreational and natural heritage of the Canal Isabel II

Objective Increase the offering of public space to citizens by more than 25% by 2026.

Contribute to the region's **prosperity**

6. Good corporate governance, ethics and transparency of management

Objective: Implement best practices of good corporate governance and increase the company's transparency

increase the percentage of recommendations of good governance fulfilled by 2% per annum.

10. Innovation and sectoral knowledge

Objective: Improve corporate efficiency by means of innovation and digitalisation

Reach 120 innovative projects developed in 2026 from the start of the 2018-2030 Strategic Plan.



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DOUBLE MATERIALITY ANALYSIS 2024

In addition to acting on specific issues in the field of sustainability, **companies must periodically report on the progress** made to achieve our objectives, together with the stakeholders with whom we interact —employees, suppliers, customers, shareholders and the general public—. **In** this sense, **periodically, at Canal we analyse and assess** together with our stakeholders which are the most important **sustainability issues** for our company, an analysis that for 2024 we have carried out from a **"double materiality"**[3] perspective.

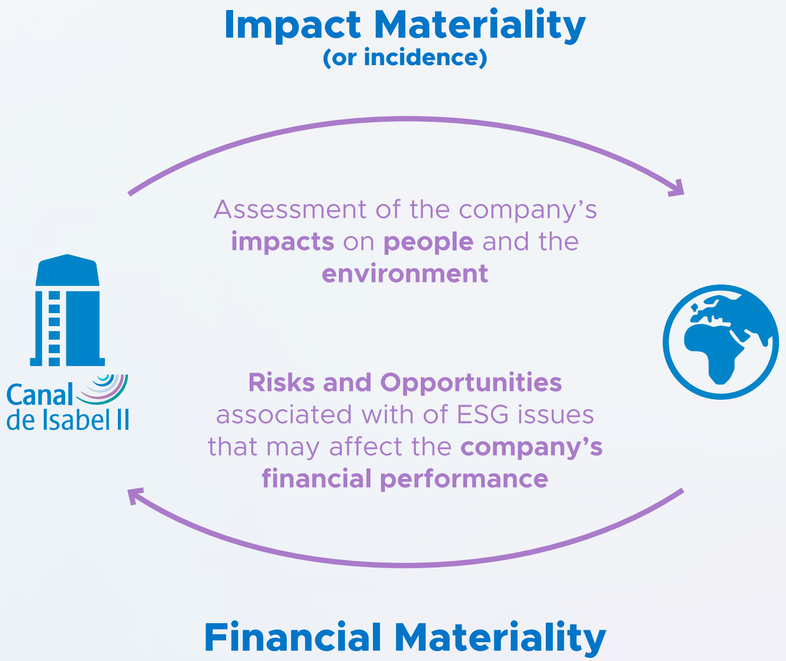
The **double materiality** approach represents a significant advance in the way companies should address and report on financial and sustainability issues. By considering all of them, companies can: better manage **ESG**[4] impacts, **risks and opportunities** be aware of our stakeholders' expectations and contribute more effectively to sustainable development.

The European regulation associated with the **CSRD**[5] by incorporating the double materiality approach, **drives** companies to adopt more comprehensive and responsible practices to optimise our performance. The context of double materiality reflects a convergence of social, regulatory and financial demands **towards greater transparency** and corporate responsibility. This dual perspective is intended to reflect:

How **Canal**'s **activities affect** or may affect **society and the environment**.

- How **ESG factors affect** or may affect **Canal** financially, in terms of **risks and opportunities**.

- This dual perspective is marking an important change not only from a reporting point of view, but also in terms of management and decision-making.



3. According to Annex II of the ***EU Delegated Regulation 2023/2772*** on sustainability reporting standards, a sustainability issue is material (or **materiality**) **in terms of impact** when it relates to actual or potential positive or negative impacts of the company **on people or the environment** in the short, medium and long term. A material issue from an impact perspective includes impacts related to the company's own activities and upstream and downstream in the company's **value chain**, including through its products and services, as well as its business relationships.

   A sustainability issue is **material from a financial perspective** if it creates risks or opportunities that affect or may affect the **company's financial position**, financial performance, cash flows, access to finance or cost of capital in the short, medium or long term.

   A sustainability issue meets the **criterion of double materiality** if it is material from an impact point of view, from a financial point of view or from both points of view.

4. Acronym used for Environmental, Social and Governance criteria. In English the acronym ESG (*Environmental, Social and Governance*) is used.

5. *Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on sustainability reporting by companies (CSRD).*

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[GRI 3-1]
[GRI 2-29]

METHODOLOGY AND PROCESS STEPS FOR DOUBLE MATERIALITY ANALYSIS



In this process there are **two important aspects to consider**: the **complete** and exhaustive **knowledge of the** company's **value chain** and the **involvement of stakeholders** and users of the information. Until now, these concepts were worked separately, but thanks to the double materiality and its regulatory requirement**, they are integrated in the report**. The process followed in Canal is the same as the one suggested in the ***EFRAG's** Dual Materiality Analysis Recommendation Guide:*

1 Mapping the Value Chain

We analyse the elements of our **value chain** and cross-reference them with the **themes**, sub-themes and the sub-sub-themes of the **Sustainability Issues** issues in the **NEIS** (Application Requirement 16 - NEIS 1).

2 Identifying Relevant Issues

Using the available sources of information (external and internal), we established a preliminary list of the **prior list of relevant issues** for Canal.

3 Identifying Stakeholder Groups

By analysing the activities of the value chain and knowing the relevant issues that affect us, we identify which are the most relevant stakeholders for Canal de la Frontera **stakeholders that are most relevant to Canal** that we should consult for our analysis of the material issues.

4 Stakeholder Consultation

We consulted the **opinion of our stakeholders** in relation to Canal's sustainability issues that they consider relevant. We did this, among other techniques, with **surveys**, **interviews** and **focus groups** (with the participation of more than 500 people).

5 Impact, Risk and Opportunity Assessment (IROs)

On the basis of the information obtained we establish the **Impacts, Risks and Opportunities (IROs)** related to Sustainability and we assess their **relative importance** in terms of their **impact** and their **financial impact**.

6 Results: In accordance with NEIS guidelines, we identified 16 material topics

Following the valuation of the IROs, **applying the provisions of the NEIS** we arrived at a list of the **16 issues related to the sustainability of Canal** which are **materials** and should be included in our Sustainability Report.

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* The *European Financial Reporting Advisory Group* (EFRAG) is a private association created in 2001 with the support of the European Commission to serve the public interest in corporate reporting. In 2022 it expanded its mission following the new role assigned to EFRAG by the CSRD, providing technical advice to the European Commission in the form of draft European Sustainability Reporting Standards and/or draft amendments to these Standards.



1. Value chain mapping

To start the double materiality analysis process, we start with an **analysis of the context of Canal as a company** to understand and assess the **internal and external factors** that may affect our organisation. We do this to get a clear view of the environment in which Canal operates, and it serves as a starting point for us to **know what sustainability issues of** the company **we need to consider** when **identifying impacts** and assessing **risks and opportunities**.

The EFRAG Guidance states that the requirements of **AR 16**, Appendix A of NEIS 1: "Sustainability issues to be included in the materiality assessment" should be used as a starting point.[6] It is a basic list of **issues**, **sub-issues** and **sub-issues** that companies should consider in the materiality assessment.

Starting from this requirement, in the context analysis we need to develop information about:

- The business model.
- Corporate strategy.
- Business activities and relations.
- *Upstream* and/or *downstream* value chain activities.
- The identification of stakeholders and users of information with the issues that are relevant to each of them.

For the context analysis of the **value chain**, the EFRAG Guidance helps us to understand what requirements we need to take into account in accordance with the requirements of the CSRD. Understanding our value chain is a relevant step both in the context analysis and throughout all phases of the double materiality analysis process, as it **allows us to disaggregate** all relevant **activities**, **resources** and **business relationships** and therefore to have a knowledge and a first approximation of the issues and affected stakeholders we need to consider.

It is also necessary to have the full detail of the value chain, as this is a mandatory requirement in Phase 2 "Identification and assessment of impacts, risks and opportunities (IRO)" and for the reporting of material information.

Another relevant aspect is the identification of **stakeholders and users of information** to gather the **issues that are important for their interests** and decision-making.

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6. The NEIS are the European Sustainability Reporting Standards (ESRS) established by Delegated Regulation (EU) 2023/2772 implement-ing the CSRD. ESRS 1 sets out the General Requirements for sustainability reporting.

2. Identification of relevant issues

To identify relevant issues, it is advisable to **identify, map and categorise** in a disaggregated and aggregated manner, **the stakeholders affected** in all the company's activities and business relationships.

A plan has to be defined on how to involve stakeholders in each phase of the process, identifying the relationship and communication channels, the frequency of contact and, finally, the definition of strategies and synergies for their correct involvement. With the analysis of this point, **issues that are important for the company's stakeholders** will not be left out and they can be involved in the whole process.

Based on the two aspects initially identified, the **different internal and external sources** were analysed, and a structured approach made it possible to identify how Canal as a company manages and responds to the challenges and opportunities related to sustainability, specifically from:

External References

- **Legislation** (*Law 11/2018, CSRD Directive, NEIS Regulation, EU Taxonomy Regulation, draft Sustainability Due Diligence Directive, ...*).
- *Global Reporting Initiative* (**GRI**) **Standards 2016**.
- 10 UN **Global Compact** Principles.
- ***Sustainability Accounting Standards** Board* (SASB).
- ***Carbon Disclosure Project*** (CDP).
- **OECD Guidelines** for Multinationals.
- United Nations Guiding **Principles on Business and Human Rights**.
- **Themes, Sub-themes and Sub-sub-themes** set out in the **NEIS 1**.
- ***European Benchmarking*** (urban water sector)
- **Sustainability reports** of **other large** Spanish and foreign companies in our sector and other sectors.

Internal References

- **Requirements** expressed by **stakeholders** in previous years' materiality analyses.
- **Canal de Isabel II Strategic Plan.**
- **Sustainability Policy** and **Plan** of Canal de Isabel II.
- Canal's **Corporate Risk** Map.
- **Customer experience** database.
- Canal **news** database.
- Register of **requests from the parliamentary groups** of the Assembly of Madrid.
- Previous years' **SDG contribution** reports.
- Canal **Sustainability Report** for **previous years**.

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3. Identification of stakeholders

Value chain mapping, in turn, makes it possible to identify stakeholders and users of information in order to gather the issues that are important to their interests and decision-making. The standard defines them as follows:

Affected stakeholders: individuals or groups whose interests are or could be affected, positively or negatively, by Canal's activities and its direct and indirect business relationships along the value chain.

Users of the information: primary users of financial information in general, in our case shareholders, such as existing and potential investors such as bondholders, creditors, asset managers, credit institutions and insurance companies. Other users should also be included, such as the company's business partners, trade unions, social partners, civil society and non-governmental organisations, governments, analysts and academics.

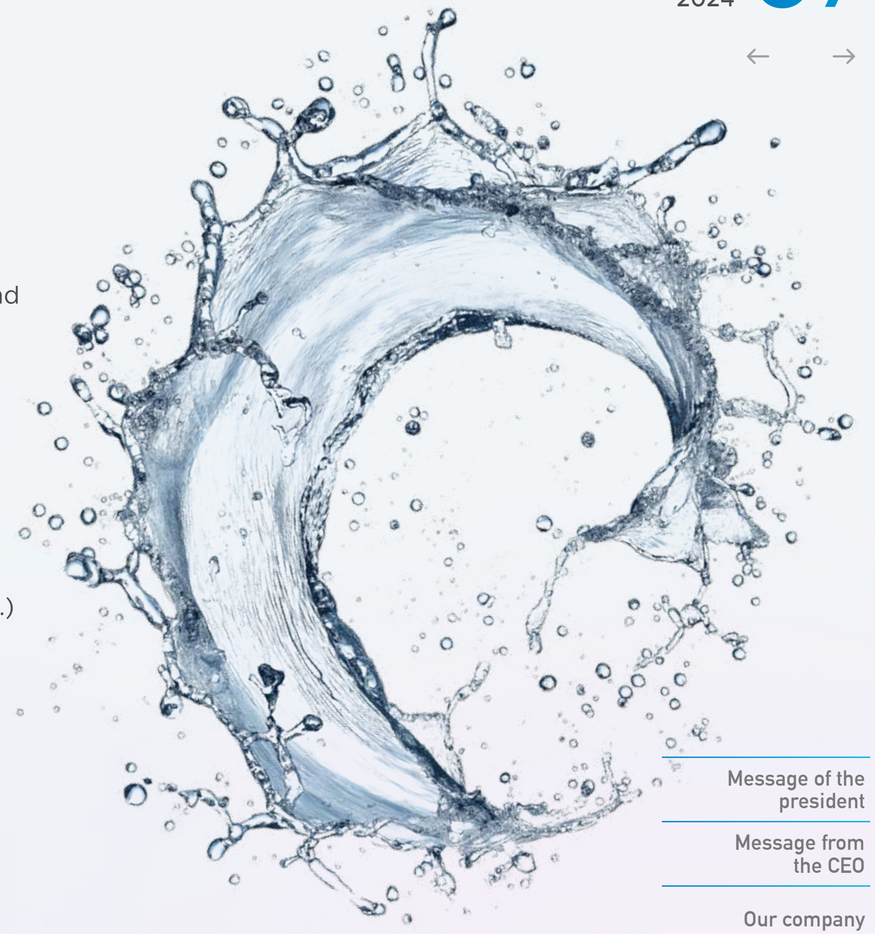
The inclusion of stakeholders in the whole process is an important issue throughout the regulation. The objectives it pursues are:

Understand which stakeholders are or may be affected by the company's operations and the upstream and downstream value chain.

How their expectations around sustainability issues are included.

In the Dual Materiality Analysis 2024, we have specifically consulted:

- Clients
- Employees
- Company management
- Suppliers
- Municipalities (shareholders and non-shareholders)
- Consumer organisations (FACUA)
- Environmental groups
- Other companies in our sector
- IBEX-35 companies
- The media
- Multilateral organisations (UN, EIB...)
- Academic world



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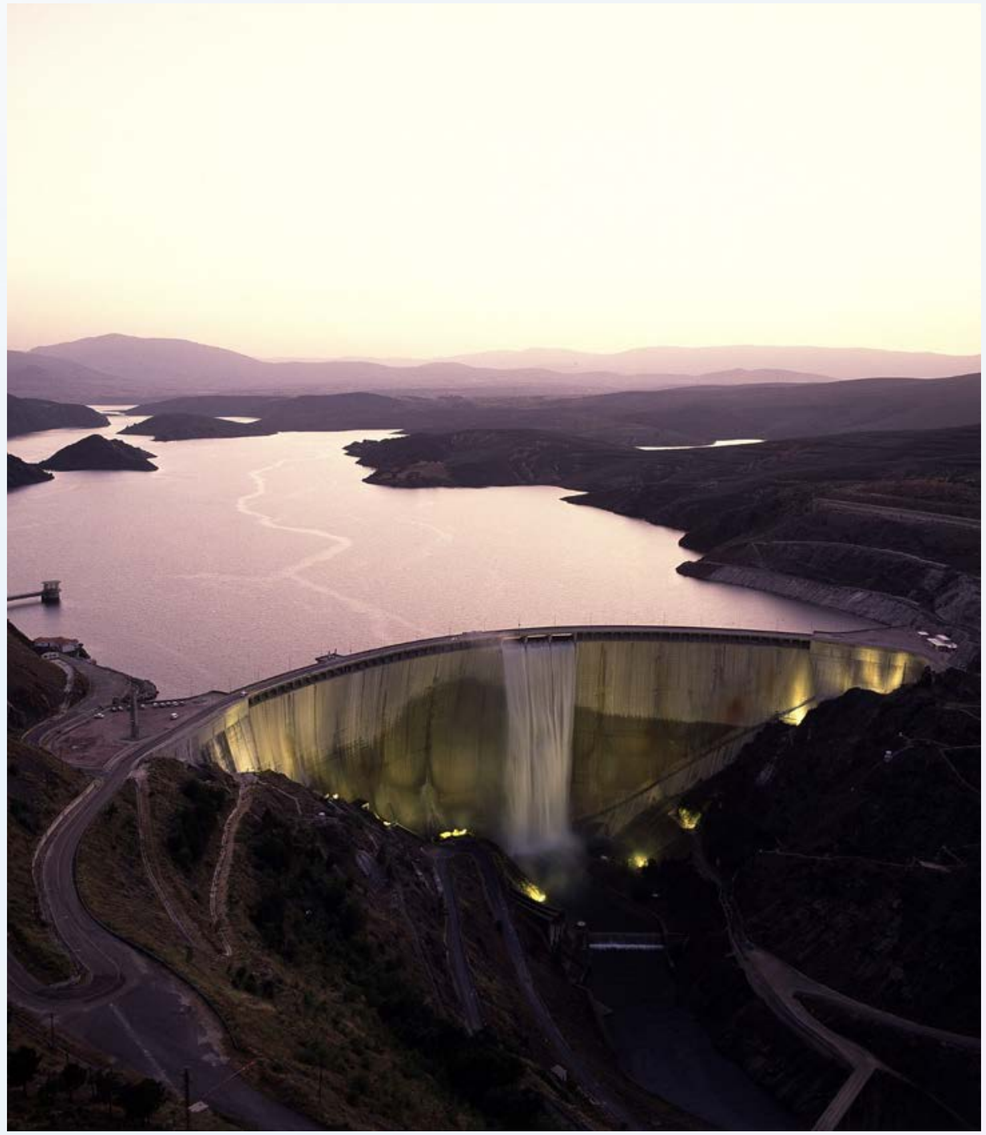
[GRI 2-29]

4. Stakeholder consultation

Consultation with these stakeholders has been carried out through surveys, focus groups, interviews, attendance at events and congresses, among others.

The figures for consultations carried out are as follows:

- ✓ **Customers** **275** private individuals and **125** SMEs/self-employed persons
- ✓ **Large customers** **20**
- ✓ **Municipalities** **113** shareholders
- ✓ **Employees** **>40** Canal employees
- ✓ **4** **Focus groups**
- ✓ **9** **Interviews**
- ✓ **12** **Surveys**



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5. Analysis and assessment of impacts, risks and opportunities (IRO)

With the preliminary list of potentially material issues, sub-issues and sub-sub-issues for the company, the IROs were identified at the most disaggregated level, taking into account sub-sub-issues and, if there were none, at the sub-issue level.

In this step, it is crucial to involve the relevant Canal areas, mainly those dealing with financial management and corporate risk, to identify and assess IROs, considering the entire value chain and taking into account all the specific requirements detailed in the standard.

Impacts (positive and negative)

Impact is the effect that a company has or could have on the environment and people, including human rights impacts as a result of the company's activities or business relationships. Impacts indicate the company's contribution, negative or positive, to sustainable development. A distinction is made between types of impacts:

- **Real:** impacts that the company has on society and the environment today.
- **Potential:** impacts that are not currently materialising but could happen in the future.

For their identification we have mainly used impact reports and metrics related to the contribution to the UN Sustainable Development Goals (SDGs), environmental and natural capital impact studies, among others.

Also, in this first identification we have relied on the Canal experts who were part of the **Progress Group** that developed the 2025-2030 Strategic Plan. In this identification phase we have considered: in which phase of the value chain the impact is produced, in which activity, which are the agents involved, which are the stakeholders affected by this impact. For potential impacts, the time horizon of these impacts must be identified.

Once the impacts were identified, they were assessed considering the metrics developed in the standard and the EFRAG Guidance, as follows:

For **negative impacts**, both actual and potential, the metric was:

- **Actual impact**: a measure of the severity of the impact that is formulated through: scale, scope and irremediability.
- **Potential impact:** measurement of severity and likelihood, using the following formula: (scale, scope and irremediability) × likelihood.

For actual and potential **positive impacts**, the metrics were:

- **Real impact**: scale and scope.
- **Potential impact:** (scale and scope)× probability.

In addition, the time horizon has been included when the impact is potential: short term (2 years), medium term (2-5 years) and long term (5 years and more).

The **variables** assessed for each of the impacts are those recommended in the Guidelines:

- **Magnitude:** determines the size of the impact. It is determined by how severe the impact is for negative impacts and how beneficial it is or could be for positive impacts.
- **Scope:** is the extent of the impact. It is determined by the number of people affected and/or the magnitude of the environmental damage. In some impacts, whether it affects a specific area, whether it is regional, local or global.
- **Remedial character:** only for negative impacts, to what extent the impact can be remedied.

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- **Probability:** only for potential impacts. How likely it is that the impact will occur.

Risks and opportunities

Material risks and opportunities for the company generally arise from impacts, dependencies or other factors, such as exposure to climate risks or regulatory changes that address systemic risks.

Once the impacts have been identified, an analysis has been made as to whether they could pose a risk to the company in the case of negative impacts, or an opportunity in the case of positive impacts.

For risks and opportunities that do not derive from impacts, consideration should be given to whether any sustainability issue may be a natural resource dependency risk. In our case, we have carried out this exercise with the Internal Audit and Risk Management sub-directorate and the strategy area, also taking into account Canal's risk map.

In addition, the assessment has taken into account the potential magnitude of their short, medium and long-term effects and the likelihood of their occurrence. To assess their materiality, we have used in this first exercise a quantitative threshold based on financial effects on our revenues, CAPEX and OPEX. In this sense, the standard does not establish a criterion on how to execute it; it is left to the discretion and determination of the company, which must adopt qualitative or quantitative thresholds with the criteria appropriate to its casuistry.



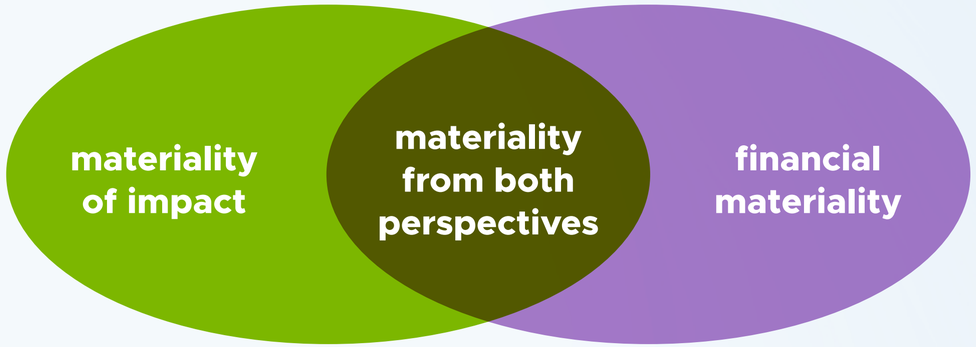
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6. Consolidation of results and final list of material issues

This process has allowed us to obtain a list of 16 material sustainability issues for Canal, as well as the most significant IROs. Within the materiality threshold, we have considered as “material” all those IROs that have obtained an assessment above the materiality threshold set in any of the impact and/or financial perspectives. In this first exercise, we used a threshold of 2.5 out of 3.

In short, the double materiality analysis, identifying and developing the contents of the analysis for the three possible types of material issues related to Canal’s activity:

- Those that are material (or of relative importance) in terms of incidence.
- Those that are financially material.
- Those that are material from both points of view.





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In summary, in this first double materiality analysis according to the final EFRAG Guide **more than 140 IROs** have been analysed in a first list based on internal and external references including some company-specific issues.

After assessing and consolidating the results, a total **of 16 material sustainability issues** were identified. This work was ultimately supervised and validated by **the Internal Audit Committee** and the **Sustainability Committee**.

140 IIROs analysed

From a financial and/or impact perspective

37 material IROs

With the results of the evaluations

16 issues

Grouped according to the NEIS

Excluded topics

- Pollution - air pollution
- Contamination - food resources and living organisms
- Pollution - substances of concern
- Marine resources
- Impact on species status
- Impacts on the extent of the ecosystem
- Indigenous peoples
- Housing
- Adequate food
- Animal welfare

Specific issues included

- Green hydrogen
- Service security and cybersecurity
- Business model development
- Innovation, new technologies and digital transformation
- Corporate sustainability



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[GRI 3-2]

RESULT OF THE DOUBLE MATERIALITY ANALYSIS IN 2024

Material Issues for Canal de Isabel II (and correspondence with the EU's ESRS)	Impact Materiality	Financial Materiality	Coverage
Climate Change (ESRS E1)	○	●	↑↓
Energy (ESRS E1)	●	●	↑↓
Pollution (ESRS E2)	○	●	↑↓
Efficient use of water resources (ESRS E3)	●	●	↑↓
Biodiversity and ecosystems (ESRS E4)	●	○	↑
Circular Economy (ESRS E5)	●	○	↑↓
Health and safety of own workers (ESRS S1)	●	●	↑↓
Talent management (ESRS S1)	●	○	↑↓
Supply chain sustainability (ESRS S2)	●	○	↑↓
Health and safety of supply chain workers (ESRS S2)	●	●	↑↓
Satisfaction and commitment to customers (ESRS S4)	●	○	↑↓
Transparency, ethics and combatting corruption (ESRS G1)	●	○	↑↓
Risk management (ESRS G1)	●	●	↑↓
Innovation, new technologies and digital transformation*	●	●	↑↓
Security of the service and cybersecurity*	●	●	↑↓
Corporate sustainability (economic)*	○	●	↑↓

Scale of the impact

● Material

○ Non-material

Where the impact occurs

↑↓ Inside and outside the company

↓ Inside the company

↑ Outside the company

* Canal-specific sustainability issues (*Company Specific*)

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LINK TO STRATEGY AND REPORTING

The double materiality analysis is a process that helps the **effective integration of sustainability within the organisation**. In the exercise and effort to materialise both outward and inward impacts, the company obtains a 360-degree view of all the aspects that need to be worked on in terms of ESG in order to prioritise them in accordance with its corporate strategy. This analysis has been the starting point for the **2024-2026 Sustainability Plan**.



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2.1. WE CARE FOR WATER

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 1

PLANET

RATIONAL USE OF WATER

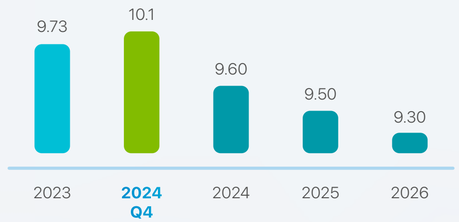
Actively support the culture of **rational water use**, integrating this culture **into our processes**, as a way of guaranteeing a **safe and quality supply**.

TARGET 2024-2026

Reduce per capita water consumption
Ensure a quantity of water derived for consumption of less than 200 litres per inhabitant per day.

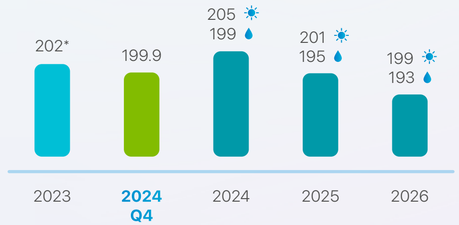
INDICATORS

Reduce unrecorded water
(m^3/km/day)



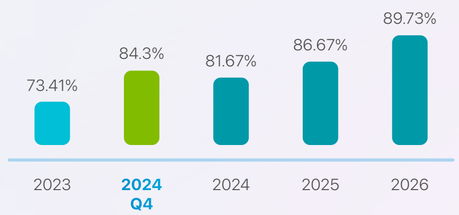
Reduce extracted water per capita
(l/hab/day)

Indicator with a range of values depending on the hydrological year (wet or dry)



*Closure adjusted to the new calculation methodology

Comprehensive Security Resilience Index (CSRI)
(%)



Energy, Climate and Air Strategy of the Community of Madrid

Annual closing · Quarterly closing · Annual target

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[GRI 2-6]
[GRI 303-1]

ENSURING ACCESS FOR ALL TO A QUALITY RESOURCE (QUANTITY)

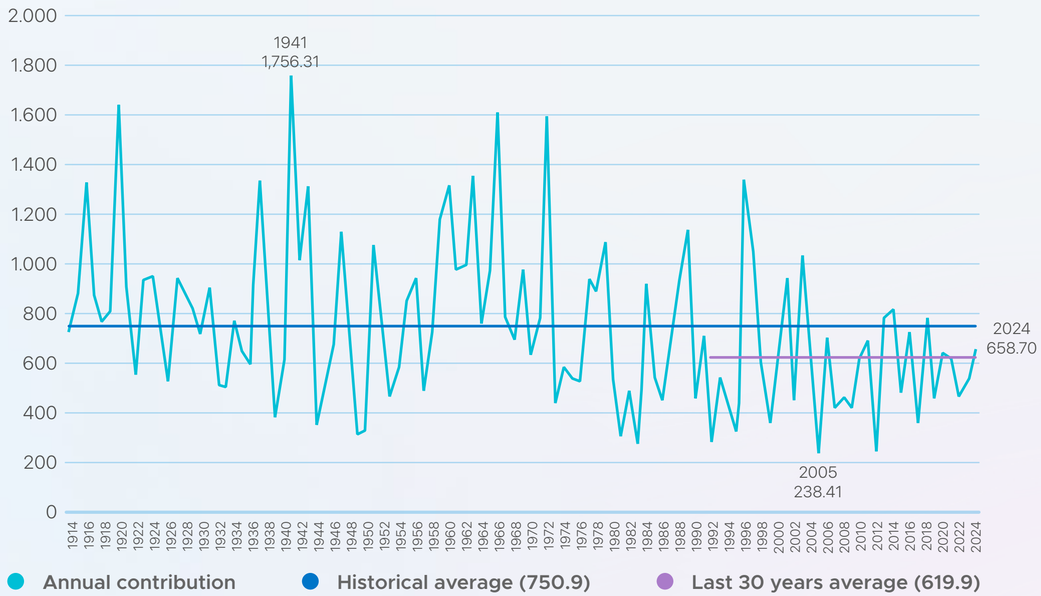
The main responsibility of our company is to ensure the current and future supply of water to all our users. To do this, we need to have the appropriate infrastructures and tools that allow us to manage the resource efficiently and sustainably.

Achieving maximum efficiency and continuing to provide quality and sustainable services over time is one of the main challenges we face. As a result of climate change, situations of water scarcity and "water stress" are expected to become increasingly frequent in Spain.

In the case of **the Community of Madrid, we are already suffering some of these risks**. It is evidenced, for example, by the **reduction of nearly 20%** in the average annual water inflow to our reservoirs over the last 30 years, compared to the historical average since 1914.



Natural river inflows to Canal reservoirs (1914-2024) (million m³ per year)



Annual contribution · Historical average (750.9) · Last 30 years average (619.9)

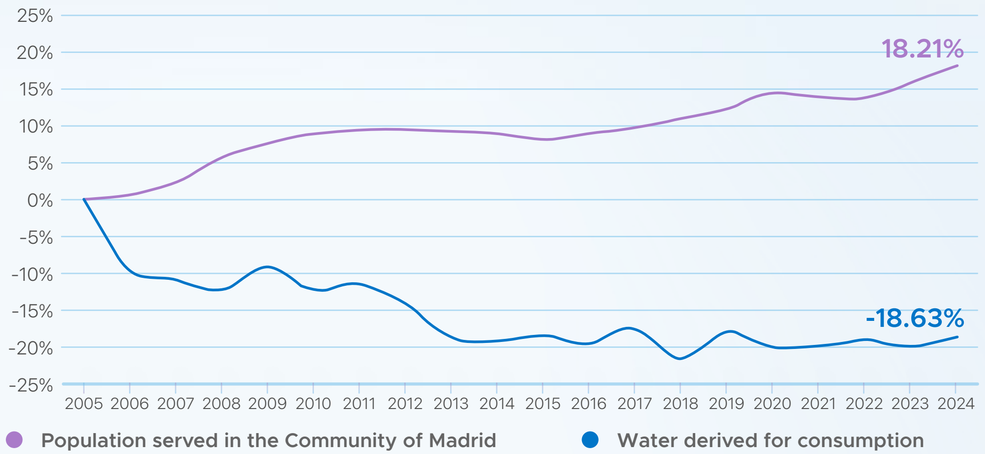
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[GRI 303-1]
[GRI 3-3]

Despite the lower inflows, since the episode of extreme drought in 2005, Canal has been able to cope with a large population increase with the same reservoir capacity. In these 19 years our supplied population in the Community of Madrid has increased from 5.74 million inhabitants in 2005 to 6.79 million in 2024, It means an increase of 18.21% in these 19 years, in which, however, consumption has been reduced by 18.63%.

Tackling this challenge means acting in various ways, seeking solutions through the capture of **alternative resources** and new **infrastructures**, through policies to promote **consumption savings**, through greater **efficiency in the management** of the resource and the extension of the supply of **reclaimed water** for compatible uses.

Evolution of resource use (derived water) and population supplied (2005-2024) (increase in %)



Alternative sources of supply

In the area of supply, our objective is to have more resources that allow us to mitigate the effect of the **decrease in natural inflows** and, on the other hand, to have facilities that allow us to operate with sufficient flexibility from the different sources of supply available to us.

Among these resources, our capacity to transfer water from the reservoirs of Picadas, San Juan and, to a much lesser extent, Los Morales, all located in the **Alberche river basin**, where we have the corresponding concessions, stands out. In 2024, being a year that we can consider average, it has only been **necessary to transfer 113 million cubic metres** from these reservoirs, which means 33.16 million cubic metres and **22.69% less than in 2023** and **33**.95% less than what was transferred in 2022.

We also have the possibility of exploiting **groundwater** through the exploitation of **78 wells**, an essential strategic reserve for drought situations. Our wells exploit the **Cretaceous carbonate aquifer of Torrelaguna** (Madrid) and, fundamentally, the **detritic Tertiary aquifer of the Madrid basin** (one of the most important in the Iberian Peninsula), where we have **wells up to 800 metres deep**. In 2024, the use of the wells was the highest in recent years and the wells have provided almost 20 million cubic metres; however, the use of the aquifers has been very limited, with only 2.02 cubic hectometres extracted.

On the other hand, we have the possibility of capturing water from the **Guadarrama river**, transferring it to the Valmayor reservoir by means of the Las Nieves weir. We also have the possibility of obtaining water from the **Sorbe river** using the Pozo de los Ramos weir, in the province of Guadalajara, which connects to the Jarama canal. In 2024, we have only used the Las Nieves weir, which has provided 18.68 million cubic metres. In 2023 the two dams provided 9.41 million cubic metres.

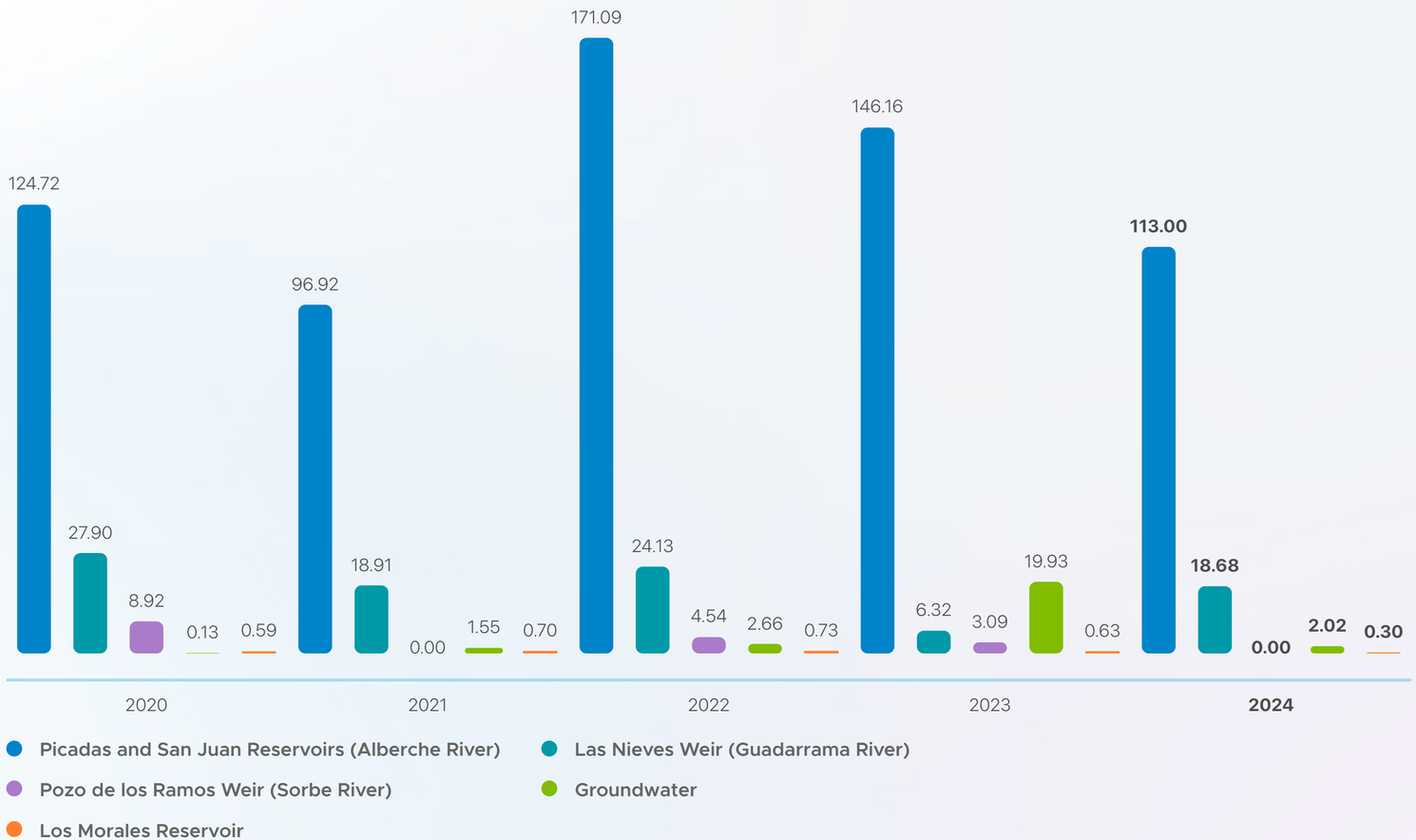
Finally, the **Tagus DWTP** allows us to draw resources from the Tagus, if necessary, thanks to the most advanced reverse osmosis and ultrafiltration technologies.

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All these possibilities, together with the **communication between the supply systems of** the Community of Madrid, provide us with great flexibility in operation and enhance our capacity to guarantee the availability of water for users. In 2024, an average year, the **volume provided by** these catchments was **134** million cubic metres, **23.91% less** than in 2023 (176.1 million cubic metres), which was a dry year.

Use of alternative resources to Canal reservoirs (2020-2024) (million m³ per year)



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Canal de Isabel II

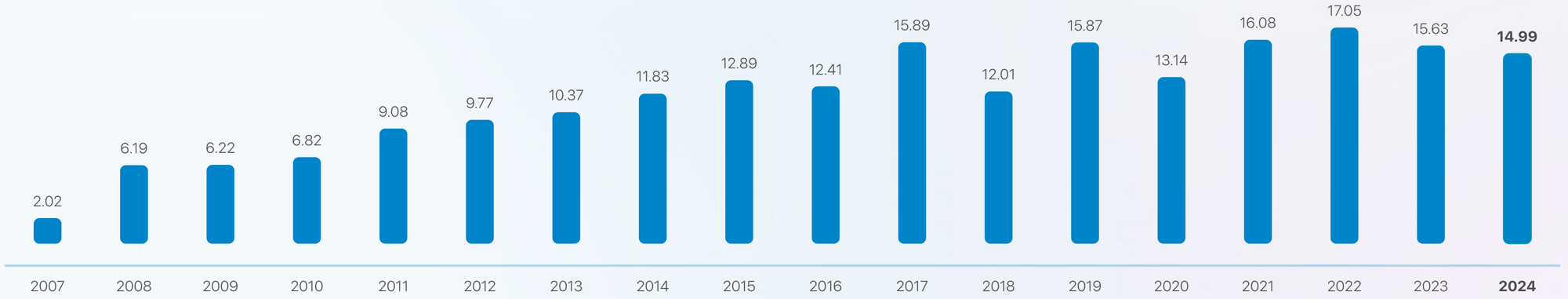
Reclaimed water: a real alternative

The regeneration of wastewater for subsequent reuse is one of our greatest commitments for the future. Thanks to reclamation, we obtain a large volume of water **for certain uses not related to supply** for human consumption which, nevertheless, today represent a significant part of the demand: irrigation of public parks and gardens, golf courses, street washing and even for certain industrial processes. By using reclaimed water, we manage to **reduce the pressure on the resources stored in our reservoirs**, which means a more rational and sustainable management of these resources.

Canal manages **33 reclamation plants**, **744 kilometres of reuse networks** and **64** reclaimed water reservoirs. With these infrastructures, we serve **26 municipalities** where a total of **1,875 hectares in 401** municipal green areas were irrigated in 2024. In 2024, reclaimed water was also used to irrigate **11 golf courses** (789 hectares), as well as one industry (International Paper) and **15** other entities (291 hectares irrigated).

In 2022, reused water in the Community of Madrid reached its **historical maximum, with 17.05 million cubic metres** of reclaimed water reused. However, **in 2024, circumstances related to rainfall have not allowed us to reach more than 14.99** million cubic metres, as high rainfall has been recorded in some of the months in which the demand for reclaimed water for irrigation is traditionally higher. The reused water consumed in 2024, is equivalent to **3.02% of the total consumption of drinking water** in the region (in 2023 it was 3.19%), a volume similar to the consumption recorded in 2024, in all households in the cities of Getafe and Torrejón de Ardoz.

Consumption of reclaimed water for reuse (million m³ per year)



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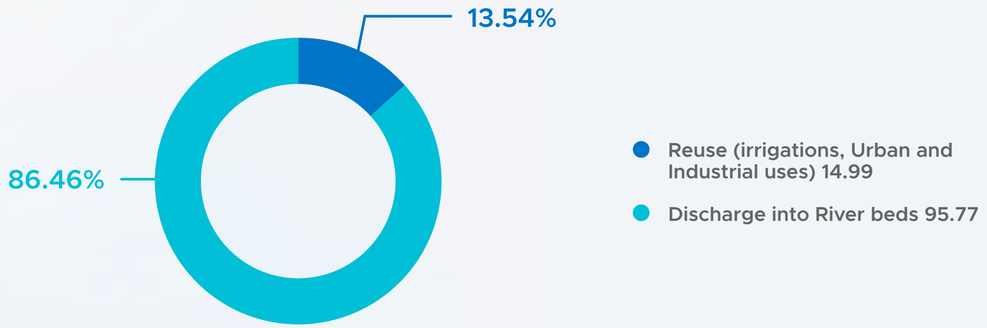
In the last 18 years (from 2007 to 2024), 208.26 million cubic metres of reclaimed water have been reused in the Community of Madrid, equivalent to slightly more than the capacity of the Valmayor, Riosequillo, El Villar and La Jarosa reservoirs.

In addition to the water reused in 2024, our plants have produced a further **95.77 million cubic metres of reclaimed water that has been discharged into** riverbeds to improve the quality of their water bodies (19.5% of the water discharged into riverbeds).

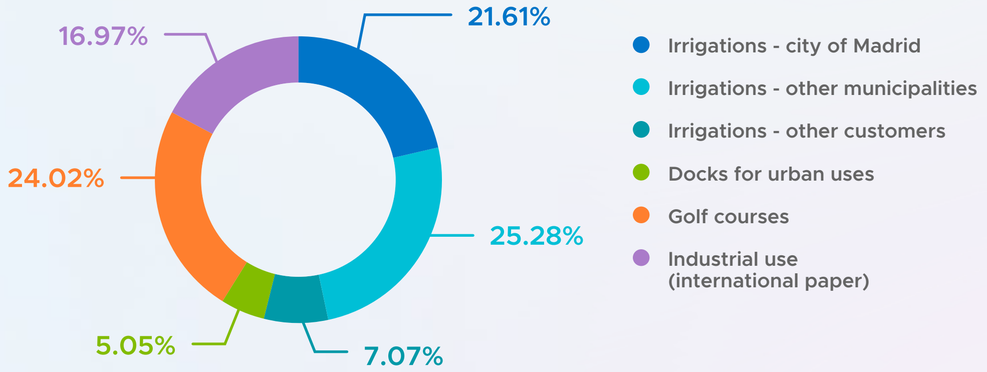
In 2024, the **total volume of reclaimed water** produced in our tertiary treatment plants was **110.76 million cubic metres** (3.34% more than in 2023), equivalent to **22.25% of the drinking water consumed** in the Community of Madrid. To this end, our tertiary treatment plants operated at **99.73%** of their nominal production capacity in 2024, (95.36% in 2023).



Distribution by uses of reclaimed water produced in 2024, (hm^3 and % of total consumption)



Distribution of water reused in 2024, by type of use (% of total consumption)



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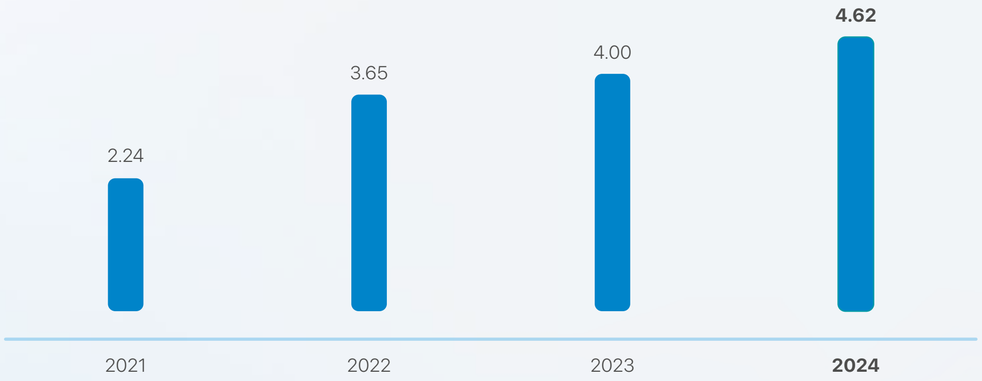
The fight against water water

Canal has a specific area dedicated to **combating water fraud**. The work of detecting fraud involves several phases, the final result of which is channelled in many cases through a **report to the Judicial Authority**, as it is understood that we are dealing with activities that may be included in Chapter VI of the Criminal Code – *Fraud*. In other cases, we proceed to the preventive condemnation of non-contracted connections to avoid their illegal use; occasionally, the result of the action is handed over to other areas of Canal when it is understood that this case may be within their competence, due to its special characteristics.

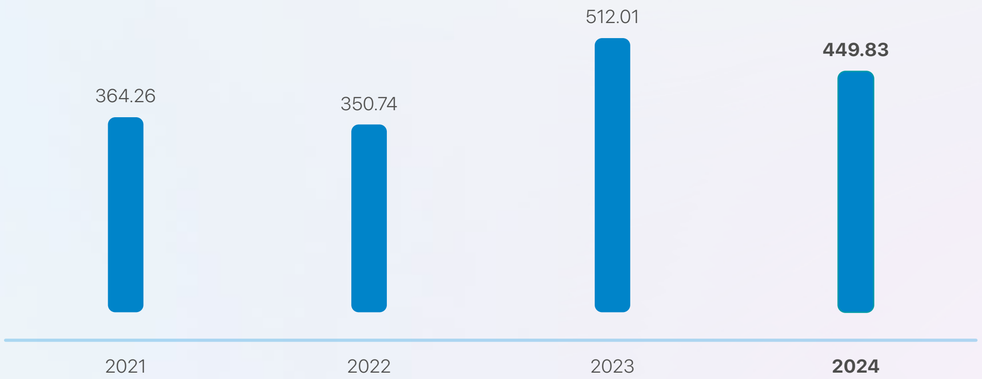
Throughout 2024, as a result of our efforts in the fight against fraud, we have detected fraudulent situations involving more than **4.62 million cubic metres of water** (15.73% more than in 2023) and we have recovered almost **450,000 euros for the amounts of water defrauded** (12.14% less than in 2023). We have also carried out **688 convictions** of fraudulent connections, which has prevented a fraud of 1.77 million cubic metres, and **164 contracts** have been negotiated and signed to regularise fraudulent situations.



Water fraud detected
(cumulative annual value of detected fraud in hm³)



Economic results of the fight against fraud
(value in thousands of euros of fraud revenue detected during the year)



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Awareness-raising and communication campaigns

Caring for water and giving it the importance it deserves **is everyone's job**, and that is why at Canal we seek the collaboration of all citizens and entities to carry out a permanent care of this scarce resource. Our company has more than three decades of experience in the development of **communication campaigns** to save water and care for the environment. Campaigns that are recognised by communication professionals and the public at which they are aimed.

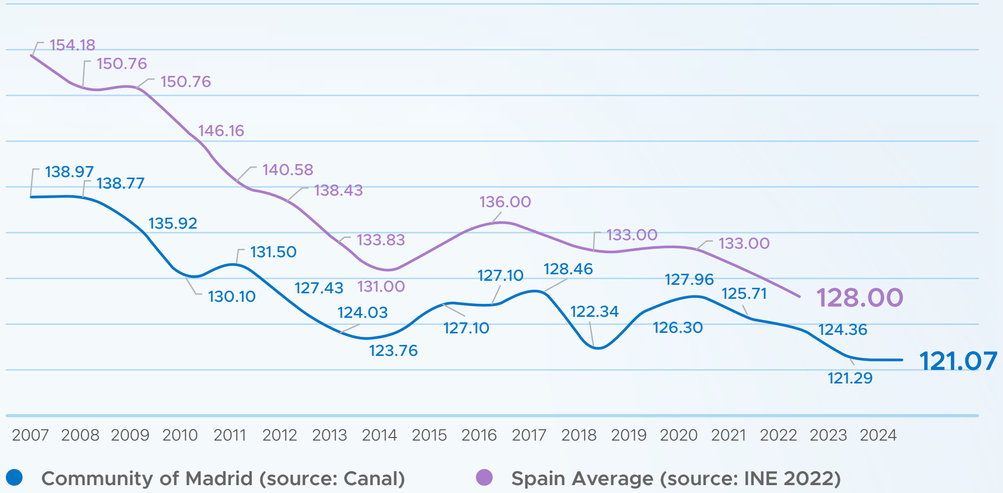
Our communication campaigns, which are permanent, are reinforced in summer and at times when the hydrological situation makes it advisable, and their high impact has allowed the Community of Madrid to be among the regions that have most reduced water consumption in recent years, as shown by the evolution of household consumption in the Community, which in 2024, (121.07 litres per inhabitant per day) was 5.41% lower than the national average[7] (128 litres per inhabitant per day).

In 2024, in order to get our savings advice across to households, residents' associations and companies in Madrid, we used the message **"You can make it rain"**, associating the savings achieved by the responsible use of water made by our users in their daily lives with the rainfall that brings water to our reservoirs and improves our water reserves. Our campaigns in the media and on physical media are always characterised by being approachable and friendly.

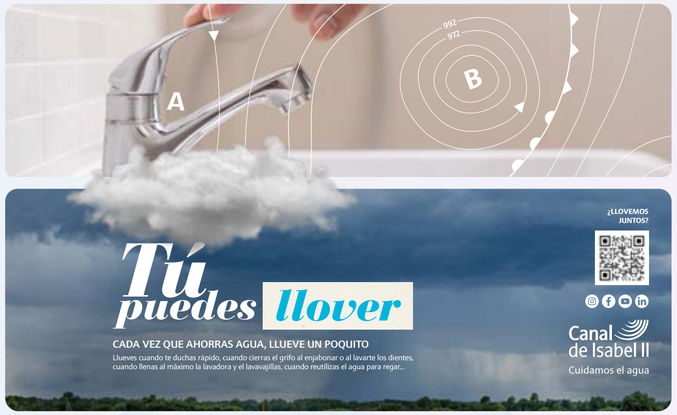
In 2024, we also continued our campaigns to raise awareness among users of the serious consequences of flushing waste down the toilet, especially wet wipes, which cause serious blockages in sewage networks and WWTPs.

More details about our communication campaigns can be found here.

Domestic water consumption in the Community of Madrid and Spain (litres per inhabitant per day)







7. Latest data available, published in the *Statistics on water supply and sanitation* published by the INE in 2024, with data at the close of 2022.

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Raising Awareness for Future Generations: Canal Educa

The **Canal Educa** programme, currently managed by our Foundation, is an educational programme on the **sustainable use of water** and the search for **solutions to climate change**, with **more than 30 years of history**, aimed at students from Madrid of any educational stage: Pre-school, Primary, Secondary and Baccalaureate. We also have an activity for special education centres. Its main objective is to promote responsible water consumption among the school community and to transmit values of environmental sustainability. The three thematic areas of the programme include, in addition to water and climate change, **STEM professions**.[8]

To this end, from the outset we set ourselves the goal of offering schools attractive activities and resources that would facilitate the important task of educating, by focusing on an action-oriented methodology, in which pupils not only learn new content and skills, but also acquire fundamental values such as solidarity, respect and coexistence.

Year after year, Canal Educa adapts and expands its educational offer. It has been varying and expanding the number of facilities of the integral cycle that schoolchildren visit (five in 2024), as well as the face-to-face activities in Madrid's educational centres. It also offers the possibility of carrying out activities in English and receiving them *via webinars.* It is worth highlighting the programme's dissemination of STEM professions through face-to-face activities and the offer of numerous resources on its website.

During the **2023-2024 school year**, the programme had **1,909 sessions of face-to-face activities** carried out **in 301 schools** in **57 municipalities** of the Community of Madrid. There were **44,251 participants in face-to-face activities**, including visits to Canal facilities. In addition, and from the point of view of the dissemination of the programme, in the 2023-2024 academic year the ***online***



All the information about Canal Educa is available at this link.

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8. STEM stands for Science, Technology, Engineering and Mathematics. STEM professions are professions related to these areas of knowledge.

sessions have exceeded 39,000, with **26,000** different users.

To keep up to date with all the activities we propose throughout the school year, we encourage the educational community to subscribe to the programme's newsletter, which in the 2023-2024 school year had **6,576 subscribers**, or to follow us on our **social networks** (Instagram, Facebook and X), where we had **11,599 users**.

In addition to the activities of Canal Educa, our Foundation has carried out other **environmental activities** throughout 2024, including **scientific-environmental workshops for children,** the **Cycle of Conferences on Environmental Innovation** and the dissemination and awareness-raising through the Foundation's **environmental videoblog**. Also of note in this area is the **2024 Professional Conference** entitled **"Business and the environment. Sustainable financing"** organised in collaboration with the *Center for Water and Climate Adaptation* of **IE University and the Madrid Business Confederation (CEIM)**, which aimed to raise awareness among companies about the sustainable management of their activities, and at which the ***Practical Guide for companies in the new environmental context*** was presented. Water, green taxonomy and more, promoted by the Canal Foundation, with useful tools to facilitate the adaptation of businesses towards more sustainable models in accordance with the new European green taxonomy system.

Finally, in the field of awareness and education on the rational use of water, on 5 June 2024, on the occasion of **World Environment Day**, the Canal Foundation presented an artistic intervention on the façade of its headquarters featuring the seven winning slogans of the school competition **"Seven slogans for water"**, launched on World Water Day. The artistic intervention remained throughout the summer to be enjoyed by all locals and visitors to the city of Madrid. The **seven winning slogans** were chosen from **more than 400 proposals** received from **42 schools** in the Madrid Region, and stood out for their ability to communicate, briefly and originally, the importance of water in all or any of the aspects related to life, prosperity, health and wellbeing.



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Improving the efficiency of our network

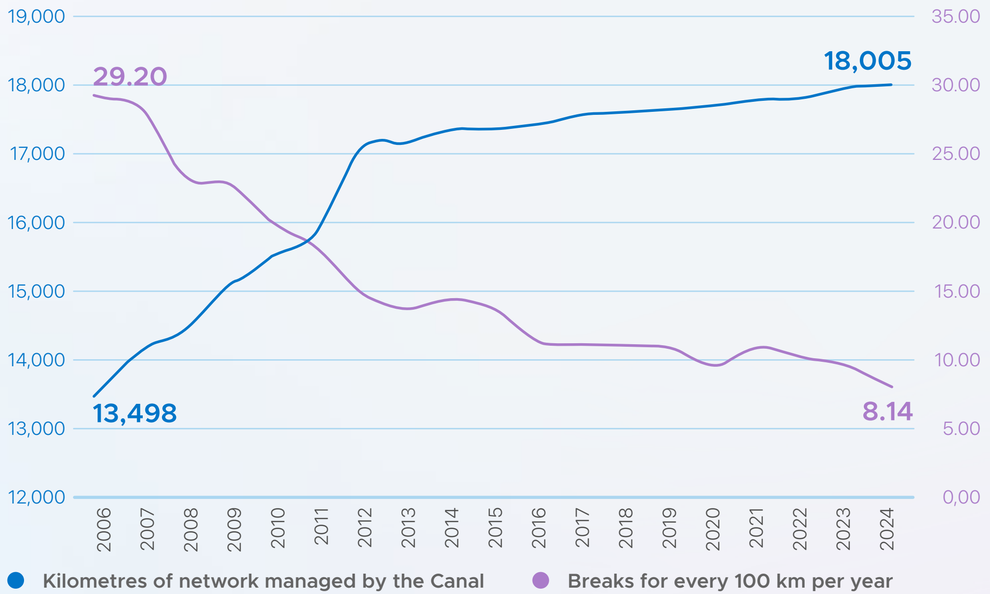
One of Canal's strategic priorities has always been to implement internal actions that allow water to be managed with the greatest efficiency in the distribution network, with the aim of reducing leaks and breaks in the network and at service connections.

The policy of renewal and improvement of the distribution network aims to minimise water losses due to leaks and breaks and to reduce damage to third parties due to flooding.

The effort historically made by Canal has resulted in a significant **reduction of 62.80%** in the **number of pipe breaks** in the last 19 years. All this despite a **network growth** of **close to 34%** (4,507 kilometres more than in 2006) and the incorporation in 2012 of networks in new municipalities with a deficient degree of conservation. In 2024, we recorded **the lowest number of breaks in the network in the entire historical series**, with the **rate of breaks per 100 kilometres** falling **below 9** for the first time. The reduction in the number of annual breaks compared to 2023 was 19.76%.

The result of all the efficiency efforts made by Canal is reflected in the available data on the efficiency of our network. Thus, the real losses in adduction and distribution caused by leaks, breaks and breakdowns in the supply network, as well as the apparent losses due to metering errors, fraud and unmeasured consumption, have been significantly reduced in recent years. In fact, **according to data published by the National Statistics Institute (INE), actual losses in the network in the Community of Madrid were 88.62% lower than the national average** in 2022 and **real losses were 76% lower**.

Evolution of the annual number of breaks per 100 kilometres and the length of supply networks (2006-2024)



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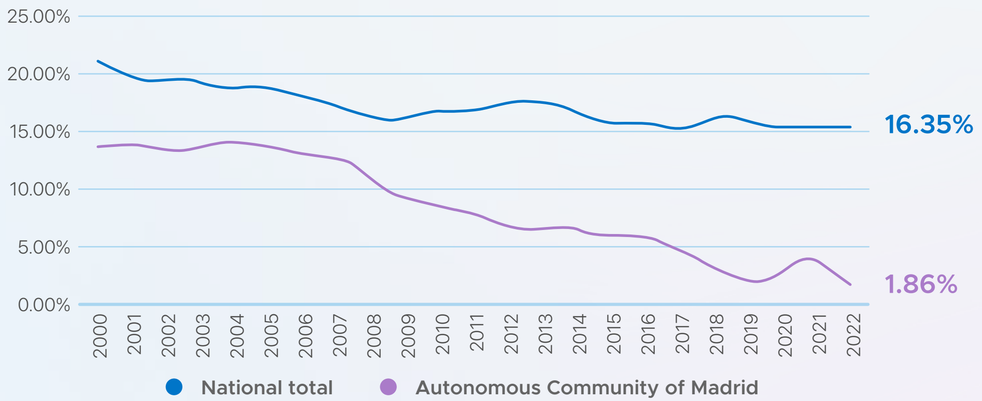
At Canal, **we have achieved these results** by approaching the situation **from several points**. Given that our **network has more than 18,000 kilometres** of pipes (18,005 in 2024), the first action was to **divide it into smaller parts** (around **700 sectors**) that are easier to control. Similarly, the **monitoring of the minimum night-time flow**, combined with a comprehensive set of indicators from different information systems, has yielded excellent results in the **early detection of leaks** throughout the distribution network.

Canal is currently trying to improve leak detection by monitoring pressure and noise within the sectors, as well as by using methods based on satellite or fibre optic images. As a result, the distribution network in the Madrid region is among the most optimised in the world.

In addition to these efficiency-related actions, over the last few years we have been carrying out actions to **renew the network through our RED Plan.** With this Plan, we are focusing especially on replacing obsolete pipes with others made of more advanced and modern materials. For example, ductile cast iron (iron alloyed with graphite), which is more resistant and harder and is used to renew networks with diameters of up to 800 millimetres.

The **first phase of the RED Plan**, initiated in 2021, is **one of the largest investments made by Canal** throughout its history to guarantee the quality and supply of water in the region and increase the efficiency of the distribution network. This phase contemplated the renewal of **1,200 kilometres** of water supply pipes in **163 municipalities until 2024**. Thanks to the effective start-up of the Plan, the **kilometres renewed have almost doubled** compared to our historical average, reaching **190 in 2022** and **257 in 2023**. The length of pipe **renewed in 2024,** was **347 kilometres**, 133.35.45% of the value forecast for the year. At year-end 2024, a total of **1,275.3 kilometres** had been **renewed since the start of the Strategic Plan in 2018**. We have surpassed all the records of pipes renewed in a single financial year, executing more than 200 works throughout the year, which have allowed us to increase by around 2% the percentage of networks that comply with the regulations for Canal distribution networks, reaching a value of more than 87% in 2024.

Actual losses in water supply networks (2000-2022)
(% of treated water supplied to network)



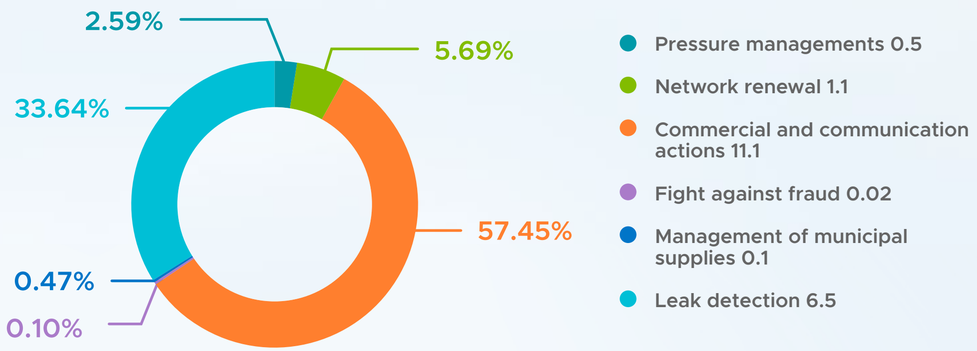
Source:Statistics on water supply and sanitation published by INE in 2024, with data as of year-end 2022.

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Consumption reduction results

Over the year 2024, the combination of all the efforts we are making in terms of efficiency in water use (renewal of networks, campaigns to detect leaks, pressure management, the fight against fraud, communication and awareness campaigns, etc.) we estimate that it has made it possible to **avoid the consumption of 19.3 million cubic metres** (9.65% more than those avoided in 2023), equivalent to **3.89% of the water derived** for consumption in 2024.

Estimated savings from efficiency measures in 2024 (million m³ and % of total)



MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 1

Ensuring supply guarantee

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE1	People who could have been supplied with the implemented saving measures (per capita equivalent)	236,992	190,764 202,563	100%
P.Est.1	Total per capita consumption (l per capita per day)	198.1	199 205	100%
PE 1.1	Degree of automation of the operation (%)	52.40%	48.97%	100%
PE 1.2	Use percentage of tertiary treatments (%)	95.24%	95.50%	99.73%
PE 1.3	Percentage of water not recorded – ANR (%)	13.44%	12.4% 12.9%	96%

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ENSURING QUALITY: THE BEST WATER IN SPAIN

The quality of the water that Canal de Isabel II serves to the people of Madrid is one of the hallmarks of the Community of Madrid.

Madrid's water is considered to be of the highest quality in Spain. For example, **bottled water consumption** in the region between September 2023 and August 2024 (19.6 litres per inhabitant per year) was **69.5% lower than the Spanish average** (64.3 litres). There are many reasons for this quality: **we have excellent raw materials at source** (our reservoirs and catchments), adequate and **advanced treatment systems** and the great **effort we make to preserve and maintain water quality**.

Consumption of bottled water by Autonomous Communities (litres per inhabitant per year from September 2023 to August 2024)



Source: *Food Consumption Panel in Spain.* Ministry of Agriculture, Fisheries and Food (2024).



Find all the information about water quality in Madrid on our website.

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How we guarantee water quality

In order to guarantee the quality and safety of the water, Canal has established a monitoring programme from the source of supply to its delivery to the consumer.

The analyses corresponding to the water supply water quality **monitoring and control programme** are carried out in five laboratories integrated in the Water Quality Subdirectorate and in another twelve laboratories integrated in the treatment areas. These laboratories carry out the determinations required by the legislation on sanitary criteria for the quality of water for human consumption. Canal also manages the quality control of the effluents treated in the WWTPs and the quality of the reclaimed water used to irrigate green areas.

Throughout 2024, we have taken more than **3.50 million** quality **samples** of the water managed by Canal and we have performed 20.66 million analytical controls to ensure water quality. It means more than **9,500 controls per day** or **more than 39 analyses per minute**.



Water control at source

The control of water at source considers the two possibilities of available resources: surface water and groundwater.

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

Surface water intended for the production of drinking water usually has a high level of quality. **Most of the surface water captured** by Canal **is classified in the highest quality levels**, established by the legislation in force. In 2024, we have carried out **113,346** water controls at source.

Monitoring of distributed water

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

- **Systematic programme** at the inlet and outlet of DWTPs, head and regulating reservoirs and official sampling points located throughout the network.
- **Auxiliary programme**, without established programming for complaints and specific studies.

The manual sampling system is complemented by a network of **90 automatic monitoring stations (EVA)**, installed at the outlets of the DWTPs, the large reservoirs and the most important nodes of the supply network. All of them are equipped with sensors that allow measuring a series of chemical parameters continuously and sending the results, in real time through Canal's own communication network, to our Control Centre.

The parameters we measure in the EVAs are chosen specifically because of their importance for the **diagnosis of water quality**. Their number is in the process of being increased through a

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multi-annual programme. The analytical determinations in the EVAs are chlorine, ammonium, nitrites, pH and conductivity, among others.

Monitoring of waste and reclaimed water

Our company also manages the **quality** control **of the effluents treated in the WWTPs** and the quality of the reclaimed water used for irrigation of green areas and street washing.

For this purpose, we have a Purified Water Laboratory located in Majadahonda (Madrid), which in its 2,200 square metres has a physicochemical laboratory, a microbiology laboratory, a laboratory for the analysis of organic pollutants and another one for metals and solid samples, an incubation room and a data and microscopy room, among other facilities. We also have three other laboratories for the analysis of wastewater at some of our WWTPs. In 2024, we carried out **62,205 analyses** of **treated water** and **45,540** of **reclaimed** water.

Our monitoring programme allows us to maintain a permanent alert system through a **network of EVAs consisting of 93 stations for treated water** and **76 for reclaimed water**, which we also use for strict control of treated water from its entry into the WWTP to its return to the rivers and the control of water from the reuse networks.

Compliance with drinking water regulations

In 2011 Canal **obtained for the first time from the National Accreditation Entity (ENAC)** the accreditation according to the **UNE-EN ISO/IEC 17025 standard** for the performance of **physicochemical and microbiological analyses**, in our **Central Laboratory** and in those located in **La Poveda**, **Arganda del Rey** and **Griñón**. The accreditation has been extended by the incorporation of new testing methods and currently includes inland and drinking water and reclaimed water.

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

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Our latest addition was in 2017, with the entry into service of the laboratory for drinking water analysis in **Collado Villalba**, which reinforces the control of drinking water in the northwest of the Community of Madrid.

Since 2009, we have also had accreditation **for** the cold water meter verification laboratory in Majadahonda, which was later extended to include flow meters.

In 2024, the degree of compliance of the water distributed, as a percentage of samples complying with the standard out of the total number of analysed samples sent and confirmed by the National Drinking Water Information System (SINAC) of the Ministry of Health, was **99.53%** .

In the field of drinking water quality, in recent years it is worth highlighting the entry into force of ***Royal Decree 3/2023****, of 10 January, which establishes the technical-sanitary criteria for the quality of drinking water, its control and supply*. This decree has increased the number of parameters to be analysed, both microbiological and physicochemical.

Among the microbiologicals we have new ones such as legionella and somatic coliphage viruses. In addition, the frequency of analysis of aerobic bacteria at 22 ºC and intestinal enterococci has been increased and will now be determined in all samples. Among the physicochemical parameters that change due to the entry into force of Royal Decree 3/2023 are uranium, organic compounds such as 5 haloacetic acids, 20 polyalkylfluorinated compounds, other compounds of emerging concern such as acrylamide and N-dimethylnitrosamine, and in the very near future microplastics will be included.

Although our current quality levels are very high, Canal's medium and long term objective is to continue to maintain these levels and to adapt to new regulations that may arise in the future.

SURVEILLANCE OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 2

Guaranteeing the quality of water for consumption

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE2	Percentage of acceptable samples in the distribution network (average %)	99.53%	97.5%	100%
P.Est.2 / PE 2.4	Length of renovated pipeline (cumulative km)	1,275.3	1,188.5	100%
PE 2.1	Actions taken to characterise water held in reservoirs and of discharges from weirs of the sanitation network (cumulative percentage)	81.69%	80.0%	100%
PE 2.2	Campaigns to characterise the DWTP* s in service (cumulative percentage)	93.0%	92.0%	100%
PE 2.3	Number of sampling points set up (cumulative percentage)	79.0%	78.5%	100%

* DWTP - Drinking Water Treatment Plant

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SERVICE CONTINUITY: A 24/7 RELIABLE SERVICE

Canal must guarantee the security of the service that allows a continuous supply and that contributes to the wellbeing of all the people of Madrid. To this end, we must have systems that guarantee the security of our installations, some of them critical of our information systems and of our personnel.

Ensuring the safety of facilities and people

In order to ensure the supply of drinking water to the citizens of the Community of Madrid, Canal must guarantee the management and control of the safety of all its installations and facilities.

To this end, we deal in a coordinated manner with key aspects such as building and facility security services, self-protection plans, security at large dams, coordination with the State Security Forces and the protection of customer-related data.

Operational security

Canal manages a large number of infrastructures that may be considered at special risk, in addition to an important heritage that is subject to different pressures in some of the infrastructures we manage.

At the end of 2024, a total of **438 people** were in charge of Canal's security, watching over our 1,158 facilities throughout the territory of the Community of Madrid. We had 54 fixed surveillance posts established and 26 external surveillance and security patrols, which allow us to increase the surveillance coverage in case of need. **100% of the security guards** who work for Canal have the Professional Identification Card (TIP), for which it is mandatory to receive **training in the fundamental rights** of citizens, in accordance with the regulations in force.[1]

As of 31 December 2024, the existing coverage of electronic security systems includes CCTV surveillance, intrusion detection systems and card or electronic key access control to multiple facilities. Our closed-circuit television (CCTV) systems manage 1,481 cameras, many of which perform automated monitoring without human intervention, thereby increasing operator efficiency and responsiveness.

Self-protection of buildings and installations

Among the main actions carried out in 2024, were the preventive maintenance of the **self-protection systems in 52 of our buildings** and the great effort made in the preparation and/or renewal of **9 self-protection plans**, in addition to the 37 we worked on in 2022 and 2023.

The implementation of the self-protection plans is organised on two solid bases: training and involvement. To this end, the personnel who will form part of the teams are selected on a voluntary basis, and all personnel are subsequently trained. In 2024, we carried out 100 drills. We were also able to resume classroom training for our employees fully, and 65 fire training courses were held, including practice with real fire.

1 See Appendix 1 of Annex I of the *Resolution of 12 November 2012, of the Secretary of State for Security, which determines the training programmes for private security personnel.*

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[GRI 3-3]
[GRI 410-1]

Data protection in relation to customers and suppliers

The **protection of the data** that our customers and suppliers, among other groups, make available to us to facilitate our work is a very important aspect for Canal and we manage it with special care.

In 2024, we have continued with the process of continuous improvement and reassessment of all processes and procedures to ensure that they are compliant with the indications of *Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data*, and with *Organic Act 3/2018 of 5 December on the Protection of Personal Data and Guarantee of Digital Rights*.

In this regard, with the aforementioned objective, the principles of data protection continue to be implemented in the different processes and procedures, applying technical, organisational, training and legal measures. In 2024, **66 exercises of data protection rights were dealt with,** all of which were substantiated. Likewise, data protection clauses were included in **166 contracts** and **21 suggestions and complaints from customers and** individual users were resolved (none came from authorities or regulatory bodies).

In 2024, there were **no cases of theft or loss of** customer or supplier data. On the other hand, **data protection training** continues to be provided through induction sessions **for all employees**.

Security of information systems

In terms of information security, at Canal we seek to achieve a **higher degree of maturity** in cybersecurity management aligned with international standards and commonly accepted best practices in the field of information security, such as those established by the National Centre for Critical Infrastructure Protection (CNPIC), the Spanish National Cybersecurity Institute (INCIBE) and the Cybersecurity Coordination Office (OCC).

In the area of operational technology (OT) assets, we are working to increase **cybersecurity levels** by taking into account the nature of this technology and its specific requirements; to strengthen systems for preventing and detecting cyberattacks through better use of threat intelligence; to establish operational protocols for responding to cyberattacks; and through regular training and awareness-raising activities for all company employees on cybersecurity. Between December 2024 and January 2025, all Canal employees have participated in a training action specifically aimed at information security.

Our goal is to position Canal among the companies in the sector with the highest cyber resilience indexes.

You can consult our Personal Data Protection Policy at the following link.

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[GRI 3-3]
[GRI 418-1]

Service continuity management

In 2024, Canal has made significant progress in the **implementation** of its **Service Continuity Management System (SGCS)**, with the aim of **strengthening organisational resilience**, guaranteeing **the uninterrupted provision of essential services** and contributing to the sustainability of the integral water cycle. Throughout the year, key advances have been made, including the following:

- Oversight and validation of the Governance Model, ensuring an organisational structure aligned with corporate strategy and sustainability values.
- The elaboration of the *QMS Manual*, defining the guidelines, responsibilities and fundamental principles for its implementation and continuous improvement.
- The development of some of the key documentation for compliance with ISO 22301, establishing the basis for continuity management aligned with international standards and best practices in sustainability.



You can consult our Service Continuity Policy at this link.

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ENSURING SERVICES IN EMERGENCIES

Aid in the areas affected by the DANA of October 2024 in Valencia



The floods caused on 29 October 2024 by the passage of an isolated depression at high levels (DANA) in dozens of municipalities in the province of Valencia are among the largest natural disasters to have occurred in Spain. The human and material damage caused by the torrential rains was enormous and included the destruction or rendering useless of a large number of infrastructures related to water supply and sanitation.

Canal offered its technical and human resources to provide technical assistance to the **Valencian Community** to help alleviate the damage caused by the DANA. From the first moments after the catastrophe, Canal was in contact with the authorities and with the companies responsible for the supply and sanitation services in Valencia and its metropolitan area to listen to their needs and provide their collaboration most effectively.

In the **first phase**, we made available to the emergency operation **29 of our volunteer workers** specialised in the construction and **repair of** drinking water supply networks and connections. These experts, who are part of our company's staff, travelled with tools and spare parts to Valencia to **solve problems in the** drinking **water supply** and contribute to re-establishing this basic service in the affected municipalities, attending to supply incidents reported by the company Global Omnium, the water operator in the area, or lending a hand to the emergency services deployed in the area.

Divided and coordinated into **ten or so teams**, while some responded to **calls for water leaks or water shortages**,

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[GRI 2-9]
[GRI 2-12]

others were busy with a variety of equally pressing tasks. They were installing hydraulic equipment to provide pressure to the highest dwellings in some buildings, installing connections to restore the supply to businesses, repairing downpipes in garages and bailing out water.

In a **second phase**, the tasks were entrusted to several managers from our operations areas, who accompanied **the sewerage maintenance** teams of some of Canal's contractors (Aqualia, Licuas, Serveo-Ansareo, Pacsa and Imes Api). Canal authorised the sewerage service companies it works with to move to Valencia the human and technical resources assigned to the contracts they have signed with our company in Madrid. In this way, several tanker trucks equipped with fire engines were used to **clean the drainage networks clogged by the sludge.** The work to restore sewerage services was carried out in the Valencian towns of **Paiporta**, **Massanassa**, **Catarroja** and **Sedaví**.

Canal de Isabel II has continued in contact with the companies responsible for the sanitation services in the municipalities of the Province of Valencia to listen to their needs and respond with all the means at our disposal. **More than 200 professionals from our staff** make up a **pool of volunteers** ready to go if workers with their specific technical profiles are required.

MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 3

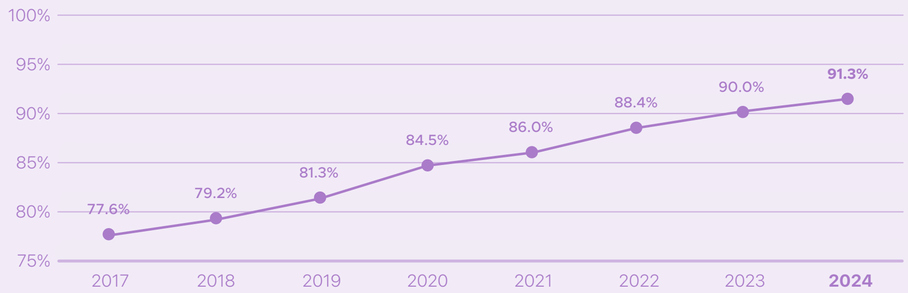
Strengthening service continuity

The **objectives** established for **strategic line 3** during 2024 **have been met 100%**. For security reasons, Canal does not publish detailed information on these objectives, except for that directly related to supply continuity.

This indicator measures the percentage of contracts with clients that, in the event of an incident, have a supply alternative in less than 12 hours. Its evolution since the year before the start of the 2018-2030 Strategic Plan has been as follows:

STRATEGIC LINE INDICATOR 3

Percentage of contracts with a supply alternative in less than 12 hours



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2.2. PROTECTING THE RESOURCE AND THE ENVIRONMENT

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 2

PLANET

PROTECTION OF WATER BODIES AND BIODIVERSITY

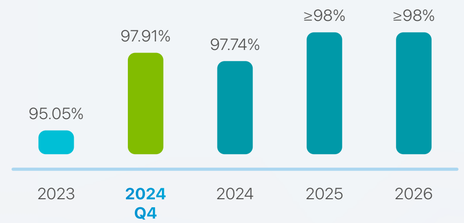
Collect, transport and treat **urban wastewater and rainwater**, and return it to rivers through re-generation to help **improve the quality of water bodies and the surrounding ecosystems**. Adapt our operations to contribute to preserving and improving **biodiversity.**

TARGET 2024-2026

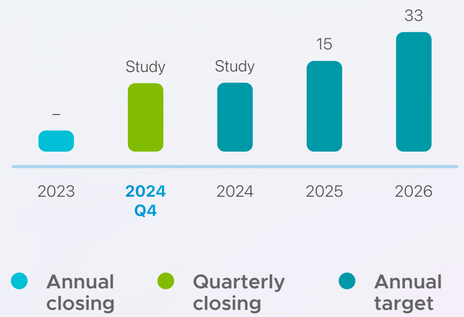
Improving the quality of our discharges
To ensure the degree of excellence in depuration above 98%.

INDICATORS

Consolidate the degree of excellence in purification
(% fulfillment)



Increase the number of characterized weirs as per the regulation
(cumulative number of characterized weirs)



The environment is in Canal's DNA. As managers of a natural resource that is essential for life and as responsible for the treatment and proper discharge of the wastewater of 7 million people, it could not be otherwise. Therefore, the conservation and protection of the environment is part of our mission and is one of the main daily tasks at Canal.

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[GRI 2-6]
[GRI 303-1]

PREVENTION OF ADVERSE ENVIRONMENTAL IMPACTS AT SOURCE

Canal incorporates in its philosophy of action the **principle of prevention** ("the best way to correct an environmental impact is to prevent it from occurring"), with an approach based on the analysis of the life cycle of our processes and activities.

All projects drafted at Canal **are environmentally assessed in** accordance with the provisions of *Act 21/2013, of 9 December, on Environmental Assessment*, and, where applicable, with *Act 2/2002 on Environmental Assessment of the Community of Madrid*, most of which has been repealed, or with the rest of the applicable legislation on environmental impact. In these assessments, in addition to aspects of the natural and **physical environment**, **social and economic aspects** are analysed and, if necessary, the relevant impacts on **local communities**.

In 2024, **18 resolutions** were issued by the environmental administration on **Canal projects** subject to different **environmental impact assessment** procedures (including consultations on significant effects and environmental procedures initiated) and **3 environmental impact declarations** were obtained from the environmental administration **for projects** and 2 strategic environmental declarations, as follows:

- Environmental impact statement for the construction project for section 7, second main drinking water distribution ring in the Madrid region, 11AAP01P. Municipalities of Leganés, Fuenlabrada, Getafe and Pinto.

- Environmental impact statement for the construction project for section 8, second main drinking water distribution ring in the Madrid region, 11AAP02P. Municipalities of Madrid and Getafe.

- Environmental impact statement for the construction project of the Northern Artery for the supply of drinking water to the Madrid-Barajas Airport General System, 16AAP05O. Municipality of Madrid.



- Strategic environmental declaration of the project to adapt the La Poveda wastewater treatment plant to the PNCA, 11SDP01A. Municipality of Arganda del Rey.

- Strategic environmental statement for the project to divert outfall B and its doubling to the Torrejón de Ardoz WWTP, 12SCP03A. Municipalities of San Fernando de Henares and Torrejón de Ardoz.

As for the rest of the resolutions, in 2024, we obtained **6** resolutions on **environmental impact reports**, **6** resolutions on **strategic environmental reports** and **6** resolutions on **consultations on the significant environmental effects** of Canal projects.

Finally, in addition to those related to the assessment of the environmental impact of projects and plans and programmes, our certified environmental management system contemplates the **principle of continuous improvement** of our performance and includes among its objectives the **prevention and minimisation of pollution**, the commitment to **comply with** applicable environmental legislation and the monitoring and control of significant environmental aspects.

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PREVENTION AND COMMUNICATION ON ENVIRONMENTAL ASPECTS OF OUR OPERATIONS

The prevention of the potentially negative environmental effects of operations and facilities is integrated into our internal procedures and instructions for their identification, analysis and evaluation, and for their monitoring and control. The centralised management of the company's waste and the control of its emissions is carried out by the Circular Economy Sub-Directorate, while the control of discharges and the quality of effluents from the WWTPs is the responsibility of the Water Quality Sub-Directorate. In addition, **communication channels** have been established with internal and external stakeholders.

In the case of the **execution of projects** subject to the administrative procedure of **environmental impact assessment**, there are always bilateral communications between the autonomous administration responsible for the environment and our company, aimed at requesting and providing sufficient documentation for the correct definition of the works we carry out and the impacts they cause. In addition, consultations are also carried out with other entities that could be affected. On the other hand, within the framework of the management systems, there are documented internal procedures related to environmental communications from interested parties.

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



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[GRI 413-1]

MAIN ACTIONS IMPLEMENTED BY CANAL DE ISABEL II FOR THE PREVENTION AND REDUCTION OF ENVIRONMENTAL IMPACT

Processes / facilities	Actions to prevent environmental impacts
Projects and works	Assessment of environmental aspects in planning and projects
	Carrying out environmental impact studies
	Environmental protection clauses in tender documents
	Adoption of preventive, protective and corrective measures
	Monitoring and surveillance of environmental aspects during and after the construction work
Reservoirs	Reservoir protection plans
	Monitoring of the ecological quality of the reservoir environment
	Dam emergency plans
	Maintenance of environmental flows
	Hydroelectric power generation
Wells	Sustainable exploitation of groundwater resources
ETAP	Efficiency in processing and reduction of rejects and wastage
Tanks and nets	Continuous quality monitoring
	Sectorisation and network pressure control plan
Distribution networks drinking water	Renewal of networks – RED Plan
	Non-revenue water reduction plan
	Plan for new network technologies
	Electricity production with micro-hydro turbines
Sewage networks	Improvement and renovation of networks – SANEA Plan
	Research on sustainable drainage networks
WWTP and WWPS	Upgrading WWTPs and increasing effluent with tertiary treatment
	Implementation of new purification legislation. Nutrient reduction
	Discharge of surplus reclaimed water from tertiary to watercourses
	Monitoring of discharges
	Circular economy: Sludge recovery. Cogeneration. Struvite production
	Reuse of reclaimed wastewater
	Electricity generation from biogas, microturbines and solar photovoltaic. Biogas for vehicles
Commercial management and support processes	Water-saving and waste disposal communication campaigns
	Virtual office, electronic invoicing, tele-reading and progressive tariffs
	Environmental education (Canal Educa)
	Actions to save paper and other consumables
	Energy efficiency measures for installations
	Low emission, hybrid and electric vehicle fleet

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[GRI 303-1]
[GRI 303-2]

PROTECTION OF WATER BODIES: WASTEWATER TREATMENT

100% of the urban wastewater and rainwater managed by Canal **is treated to the highest quality standards**. Practically the entire population of the urban centres of the Community of Madrid is covered by Canal's wastewater treatment system. To this end, we have **155 facilities** that allow us to treat this water, from a total of 178 of the 179 municipalities of the Community of Madrid and one municipality in the province of Toledo.

Our wastewater treatment plants (WWTP) are located in the basins of different rivers that cross the orography of the Community: Alberche, Aulencia, Cofio, Guadalix, Guadarrama, Guatén, Henares, Jarama, Lozoya, Manzanares, Perales, Tajo and Tajuña. However, not all of them carry out each of the possible purification processes but are adapted according to factors such as the size or number of inhabitants for which they are designed, economic imperatives, seasonal variations in river flow, the origin of the wastewater or possible industrial discharges.

The type of processes followed in the treatment process even determines the physical appearance of the facilities. Currently, Canal's WWTPs have a design capacity of **16.25 million population equivalents**[9] and can treat a combined flow **of** up to 2.16 million cubic metres per day.

To ensure compliance with the requirements relating to the elimination of phosphorous, from 2010 to the present day we have made the necessary adaptations to the treatment plants included in our **Nutrient Elimination Plan** (nitrogen and phosphorous). This Plan aims to comply with the **Water Framework Directive**[10] in terms of water discharge conditions in sensitive areas (practically the whole of the Community of Madrid), which is included in the **National Water Quality Plan** (PNCA).

Since 2015, Canal has been developing its **Plan for compliance with the discharge authorisations** of the WWTPs. The objective of this plan is **to guarantee compliance in discharges** of at least 80% of the samples taken for self-monitoring at the WWTPs, as well as to carry out exhaustive monitoring of the whole to reduce non-compliance as much as possible. The main actions envisaged are as follows:

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

In 2024, we have made **significant progress in the works** that will enable us to enable the **Valdebebas WWTP** and the **Rejas WWTP**, both owned by the Madrid City Council, to also **comply with the nitrogen parameter** in 2025. Once these works have been completed, only the South WWTP, the Butarque WWTP and the La China WWTP remain to be undertaken.

As for **the WWTPs owned by Canal**, all of them **will have the installed capacity** to be able to **remove the nutrient nitrogen up to the limits established** by the legislation in force, thanks to the works undertaken in 2024, and which are currently in the commissioning phase.

Also in 2024, a **new biogas electricity production facility** has been installed **at the Navalcarnero WWTP** and **new photovoltaic installations** have been commissioned, totalling **1.60 new megawatts** installed at **nine WWTPs**: Boadilla, Villaviciosa de Odón, Valdemorillo, Zarzalejo, Cenicientos, Villamantilla, Robledo de Chavela, El Endrinal and

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9. An "equivalent inhabitant" is the biodegradable organic load with a 5-day biological oxygen demand (BOD5) of 60 grams of oxygen per day. They are calculated for each of the WWTPs on the basis of the average daily value of biodegradable organic load, corresponding to the week of maximum load of the year, without taking into account situations caused by heavy rain-fall or other exceptional circumstances.
10. Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Com-munity action in the field of water policy.

[GRI 303-2]
[GRI 303-4]

Meco, the latter integrated in the Canal **Solar Plan**.

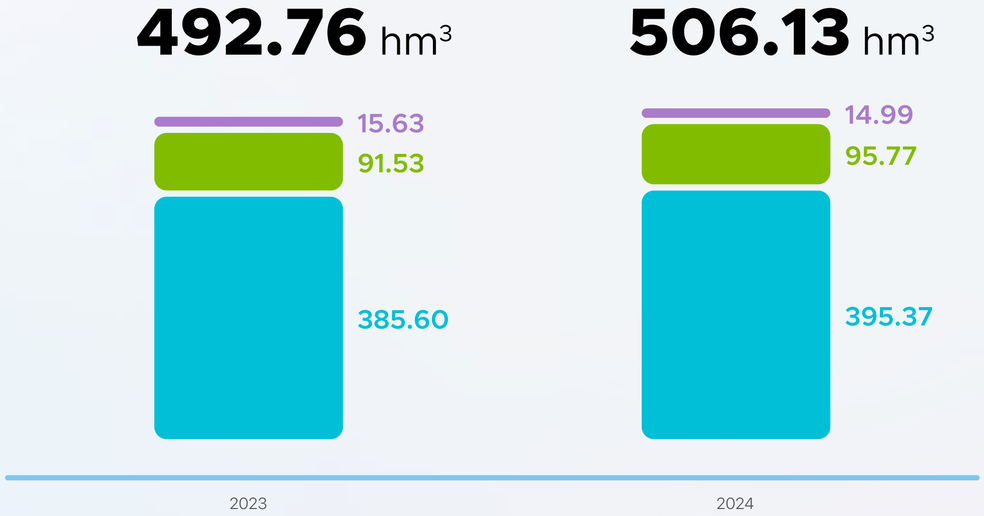
Despite the fact that the nitrogen removal requirement reduces our **capacity to produce biogas**, in 2024, the production of our WWTPs (53.6 million Nm^3) has recovered significantly, being **3.14% higher than in 2023** and placing the **year among the five best ever in terms of biogas production** in Canal. Thus, although all the large wastewater treatment plants we manage are now capable of removing nitrogen, we have been able to sail against the tide and **increase biogas production**. We have also squeezed the energy out of that gas more efficiently. We have **increased by almost 1% the biogas consumed in cogeneration**, the most efficient use of this renewable gas that allows us to consume **zero-kilometre electricity**.

Thanks to all the achievements described above, in 2024, for the **first time we will have exceeded 100 million kilowatt hours** of electrical energy **produced in** Canal's processes and purification facilities.

In addition to renewable generation being at a maximum, in 2024, our **electricity purchases** to develop the purification processes **have been significantly reduced** (**10.33% less** than the average of the previous five years), in line with the *Energy Efficiency Directive 1791/2023*.

In 2024, our WWTPs treated **506.13 million cubic metres of wastewater and rainwater**, equivalent to **102%** of the water derived for consumption, of which **395.37** were discharged to watercourses with **secondary treatment** and **95.77 with tertiary treatment** (19.48% of what was discharged). The quality of the effluents treated in the plants managed by Canal maintains the high level that characterises the system. In addition, a further **14.99 million cubic metres** have been produced **for direct reuse**, making a total of **110.76 million cubic metres reclaimed** (3.34% more than in 2023).

Volume and final destination of water treated by Canal in 2023 and 2024 (million m^3 per year)



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[GRI 302-4]
[GRI 302-5]

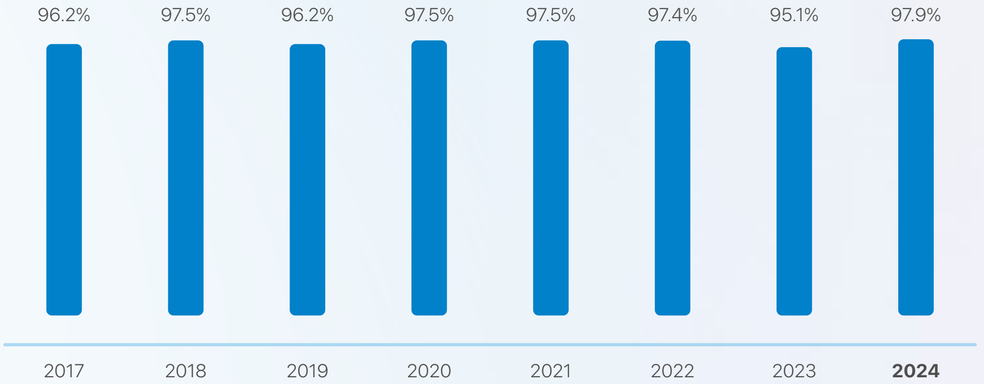
As a result of Canal's commitment to quality and the environment, our indicator of the degree of excellence in the purification of our WWTPs in 2024, has remained at values above 95%, with its value in 2024, (97.91%) being the best since the start of the Strategic Plan in 2018.

In the normal operation of the facilities, Canal's activities do not produce any discharge of chemical substances. During 2024, there have been no incidents of note in this regard.

Treatnment performance (% of pollutant load removed)



Degree of excellence in treatment (2017-2024) (%)

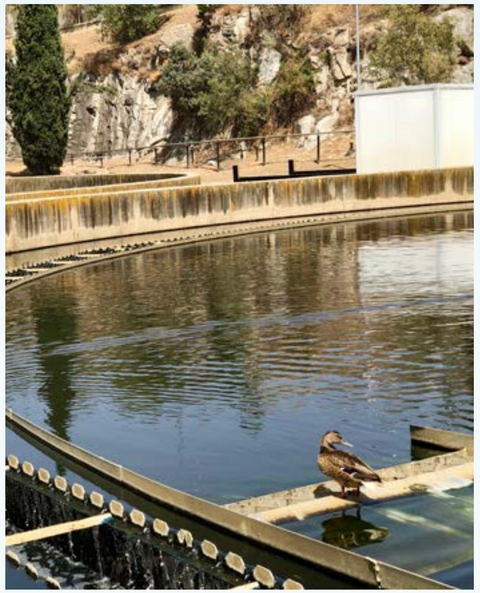




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PROTECTION OF BIODIVERSITY

The location of our reservoirs in the middle and upper basins of rivers and in places that were originally little frequented has boosted the local ecosystems associated with water and has welcomed, in terms of birdlife, the emigration of species that have been displaced by the progressive pressure on wetlands.



Presence in protected areas

Since the origins of our company, **peculiar and very interesting ecosystems** have developed in and around **our reservoirs**, which have coexisted with the agricultural and livestock farming activities of the **Sierra de Guadarrama**. These ecosystems play an important role in the modulation of climatic conditions and in the hydrological cycle, without forgetting their landscape and socio-cultural value.

In the *Catalogue of Reservoirs and Wetlands of the Community of Madrid*, drawn up in accordance with *Act 7/1990*, 9 reservoirs belonging to the supply system managed by Canal are included among the reservoirs selected on the basis of their values and characteristics.

The surface area occupied by the facilities and infrastructures managed by Canal on land subject to some legal figure of protection amounted to **6,508 hectares in 2024**. It represents **57.77%** of the total surface occupied by our facilities, of which **86.30%** were **Sites of Community Importance (SCI)** belonging to the **Natura 2000 Network of** the *Habitats Directive*[11] of the European Union and **13.70%** were located in areas with other types of environmental protection. Among the SCIs, **Special Protection Areas for Birds (SPAs)** stand out, where Canal's facilities occupied **939 hectares** in 2024.

Protected species present

The area surrounding the Canal facilities is home to highly valuable plant species that are included in the *regional catalogue of endangered species of wild fauna and flora and unique trees*. These include: *Ilex aquifolium* (holly), *Taxus baccata* (yew), *Arbutus unedo* (strawberry tree), *Corylus avellana* (hazel), *Fraxinus excelsior* (common ash), *Ulmus glabra* (mountain elm), *Betula alba* (birch), *Sorbus aria* (mustard), *Sorbus aucuparia* (rowan), *Fagus sylvatica* (beech), *Quercus suber* (cork oak), and *Viburnum opiles* (gum).

Within the *regional catalogue of unique plant specimens and stands of the Community of Madrid*, there are three specimens of unique trees located on land owned by our company, which are:

- In the category of notable trees: a specimen of *Morus alba* (Valdehondillo mulberry), in El Vellón.

- In the category of outstanding trees: two specimens. An *Avies numidica* (Algerian fir) and a *Cedrus deodara* (the candelabrum) in the gardens of our Santa Lucía work centre in Torrelaguna.

You can see the Catalogue of reservoirs and wetlands of the Community of Madrid in this link:

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[GRI 3-3]
GRI 304-1]
[GRI 304-2]
[GRI 304-4]

11. Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora.

Maintenance of the plant heritage

Every year, Canal carries out a series of works and conservation and improvement works in green areas to achieve an optimal level of **maintenance of the extensive plant heritage**, both of the surfaces integrated in its facilities and of the areas open to the public for use and enjoyment, such as the Cuarto Depósito park, in Plaza de Castilla, the Tercer Depósito park in Avenida de Filipinas and the parks of Bravo Murillo and Santa Engracia streets, all of them in the city of Madrid; the Riosequillo recreational area, in Buitrago del Lozoya; the La Marina sailing club, in Cervera de Buitrago, and other spaces of great richness and diversity located in enclaves of high ecological value. In addition, since the implementation of our Strategic Plan 2018-2030, we are opening our facilities to the public.

In 2024, a total of **601 hectares** were **cleared** of spontaneous vegetation to prevent fires. In addition, throughout the year, the necessary phytosanitary treatments have been carried out to prevent plant pests and diseases with the application of chemical products with low environmental impact. In addition, the elimination of invertebrates that could be harmful is promoted by installing “nest boxes” or “nesting boxes” for insectivorous birds.

In addition, in 2024, we carried out reforestation work, planting a total of **40,924 units of plants, trees and shrubs**, as well as other conservation and improvement work on **452 hectares** of land adjacent to our facilities.



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[GRI 304-3]

Ecological flows

The ecological flows of rivers are those that allow, as a minimum, the life of the fish that naturally inhabit them, as well as the vegetation of their banks, to be maintained. Thus, in order to protect the environment, the obligation to regulate and plan the hydrological resources of the different river basins was established, establishing a specific flow regime for each river according to its particular characteristics.

The hydrological plans are drawn up by the hydrographical confederations, which establish this regime of ecological flows in rivers and transitional waters. In each basin there is a body in charge of controlling these flows at the measuring points indicated in the regulations of each plan.

In 2024, the **environmental discharges to the rivers** carried out by Canal for the conservation of the river sections amounted to a total volume **of 79.88 million cubic metres**. In addition, it has also been necessary to discharge 124.43 million cubic metres from our reservoirs for **hydrological security** reasons (mainly to maintain a free capacity in the reservoirs to be able to face possible floods).

In relation to environmental flows, in 2023 the **revision of the hydrological plans**[12] of the Spanish hydrographic basins and of the Spanish part of the Spanish-Portuguese hydrographic basins in force since 2014 came into force. This revision includes the Spanish part of the Tajo river basin district, in which our reservoirs are located, establishing new environmental flows for the following bodies of water: the Jarama river downstream of **the El Vado dam**, the Lozoya river from the **El Atazar** reservoir to the Jarama river and the Manzanares river from **the Santillana reservoir** to the El Pardo reservoir. For the rest of the river sections, an environmental demand is set as a guideline.



12. Through *Royal Decree 35/2023 of 24 January, which approves the revision of the hydrological plans of the Western Cantabrian, Guadalquivir, Ceuta, Melilla, Segura and Júcar river basin districts, and of the Spanish part of the Eastern Cantabrian, Miño-Sil, Duero, Tagus, Guadia-na and Ebro river basin districts.*

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2.3. WE OPERATE SUSTAINABLY

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 3

PLANET

SUSTAINABLE OPERATION AND COMMITMENT TO THE CIRCULAR ECONOMY

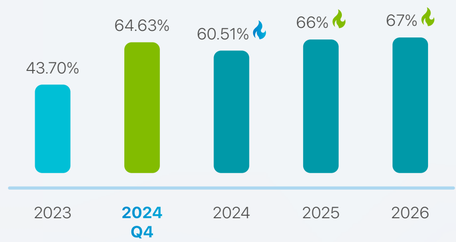
Incorporate more and **better technologies** to preserve the environment, integrate **environmental protection** into **our operations** and prevent the depletion of natural resources by reducing their consumption and focusing on **recycling and reuse.**

TARGET 2024-2026

Increase the percentage of recovered waste
67% of sludge sanitised by 2026.

INDICATORS

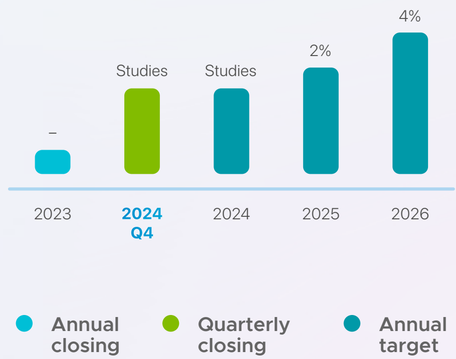
Increase the % of sludge sanitization
(% valorized sludge)



*Average for the years 2018-2023.

Improve efficiency in the consumption of materials on site
(% works with reuse of resources or technology without opening trenches)

- The target will be adjusted to the actual operating hours of the cogeneration plants
- Target adjusted to real scenario



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ENVIRONMENTAL MANAGEMENT AT CANAL DE ISABEL II

Management system

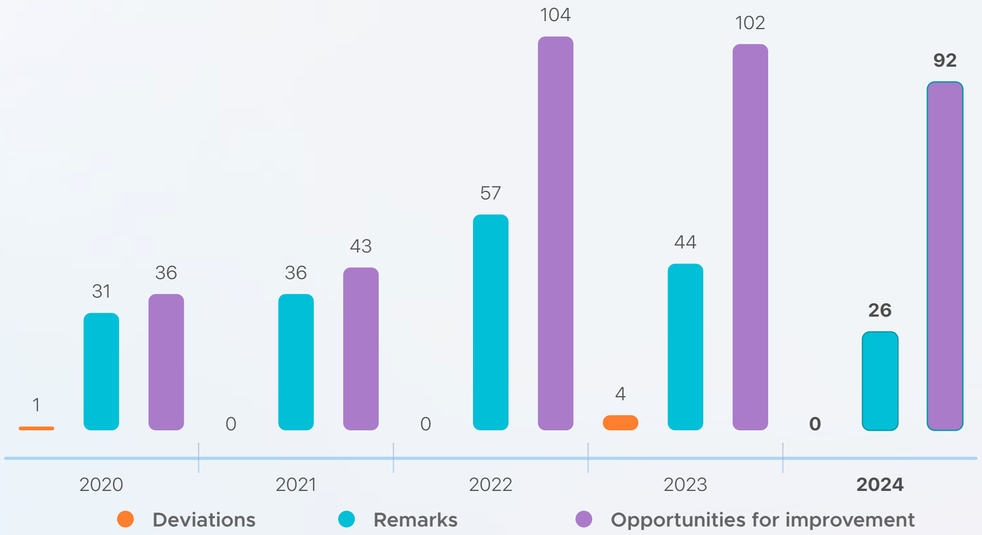
At Canal we develop all our activities contributing to the safety and health of people, the protection of the environment and the quality of our services. To this end, we have **a management system certified** in the **ISO 9001:2015** (quality), **ISO 14001:2015** (environment) and **ISO 45001:2018** (occupational health and safety) standards by AENOR.

The management system **supports the accreditation of** testing **laboratories** in the environmental sector and the metering laboratory by **ENAC in UNE-EN ISO/IEC 17025:2005**, as well as the **technical inspection** activities of the measurement set accredited by ENAC in UNE-EN ISO/IEC 17020:2012. In addition, it contributes to the implementation of the safety system in the facilities where *Royal Decree 840/2015* is applicable, on risk control of serious accidents involving hazardous substances, as well as to the development of the **Water Health Plan (WSP)**, where Canal is a reference company.

The top management leads the management system through a sub-committee where all company departments are represented. The **key processes** within the management system are **audits and assessments of legal requirements and environmental aspects**. In 2024**, the 51 units** included in the annual internal audit programme established at the beginning of the year **were audited**, with the first internal audit of the PSA being a highlight. As a result, a total **of 118 findings** were obtained.

With regard to the identification and assessment of environmental and occupational health and safety legal requirements, 249 new legal provisions have been analysed, with a total of 19 of them being applicable. **The environmental aspects of more than 650 Canal centres have been assessed**. During the year, work has been carried out on the integration of the Hidráulica Santillana management system in Canal after the merger by absorption.

Results of management system audits (2020-2024)



Innovative activities within the management system and contributing to Plan 10.3 “Plan to improve process efficiency” include:

- The coordination of improvement projects and the dissemination of the culture of improvement through 18 people who serve as liaisons in different units of the company.
- The development of an enterprise architecture that contributes to process management.

At national and international level, Canal collaborates with the Spanish Quality Association (AEC) and participates in different committees of the UNE (Spanish Association for Standardisation) and ISO (International Organisation for Standardisation).

You can consult all the information about our certifications and accreditations in the following link:

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Compliance with environmental legislation

At Canal we have procedures for the identification and access to the requirements established in the environmental laws and for the periodic evaluation of their compliance within the framework of the environmental management system that we have implemented and certified. Our management is carried out **in compliance with all the environmental regulations** of the European Union and at state, regional and local level, being in many cases our performance and our internal regulations more demanding than the limits established in the legislation.

However, **unintentional non-compliance with the legislation sometimes occurs**. Thus, in 2024, the Tagus Hydrographic Confederation opened **25 sanctioning proceedings** (15 less than in 2023 and 9 less than in 2022), mostly linked to unintentional discharges of wastewater from our 155 WWTPs. These proceedings are at different stages of processing, most of them having been appealed through administrative channels or even by means of the corresponding contentious-administrative appeal. The accumulated amount of penalties associated with these proceedings amounted to **960,918 euros** at the end of 2024 (530,169 euros more than in 2023 and 582,991 more than in 2022).



Expenditure and investments in environmental management and activities

Apart from the environmental expenses linked to compliance with our legal obligations (waste management, sludge management, among others) or associated with the processes necessary for the management of the integral water cycle (water treatment expenses), Canal dedicates other **economic resources** to **voluntary aspects of environmental management**. These resources amounted to **26.81 million euros in 2024,** (10.28 million more than in 2023) and represent **9.49%** of the **total expenses associated with environmental management** (**282.58 million euros** in 2023).

The 62.19% increase in voluntary expenditure in 2024, compared to 2023 is almost entirely due to the increase in the activity of thermal drying of WWTP sludge with cogeneration, as the drying plant at the South WWTP, which had been shut down for the whole of 2023 (due to turbine failure), was brought back into operation in May 2024, producing 36% of its nominal capacity (equivalent to 3,763 hours out of 8,784 hours in 2024).

Among the main items of voluntary expenditure, the **thermal drying of WWTP sludge** stands out, accounting for **71.05%** in 2024, followed by expenditure on **the maintenance of green areas and plant repopulation**, which accounted for **15.32%** of expenditure in 2024.

Given the intrinsically environmental nature of many of our processes (we manage a natural resource and deal with wastewater treatment), many of our investments have a purpose linked to **environmental protection**. Thus, in 2024, the investments made by Canal that have a final objective of protecting the environment amounted to **43.58 million euros** (6.66 million and 8.04% more than in 2023).

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MAIN MATERIAL CONSUMPTIONS

At Canal we manage all our facilities with sustainable criteria, we try to rationalise the consumption of materials and energy, we avoid unnecessary discharges and emissions into the atmosphere, and we manage our waste properly, periodically controlling the noise and odours we produce with our activities.

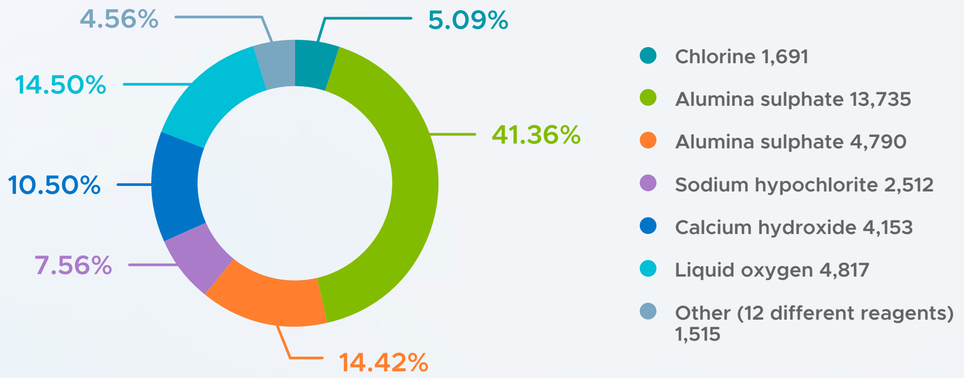
Consumption of reagents for drinking water treatment and purification

The main materials we consume by weight are the reagents we use in drinking water treatment plants (DWTPs) and wastewater treatment plants (WWTPs).

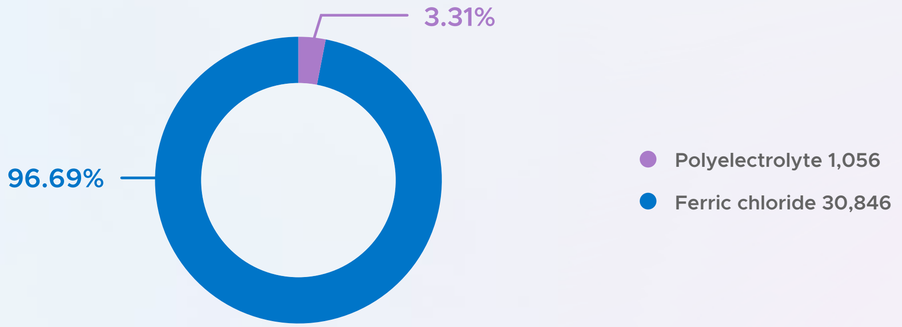
In 2024, we recorded a total consumption of reagents **of 65,114 tonnes** (7.0% and 4,261 tonnes more than in 2023). Of this, **33,212** tonnes were for drinking **water treatment** and **31,902** tonnes **for** wastewater treatment and reclamation.

In the case of **treatment reagents**, it is important to note that consumption of **metallic salts** (ferric chloride) has been **below 31,000 tonnes for four years** and its consumption **has been reduced by more than 20% since 2010**, despite the increased requirements of the discharge authorisations for WWTPs in recent years.

Reagents for potabilisation in our DWTPs used in 2024, (tonnes consumed and % of total)



Reagents for wastewater treatment in WWTPs used in 2024, (tonnes consumed and % of total)



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Paper consumption

In administrative activities, commercial management and for sending invoices, the most consumed material is paper.

Canal maintains as a quality and environmental objective the **reduction in paper consumption**, establishing for years a set of policies to promote electronic invoicing, printing and document management, as well as continuous monitoring, which have resulted in an **accumulated reduction** in paper consumption of **39.15%** in the last five years (since 2020).

Of the **13.13 tonnes of paper** used **internally** in the company in 2024, (0.53 tonnes less than in 2023), **53.03%** was **recycled paper**. We aim to reduce paper consumption in internal administrative tasks and have managed to reduce paper consumption by almost 10.29% since 2020.

On the other hand, the printed documents we send to our customers, mostly consumer invoices, are handled by a service provider with FSC (Forest Stewardship Council) certification, which guarantees the use of paper produced through responsible forest management.

In 2024, we used **60.75 tonnes of paper** to **send to our customers**, 6.93 tonnes less than in 2023 and 19.74 tonnes less than in 2022, a reduction of 10.24% compared to 2023 and 24.52% less than in 2022. This reduction is mainly due to the progressive implementation of electronic invoicing (*e-invoicing*) among our customers, which since 2021 has been boosted by communication actions. As a result, by the end of 2024, a total of **896,417 of our customers had switched to *e-billing*** (6.62% and 55,692 more customers than in 2017), thus avoiding the paper consumption associated with sending bills to 64.70% of contracts.

Self-consumption of water

Apart from the water we distribute to our users, **like all companies we need to consume our own water** to carry out the different **processes associated with our activity** (cleaning new pipes, cleaning tanks, purging the network, wastage in drinking water purification processes, water consumption for works or watering the gardens of our facilities and parks open to the public, among other consumptions).

The self-consumption of water necessary to provide our services to the people of Madrid was **3.99 million cubic metres**, 0.80% of the water derived for consumption in the last hydrological year (2023-2024). This consumption is **15% less** than that recorded in the 2022-2023 hydrological year.

In our internal water consumption we apply the same efficiency and rational use measures for companies and gardens that we advise our customers and users, and which can be consulted in the “We look after water” saving tips section of our website (https://www.canaldeisabelsegunda.es/cuidamos-el-agua).



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WASTE PRODUCTION AND MANAGEMENT

Hazardous and non-hazardous waste management

The control of waste management at the production centres and grouping points of Canal starts with the correct **separation of waste at source** and is complemented with the monitoring of the collection routes, scheduled fortnightly and carried out by **authorised waste managers**, ensuring compliance with the legislation in force.

In recent years, we have been actively working on the proper management of **non-hazardous waste** with the aim of increasing the amount going to **reuse** or **recovery**.

In 2024, excluding WWTP sludge and sludge from DWTPs, we generated and managed a total of **35,692 tonnes of non-hazardous waste**[13] (2,417 tonnes less than in 2023), including **33,402.25 tonnes of pre-treatment waste from WWTPs and WWPSs** (93.58% of the total). Construction and demolition waste (866.73 tonnes), metals (373.45 tonnes) and pruning waste from parks and gardens (292.74 tonnes), which were used in the composting and thermal drying plant for WWTP sludge with cogeneration in Loeches as structural material for the production of compost, also stand out. A further 83.73 tonnes of paper and cardboard were also managed.

NON-HAZARDOUS WASTE PRODUCED AT CANAL FACILITIES IN 2023 AND 2024
(tonnes per year, not including WWTP sludge and DWTP sludge)

Types of waste	2023	2024
Pretreatment residues from WWTPs and WWPSs	36,435.31	33,402.25
Construction and demolition waste (rubble)	354.02	866.73
Metals	316.62	373.45
Pruning waste from parks and gardens	437.40	292.74
Rejection of dry sludge South	-	233.88
Plastics and rubber	137.96	140.27
Wood containing no hazardous substances	77.98	125.45
Paper and cardboard	84.58	83.73
Mixed municipal waste (including MSW)	38.74	47.54
Absorbents, filter mats, rags, clothes not contaminated with hazardous materials	11.86	33.72
Spent activated carbon	12.92	25.52
Drinking water filter sands	99.78	21.96
Aqueous liquid waste	40.12	11.66
Glass	1.74	10.12
Glass fibre material wastes	10.80	9.86
Other	42.16	6.17
Discarded electrical and electronic equipment	4.28	2.49
Used clothing	0.58	2.40
Rubber and plastic recovered through the mechanical processing of waste	0.34	0.96
From residential treatment plants not listed elsewhere	0.82	0.91
Waste printing toner	1.03	0.53
Biodegradable kitchen waste, and edible oils and fats	0.01	-
Other non-hazardous waste	42.16	6.17
TOTAL NON-HAZARDOUS WASTE	**38,151.21**	**35,698.49**

13. It does not include sludge from WWTPs and sludges from DWTPs.

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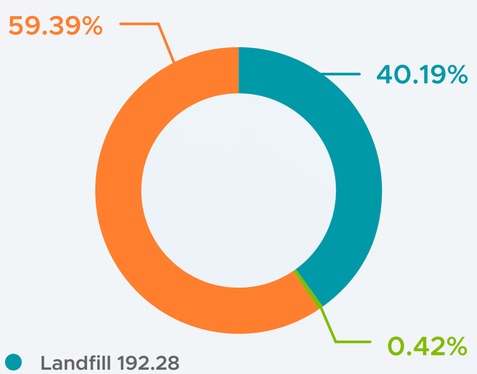
In terms of **hazardous and biohazardous waste**, **478.47 tonnes** were generated in 2024, 8.84 tonnes less than in 2023. These include **114.55** tonnes of **waste from our laboratories, 105.55 tonnes** of discarded electrical and electronic equipment and **67.44** tonnes of motor oils and lubricants.

HAZARDOUS WASTE PRODUCED AT CANAL FACILITIES IN 2023 AND 2024 (tonnes per year)

Types of waste	2023	2024
Res. expired liquids/reagents from water analysis laboratory	117.46	114.55
Discarded electrical and electronic equipment	124.01	105.55
Waste engine oils and lubricants	68.10	67.44
Containers contain/have contained traces of hazardous materials	42.33	45.80
Acids, bases and salts from physicochemical water treatment	23.20	39.45
Asbestos-containing insulation and construction materials	56.66	35.15
Oily water	11.27	27.66
Res. maintenance procedure for water treatment equipment/facilities	15.07	19.18
Organic waste (polyelectrolyte)	2.16	4.61
Halogenated and non-halogenated solvents	5.69	3.82
Equipment containing chlorofluorocarbons	6.10	3.70
Oil filters	1.99	2.69
Batteries, cells and accumulators containing dangerous substances	3.94	2.04
PCB-containing transformers and capacitors	-	2.02
Pressurised gases	1.38	1.61
Fluorescent tubes and other mercury-containing wastes	1.81	1.54
Contaminated land	5.94	1.32
Biohazardous waste	0.22	0.24
Other fuels	-	0.11
TOTAL HAZARDOUS WASTE	**487.32**	**478.47**

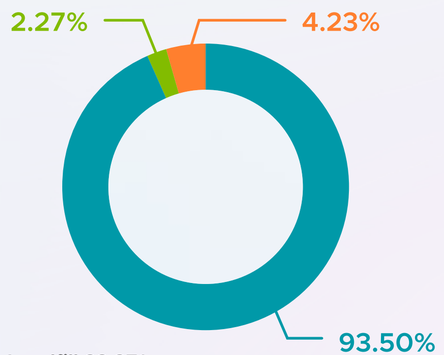
Final destination of managed waste in 2024, (tonnes and % of total)

Hazardous waste



- Landfill 192.28
- Recycling 2.02
- Recovery (incl. energy) 284.18

Non-hazardous waste



- Landfill 33,371
- Reciclaje 812
- Recovery (incl. energy) 1,509

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Management of DWTP sludge and WWTP sludges

In addition to the hazardous and non-hazardous waste associated with our processes, the **sludge generated in the production of drinking water** at our DWTPs, which totalled **27,468 tonnes** in 2024, (9.30% more than in 2023), and the **sludge generated in the treatment of wastewater at the WWTPs** we manage, which totalled **415,835 tonnes** in 2024, (1.64% more than in 2023), stand out in terms of volume.

In **2024**, thanks to the entry into service of the thermal sludge drying plant at the South WWTP, which had been out of service due to a breakdown since the summer of 2022, **unlike in previous** years, the **main destination** of the sludge was **thermal drying**, with a total of 218,899 tonnes having been treated during the year at the Sur WWTP and Loeches plants. This amount is equivalent to **52.64%** of the sludge generated in 2024, whereas in 2023 it was only 10.57% (only 43,969 tonnes were dried).

The **second destination** of sludge in 2024, was **direct agricultural application** of sludge, which in 2023 was the most important destination. Thus, a total of **147,079 tonnes** were applied in 2024, (181.51 tonnes less than in 2023), accounting for **35.37%** of the sludge generated (44 percentage points less than in 2023).

In terms of **composting**, **45,251 tonnes** were treated in 2024, a slightly higher figure than in 2023 (5,000 tonnes more), accounting for **18.88%** of the total (in 2023 it was 9.69%).

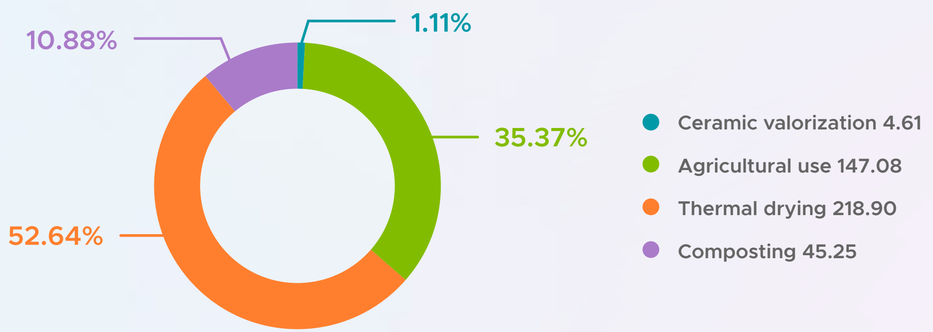
Finally, **4,605 tonnes of unsuitable waste** (only 11.11% of the total) have been sent for **energy recovery in a cement plant**, a much higher figure than in 2023, when only 25 tonnes were recovered.

In the case of DWTP sludge, in 2024, **83.24%** (22,865 tonnes) was destined for **agricultural use after composting treatment** and **16.76% was recovered in a cement plant** (4,603 tonnes). In 2023, the percentages of the final destination of the sludge were significantly different, with 98.76% of the sludge going to agriculture (28,208 tonnes) and only 1.24% to a cement plant (993 tonnes).

GENERATION OF DWTP SLUDGE AND WWTP SLUDGE 2022-2024 (tonnes)

	2022	2023	2024
Sludge generated in the DWTPs			
Amount of sludge generated in the year	29,102	25,132	27,468
Dry matter equivalence	4,752	4,240	4,744
Sludge generated in WWTPs			
Amount of sludge generated in the year	398,496	409,116	415,835
Dry matter equivalence	86,376	85,475	91,313

Final destination of sludge produced at WWTPs in 2024 (thousands of tonnes and % of total)



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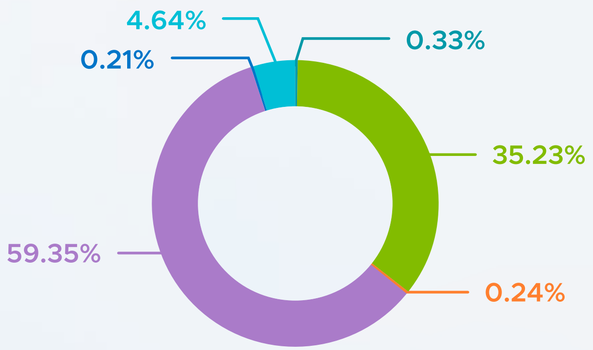
EMISSIONS INTO THE ATMOSPHERE

Atmospheric emissions of greenhouse gases, **apart from CO_2**, and other acidifying and tropospheric ozone precursor substances that can be attributed to Canal operations, come from:

- Direct emissions from **existing combustion facilities at Canal's facilities**, particularly from the Sludge Treatment Unit (STU) with cogeneration at Loeches and the thermal sludge drying plant with cogeneration at the South WWTP.
- Emissions from the exhaust gases of our **773 construction vehicles and machines**, which in 2024, have travelled **12.13 million kilometres** (4 vehicles and 204,252 kilometres less than in 2023), as well as from diesel used in some processes.

The total of all these emissions (excluding CO_2)[14] was **925.47 tonnes** in 2024, **28.88% higher than in 2023**, which was 718.10, due to the increased activity of our WWTP thermal sludge drying plants in 2024, compared to 2023.

Distribution of emissions to air (excluding CO_2) in 2024, (tonnes per year and % of total)



- Volatile organic compounds (not methane) 2.34
- Carbon monoxide (CO) 253.01
- Sulfur dioxide (SO_2) 1.75
- Nitrogen oxides (NOx) 426.16
- Nitrous oxide (N_2O) 1.51
- Methane (CH_4) 33.33

14. CO_2 emissions are broken down in the section "THE CLIMATE CHANGE CHALLENGE" included in this report.

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NOISE AND ODOUR MANAGEMENT

At Canal we manage all our facilities with sustainable criteria, periodically controlling the noise and odours produced by our activities.

In terms of **noise**, since 2004 we have had a **programme to control the noise levels** generated at our facilities that may disturb the population or affect areas of special sensitivity. In 2024, the number of facilities controlled by the programme was **141**, with **537 acoustic measurements** having been taken, of which only 10 exceeded the limits established in our internal regulations in one of the facilities controlled.

With regard to **odours** and **emissions** from our facilities, in 2024, we carried out **150 controls** (30 less than in 2023), of which 145 were for emissions and 5 for odours, with only 3 non-compliances with Canal's internal standard.



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CANAL AND THE CIRCULAR ECONOMY

Preserving the environment and **preventing the depletion of natural resources by reducing their consumption and focusing on recycling and reuse** are part of the principles on which we base our sustainability actions.

That is why we are committed to **the triple R** (**reduce, recycle and reuse**) and we obtain **alternative**, recycled and reusable products from the waste we receive at our purification facilities. **Reusing all these products** is part of our **strategy to promote the circular economy**, which also allows us to make progress in the **decarbonisation** of our activity.

At Canal, **waste has gone from being a problem** to being seen as **an opportunity**. It is no longer the final link in the chain, but an intermediate step, **providing new raw materials** and **forms of energy**. In this way, wastewater treatment plants are able to recover and transform waste and extract fuels, fuels, fertilisers, compost, reclaimed water or electrical and heating energy from it. To this end, in recent years we have incorporated different technologies:

- We currently have the **largest struvite production plant in Spain**. It is located at the South WWTP, where 2 tonnes of what is considered the "white gold" of waste can be produced daily, due to its high phosphorous content, an indispensable element for life, which is neither renewable nor can it be replaced. Struvite is one of the by-products of water treatment. **The phosphorus** present in liquid waste **can be crystallised** in a controlled manner to produce this **high-value fertiliser**. In 2024, we produced 643 tonnes of this fertiliser, 86 tonnes more than in 2023.

- **Agriculture benefits doubly from wastewater treatment**. **The dewatered sludge** extracted from wastewater also acts as an **organic fertiliser** that fertilises and improves the structure of agricultural soils, where it can be applied to benefit crops. In 2024, having recovered our sludge drying capacity at the WWTP South plant, we **treated** a total of **218,899 tonnes of** WWTP sludge by thermal drying, which is 175,640 tonnes more than in 2023 (an increase of 406%). From this treatment, **40,611 tonnes of dry grain** were obtained for agricultural use (379% more than in 2023, when only 8,470 tonnes were produced).

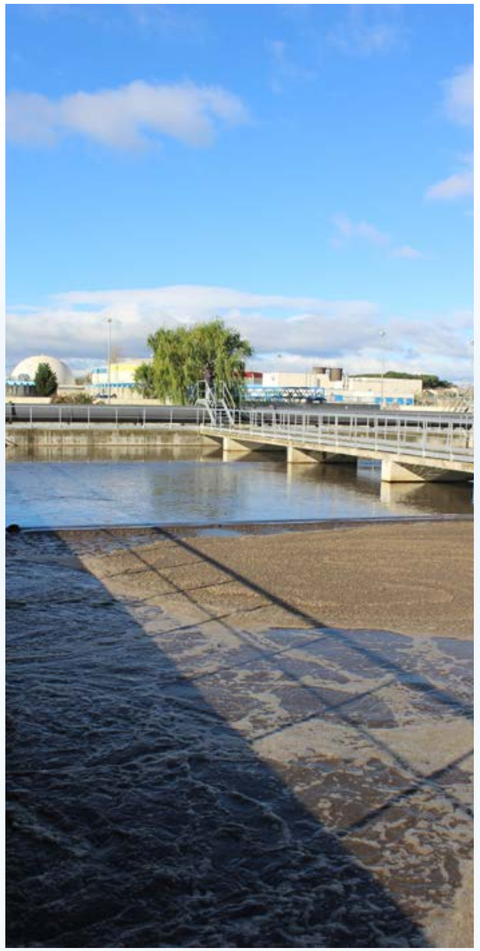
- From the **mixture of WWTP sludge** and vegetable waste**, we** also produce compost that is highly valued in gardening, among other applications. In 2024**, we composted more than 45,251 tonnes** of WWTP sludge (14.3% and 5,650 tonnes more than in 2023), which, together with vegetable waste, enabled us to **produce more than 11,000 tonnes of compost** for use in agriculture or gardening.

- **Another important use of sludge** in wastewater is to **generate energy**. The sludge that concentrates the pollution and is removed from the wastewater is treated in large digesters to produce a versatile renewable energy, **biogas**, whose calorific value can be used to produce heat, electricity



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or fuel for vehicles. Canal obtained **almost 56.6 million cubic metres** of biogas in 2024, (3.13% more than the 51 million cubic metres produced in 2023).

With part of the biogas produced in 2024, the **20 WWTPs** managed by Canal that have motor-generators and biogas-fired turbines have produced a total of **97.61 million kilowatt hours** of electricity (4.62% more than in 2023).

- The potential of biogas is not limited to electricity generation. That biogas is about 65% methane and 35% CO_2, approximately. If we remove this CO_2 we can convert it into **biofuel** and **use it in vehicles**, a utility that we are already using at the **Viveros WWTP** in Madrid. There we have installed a facility called a **"gas station"**, where **more than twenty cars** can fill up with biomethane, a zero-emission fuel with high calorific value. Vehicles that use biogas do not give off particles or sulphur dioxide and their CO_2 emissions are zero, as this biogas, being of human origin, does not cause a greenhouse effect. Furthermore, their use reduces both nitrogen oxides released (85% less) and noise emissions (50% less). In 2024, the facilities **have supplied vehicles with 6,504** normal **cubic metres** of **biomethane**, with which they have travelled a total of 95,042 kilometres.

- But, in addition to taking advantage of the elements carried by wastewater, **we can also recover the water itself,** giving it a second life. Apart from subjecting it to a purification process so that it returns to the watercourses, it can be given a **tertiary treatment** that makes it suitable for supplying water for uses that do not require the highest quality. **In** this way, reclaimed water allows pressure to be relieved on drinking water by being used to irrigate green areas and golf courses, to wash streets and even for industrial uses. In 2024, we produced **110.76 million cubic metres** of reclaimed water in our **33 tertiary treatment plants**. Of this, **14.99 cubic hectometres were reused** in one industry, in street washing and, mainly, in the irrigation of **1,875 hectares** on **11 golf courses, 15 private customers** and **401** municipal **green areas** in **26 municipalities,** thanks to a reclaimed water distribution network of **744 kilometres.**

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2.4. CLIMATE CHANGE AND ENERGY CHALLENGES

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 4

PLANET

CLIMATE CHANGE AND CLEAN ENERGY

Contribute to the **decarbonisation** of the economy **by mitigating our emissions** and adapting to cope with extreme weather events, as well as **generating renewable energy** in synergy with the management of the integrated water cycle.

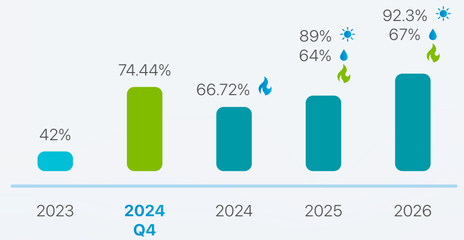
TARGET 2024-2026

Improving our climate balance
More than 80% of emissions avoided by 2026.

INDICATORS

Increase the electric balance *(% generation/consumption of electricity)*

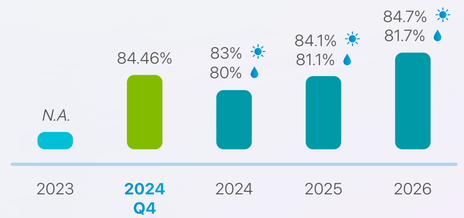
- Indicator with range of values depending on the hydrological year (drought level)
- The status of the hours of operation of the rest of the cogeneration plants is included
- Objective adjusted to a real scenario



Improve our climate balance* *(% of emissions prevented/ emissions made)*

- Indicator with range of values depending on the hydrological year (drought level)

* Considering 6,000 equivalent hours per year for the plant



N.A.: Not applicable

Energy, Climate and Air strategy of the Community of Madrid

Annual closing · Quarterly closing · Annual target

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[GRI 303-1]

CANAL AND CLIMATE CHANGE

Most experts in the international scientific community agree on the importance that the effects of climate change may have on the distribution and availability of water resources at the global level.

At Canal we cannot be oblivious to this concern about the future sustainability of our supply model and, therefore, we work both in the field of **mitigation** of **greenhouse gas (GHG)** emissions associated with our activities and in the field of **adaptation** to the consequences of climate change, in order to be prepared to face its adverse effects.

Our greenhouse gas (GHG) emissions

In 2024, our greenhouse gas (GHG) emissions amounted to **192,261 tonnes of CO_2 equivalent**. It represents an **increase in our** GHG emissions of **64.46%** compared to those recorded in 2023 and **7.13%** more than the average of the previous five years (2019 to 2023). This increase was mainly due to a **significant increase** in activity at our **WWTP sludge thermal drying** facilities, thanks to the start-up in May 2024 of the **thermal drying plant with cogeneration** at **the South WWTP**, which had been shut down due to a turbine failure since the summer of 2022**.** As a result, our plants treated **431.85% more WWTP sludge** in 2024, **than in 2023** and **90.27% more than in 2022**, and consumed **365,052 more megawatt hours of natural gas** than in 2023 and **199,645** more than in 2022 (**226%** more than in 2023 and **61%** more than in 2022).

Precisely, the only two Canal facilities subject to the regulations on **greenhouse gas emissions trading** are those related to the thermal drying of WWTP sludge: **the WWTP sludge treatment unit with cogeneration at Leeches (UTL)** and the **thermal sludge drying plant at the South WWTP**. Both facilities will offset their 2024 emissions by contributing the equivalent of **105,112 tonnes of CO_2** to the National Emission Allowances Register (more than three times the 32,253 tonnes of CO2 contributed in 2023).

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[GRI 201-2]

In terms of the origin of our emissions, the three scopes of the ***GHG Protocol***[15] can be distinguished as follows:

- **Direct emissions**, originating from **processes and/or at Canal facilities** (scope 1), accounted for **66.11%** of the total in 2024. These include our main combustion activities, cogeneration at the Leeches TLU, cogeneration at the South WWTP sludge drying plant, sludge composting processes, and emissions associated with our vehicle fleet. **Emissions from drying**, which in 2023 accounted for only 32% of all our company's emissions, in 2024, have come to account for **55.43% of Canal's total emissions**.

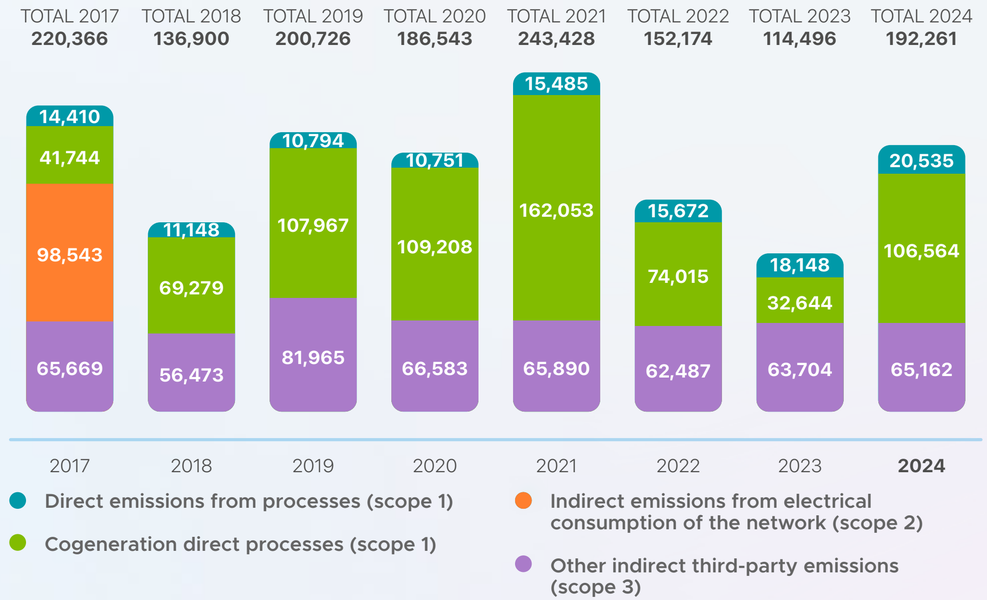
- **Indirect emissions** associated with the **consumption of electricity we purchase** from the grid (Scope 2), which since 2018 **are zero**, as all consumption is **guaranteed to come from renewable sources**. Otherwise, these emissions **would account for more than 13%** of all our emissions in 2024.

- **Indirect emissions** associated with **supplies and services provided by third parties** (scope 3), which in our case include waste transportation, reagent consumption and paper consumption. These accounted for **33.89%** of our emissions in 2024, and also include the emissions associated with the travel of Canal employees from their homes to the company's work centres.

Historically, as in the rest of the companies in our sector, **our electricity consumption was one of the main sources of** greenhouse gas emissions. In dry years, which require higher electricity consumption to ensure adequate supply, emissions could almost double. For this reason, Canal has focused its efforts on the **reduction of emissions**, the **generation of clean energy** and the search for **energy efficiency.**

In terms of **emissions specific** to our activity in 2024, **0.192 kilograms of CO_2 equivalent per cubic metre of water managed** were recorded,[16] **64.26%** higher than in 2023 (0.117 kg CO_2 eq per 3^M) and 22.75% higher than in 2022 (0.156 kg CO_2 eq per m^3).

Greenhouse gas emissions by source (2017-2024) (tonnes CO_2 equivalent)



15. Since its inception in 2001, the *GHG Protocol* has been the most widely used set of greenhouse gas accounting standards and guidelines for all companies and organisations globally.
16. Water managed: sum of the amount of water derived for consumption, the amount of wastewater treated in WWTPs, and the amount of reclaimed water produced for reuse.

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[GRI 305-2]
[GRI 305-4]

Mitigation actions

In addition to Canal's strategic actions regarding energy consumption and production described in the following section of this *Sustainability Report*, in recent years we have implemented other important measures to reduce our greenhouse gas emissions. These include the following:

Awareness-raising for water consumption reduction and rational water use

All the efforts we make to raise awareness of the rational use of water and improve the efficiency of our networks have a direct impact on GHG emission savings. With **every cubic metre of water saved** in 2024, **we were avoiding emitting 0.192 kilograms of CO_2** equivalent.[17] If we consider that **the savings targets** achieved in the implementation of **Strategic Line 1 of our Strategic Plan 2018-2030** ("Ensuring the guarantee of supply") in 2024, have been **19.3 million cubic metres**, the **emissions avoided by these savings** can be estimated at **3,706 tonnes of CO_2** equivalent. In the case of 2023, the emission reduction associated with the reduction in water consumption can be estimated at 2,076 tonnes of CO_2 equivalent.[18]

Reforestation actions

In 2024, **we have planted 40,924 units of plants, trees and shrubs**. Canal carries out this type of new planting and seeding that contributes to carbon absorption every year. They are a useful short-term response to global warming caused by the accumulation of CO_2 in the atmosphere.

Encouraging employees to use public transport

Canal finances nearly **80% of the amount of the Transport Season Ticket** in the Community of Madrid for all employees who request it, thus encouraging the use of public transport among its staff. In 2024, **44.63%** of Canal's employees at the end of the year (1,419) used the annual travel pass to travel by train, metro or bus to their different jobs, which contributed to avoiding the emission of 1,155.34 tonnes of CO_2 equivalent.[19]

Sustainable mobility

Canal promotes low CO_2 emission indexes in its vehicle procurement tenders. In the tender documents, one of the most important evaluation elements for the awarding of the contract is the CO_2 emission indexes, with the vehicles with the lowest index being positively valued. In these processes, special value is also placed on the lower consumption of the vehicles, as well as the possibility of using biofuels.

In 2024, we have continued with the renewal of our company's vehicle fleet with the progressive replacement of different vehicles with low eco-efficiency by new, much more eco-efficient units or even with 100% electric mobility with zero emissions.

By the end of 2024**, almost a third of our** vehicle fleet (213) was 100% electric and we had **415** electric vehicle charging points at our facilities, of which 17 (at 14 sites) are courtesy charging points for employees to recharge their private vehicles. Thanks to our fleet of electric and hybrid vehicles, more than 438.2 tonnes of CO_2 emissions were avoided in 2024.

The quest for energy efficiency

Canal seeks efficiency in energy management from an integral point of view (operational, technological, economic and environmental), promoting coordination between the different areas of the company. Thus, in 2020 the **Integrated Energy System of Canal de Isabel II (SIEC)** was launched. The mission of this platform is to integrate the

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17. The significant weight of emissions from our two CHP plants (almost 56% of the total in 2024) means that we represent them separately from the rest of the Scope 1 emissions.
18. The specific emissions per cubic metre consumed vary depending on Canal's activity each year. Its average over the last 8 eight years (2017-2024) is 0.185 kilograms of CO_2 equivalent per cubic metre.
19. Considering a consumption saving of 17.58 million cubic metres in 2023 and an average emission factor for Canal of 0.117 kilograms of CO_2 equivalent per cubic metre managed.

[GRI 302-5]
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information of the energy area with that of the operations of the integral water cycle in a common data repository to feed applications that support decision-making on energy efficiency, purchase and management of electricity contracts and investment in renewable energies.

In 2024, we have continued to improve the quality of the data represented by the SIEC; the reports and analyses carried out by the work team will be increased and energy efficiency measures based on these analyses will be promoted. In this way, the integration of the monitored consumption of 84.95% of Canal's total electricity consumption, corresponding to 66 facilities, has been achieved.

BIOGENIC EMISSIONS[20] AND AVOIDED GHG EMISSIONS (2017-2024) (tonnes CO_2 eq.)

Biogenic emissions	2020	2021	2022	2023	2024
Emissions of a biogenic nature	86,900	87,684	89,621	93,293	97,445

Avoided GHG emissions	2020	2021	2022	2023	2024
Avoided by self-consumption of renewable energies	14,995	14,519	17,190	12,389	11,124
Avoided by renewable energy generation sold to the grid	31,364	34,828	22,168	10,226	18,575
Avoided by the purchase of electricity with renewable electricity guarantees	48,299	42,773	60,406	40,522	28,774
Avoided by the use of hybrid vehicles	6.30	5.78	3.12	2.24	2.77
Avoided by the use of electric vehicles	79.71	322.68	438.39	435.94	427.10
TOTAL AVOIDED GHG EMISSIONS	**94,743**	**92,449**	**100,205**	**63,575**	**58,902**

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20. Biogenic emissions originate from the combustion of biogas associated with wastewater treatment processes and WWTP sludge com-posting processes. These emissions are considered neutral (equal to zero) from the point of view of their greenhouse effect, as they come from the decomposition of products containing organic matter of animal or vegetable origin, which was previously captured by living organisms.

How we adapt

Adaptation to the potential effects of climate change is an extremely important issue for Canal, which we have integrated into our strategy and which we are addressing through a major investment effort.

For decades, the **management of the integral water cycle** in the Community of Madrid has been **conditioned by the consequences of climate change**, which we are already noticing in the notable **decrease in the water that rivers contribute to our reservoirs** (almost 20% less in the last 30 years) or in a **greater frequency and criticality of extreme meteorological phenomena** such as the serious floods in the municipalities of Arganda del Rey and Valdemoro, among others, in August 2019, the consequences of the *Filomena* squall, which affected the centre of the Iberian Peninsula in January 2021, or the torrential rains caused by the DANA[21] which affected the southwest of the Community of Madrid in September 2023.

To meet these climate challenges in the future, **our strategies**, **actions** and **investments** have **increasingly focused** on equipping ourselves with the means and capacities to do so.

At Canal **we manage water resources** as if **every day were the first day of a long drought**. That is why for years we have had tools such as a drought manual (the Canal *Supply Manual*), we have built infrastructures that allow us to have alternative resources to the traditional ones for times of drought (water transfers, wells or reverse osmosis and ultrafiltration facilities to take advantage of resources from the middle course of the Tagus River), we maintain permanent awareness campaigns to promote water saving or we renew hundreds of kilometres of networks every year to improve their efficiency. These and other actions related to the rational use of water are described in greater detail in the section of this report dedicated to **Principle 1 of our Sustainability Policy**.

In this sense, the **investment effort** contemplated in the **2025-2030 Strategic Plan,** approved in December 2024, which includes investments **of more than 850 million euros** to **guarantee** water supply in quality, quantity and continuity **in the face of the challenge of climate change and population growth** in the Region of Madrid, is also particularly relevant.

In terms of adaptation to **extreme weather events**, which are **increasingly frequent and critical**, our efforts are focused on collaboration with local councils by **improving sewerage and urban drainage networks** through our **SANEA Plan** (see the section on Principle 8 of the Sustainability Plan), innovation in **sustainable urban drainage** with projects such as **DREINCAM** (Intelligent urban drainage management system of the Community of Madrid), the construction of **new storm tanks** and the **improvement of wastewater treatment** to protect water bodies in our region.

For all these projects, which will allow us to improve **infrastructures** to **reduce the effects of DANA** and other adverse phenomena, as well as to **adapt our infrastructures** to the **new regulatory requirements**, both European and national, the new Strategic Plan 2025-2030 allocates **800 million euros in investments**, which will also contribute to reducing our impact on the environment.

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21. DANA: in meteorology, Isolated High Level Depression.

WE ARE COMMITTED TO DECARBONISATION

Green hydrogen plant at Arroyo Culebro WWTP C.M.A. (Pinto - Madrid)

Decarbonisation is one of the main challenges we will have to face before 2050. For this, we will increasingly need to rely on **alternative energy sources**, as is the case of one of the main renewable energy sources of the future: **green hydrogen**, which, with the support received by the European administrations, will contribute to the replacement of fossil fuels. Canal de Isabel II has within its Strategic Plan objectives that seek the decarbonisation of its processes and energy self-sufficiency.

At our **Arroyo Culebro Cuenca Media-Alta WWTP**, located in Pinto (Madrid), we will carry out the production of hydrogen from reclaimed wastewater by means of electrolysis using photovoltaic solar panels as a source of energy, which in the future may also be combined with the biogas engines produced at the WWTP itself.

We are currently building **a pilot hydrogen production facility** with an initial capacity of around 80,000 kilograms of hydrogen per year.

The electrolyser **will be** powered by **solar energy,** thanks to the nearly one megawatt photovoltaic installation built in 2023 on the sewage treatment plant (financed with REACT-EU funds); and, in the night hours without sun, the hydrogen plant will use electricity generated from the biogas produced in the purification process. Everything will be renewable.

In addition, thanks to the **tertiary treatment with reverse osmosis** available at the WWTP, we will be able to supply **reclaimed water, instead of drinking water**, to cover the entire water demand required by the installed electrolyser.

In this way, this plant will be unique because it will obtain all the energy necessary for its operation from renewable sources produced at the facility itself and because it will be the first



plant in our country (and possibly also internationally) to use reclaimed water as a source of hydrogen generation. In addition, **the oxygen produced during electrolysis** will be used to **reinforce the aeration/ventilation of the wastewater** treated at the plant and thus increase the purification capacity and improve the quality of the effluent.

This project links **renewable generation and recycling** technologies with **circular economy** measures that have a positive impact on the decarbonisation process.

In 2023 we started generating photovoltaic renewable energy and in 2024, work began on the installation of a first **electrolyser with a capacity of 1 megawatt.**

The planned investment for this first pilot plant **exceeds 7 million euros**, which will be co-financed with **ERDF funds from the European Union**, as part of the ERDF 21-27 Programme of the Community of Madrid as a project of strategic importance.

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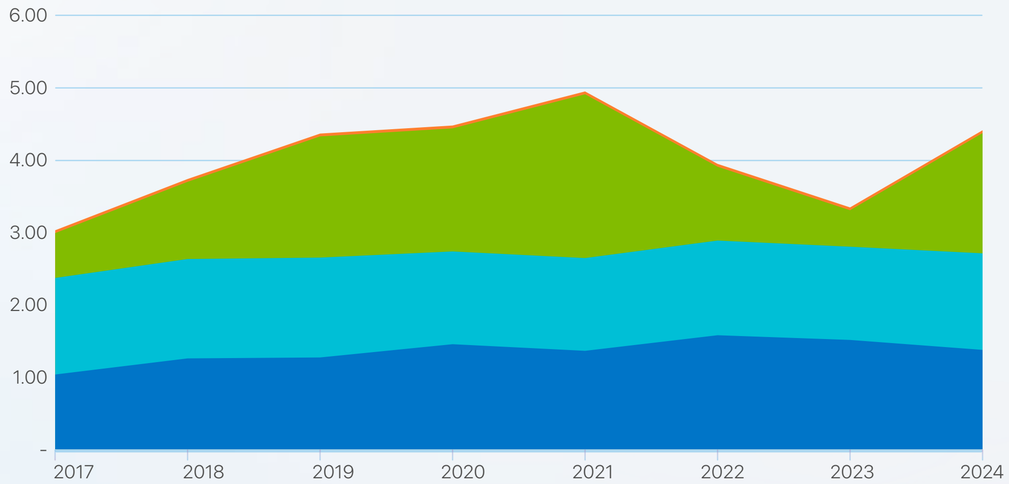
ENERGY CONSUMPTION AND PRODUCTION

The situation of the energy markets in 2021 and 2022 clearly showed the absolute need for large energy consumers to be prepared to adapt to a changing and uncertain future in everything related to energy. At Canal we have the firm vocation to be the first company in our sector in Europe to become self-sufficient in terms of electricity consumption by 2030.

Our energy consumption

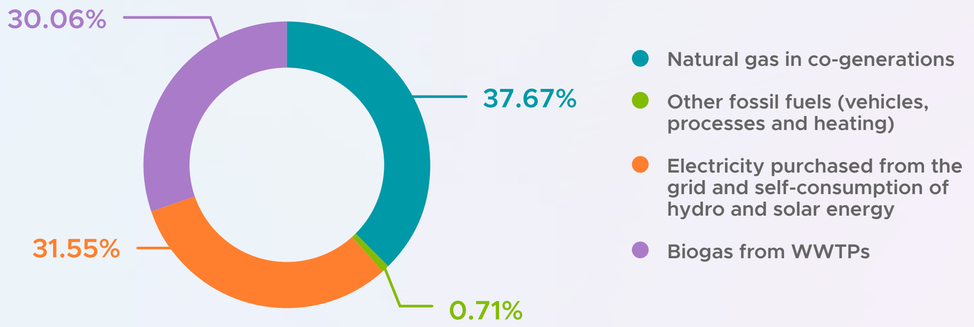
Canal needs to consume a large amount of energy to carry out all its processes. In 2024, the **direct energy consumption** for the operation of our facilities **has grown by 31.50%** compared to that recorded in 2023 and by 11.38% compared to that of 2022 and has amounted to **4,411,719 gigajoules** (in 2023 it was 3,354,904 gigajoules). This increase is mainly due to the **increase in natural gas consumption** in the cogenerations of the thermal sludge drying plants of the Loeches WWTP and the South WWTP (226% more than in 2023 and 61% more than in 2022). It is because these plants, due to breakdowns (EDAR Sur) and scheduled maintenance (UTL Loeches), only produced the equivalent of 18.10% of their nominal capacity in 2023, but in 2024, they produced **47.65% of their combined nominal capacity,** equivalent to 4,185 hours of operation out of the 8,784 hours of the year (1,585 hours out of the 8,760 hours of the year in 2023).

Evolution of energy consumption (2017-2024) (million Gigajoules)



- Electricity purchased from the network and hydraulic and solar self-consumption (1.39/-12.2%)
- WWTP biogas (1.33/+1.3%)
- Natural gas in cogeneration (1.66/+61.1%)
- Other fossil fuels: vehicles, processes and heating (0.03/-10.9%)

Distribution of energy consumption in 2024 (thousands of Gigajoules consumed and percentage of total)



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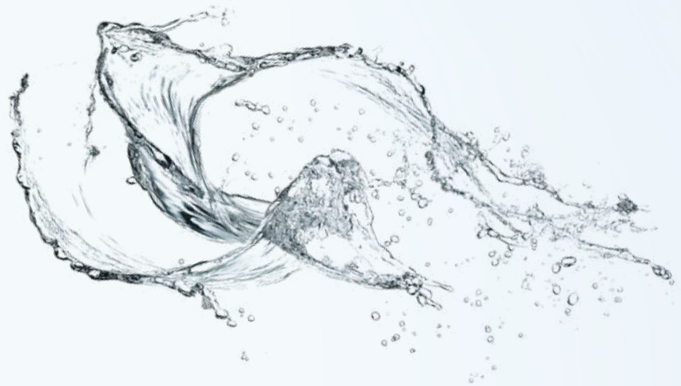
[GRI 3-3]
[GRI 302-1]

In 2024, the commissioning of the thermal sludge drying system at the South WWTP, which had been out of service since the summer of 2022, meant that, as in previous years, **our main energy consumption** was **natural gas**, which we use as **fuel for** the **two cogeneration plants** we manage. This consumption amounted to **526,261 megawatts of** natural gas, equivalent to **37.67% of** our company's total energy consumption (in 2023 it represented only 15.98% of the total). The amount of gas consumed in 2024, was 365,053 megawatt hours, 226% more than in 2023.

The **second** largest **source of energy** used by Canal in 2024, was **electricity**, both **purchased from the grid** and **self-consumed**, produced by our company in its **hydroelectric and solar photovoltaic** facilities. These sources contributed **31.55% of total consumption** in 2024, (in 2023 they accounted for 45.61% of the total).

The **third most important consumption** was **biogas** from wastewater treatment processes, which accounted for **30.06%** in 2024, (38.27% of the total in 2023). **Other minor consumption**, such as **fuels for vehicles**, fuels used in **processes** in our plants or **for heating buildings**, accounted for only 0.71% of Canal's total consumption in 2024, (0.94% in 2023).

Sources of energy consumption	2022	2023	2024
Electricity purchased from the grid (kWh)	422,419,043	405,221,987	359,674,511
Hydro and solar self-consumption (kWh)	17,803,072	19,837,725	27,028,908
Natural gas in thermal drying of WWTP sludge (kWh PCS/year)	326,616,745	161,208,902	526,261,225
Natural gas in boilers in buildings (m^3/year)	82,849	56,700	65,552
Diesel fuel in boilers in buildings (litres/year)	119,879	88,500	65,000
Diesel fuel in vehicles and machinery (litres/year)	567,915	541,584	538,469
Petrol in vehicles (litres/year)	166,496	158,359	157,060
Compressed natural gas (CNG) consumption in vehicles (kg)	1,964	2,002	1,697
Liquefied natural gas (LNG) consumption in vehicles (litres)	28,803	26,441	25,726
Process diesel (litres/year)	15,133	11,289	25,818
WWTP biogas (m^3)	51,963,492	50,951,844	52,627,708



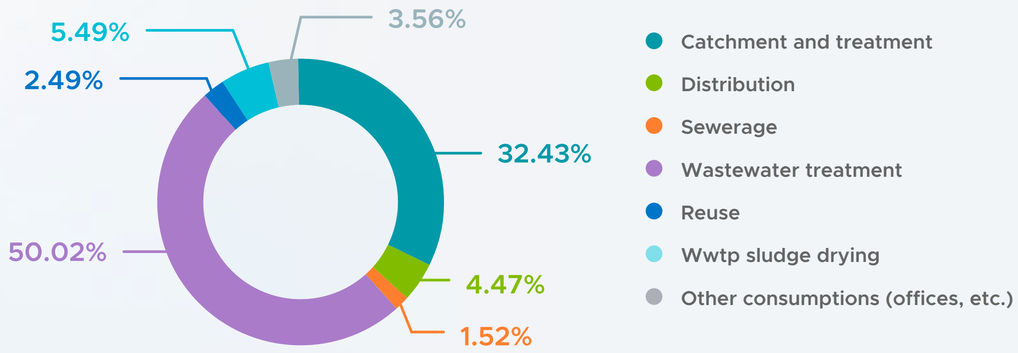
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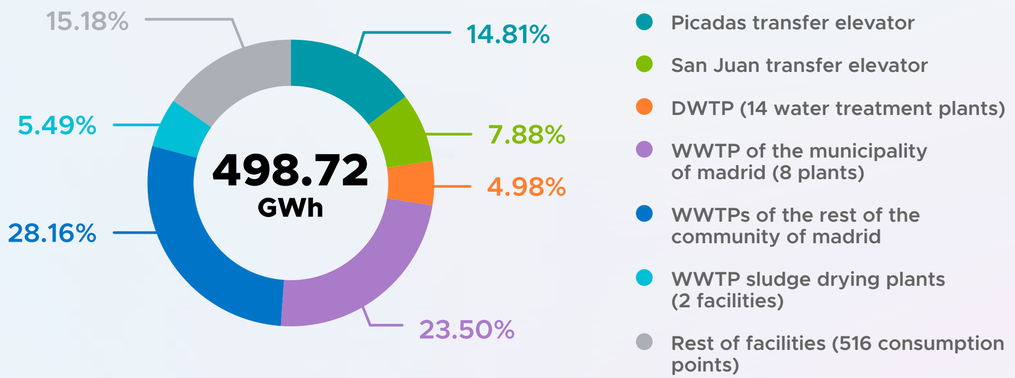
Canal's total **fossil fuel** consumption in 2024, was **1,326,218 gigajoules**, equivalent to 38.38% of total consumption. In 2023 it represented only 12.16% of total consumption due to lower utilisation of the WWTP thermal sludge drying plants. **The consumption of fossil fuels**, excluding cogeneration and biogenic consumption, which is conditioned by weather conditions, has been **reduced by 9.83%** compared to the average of the last 10 years.

Canal's total **electricity** consumption (including self-consumption of cogeneration from hydroelectric plants, hydroelectric microturbines, photovoltaic plants and from WWTP biogas) amounted to **498.72 million kilowatt hours** in 2024 and was significantly lower than in 2023 (5.74% lower and 30.39 million kilowatt hours less consumed). The decrease in consumption in 2024, is largely due to the fact that while 2023 was a dry year in terms of river contributions to the reservoirs, 2024 has been more favourable (it can be considered an average year) and the hydrological situation has allowed for less use of transfers from the Alberche river (San Juan and Picadas reservoirs). In 2024, we consumed 113.17 million kilowatts for these transfers, 34.42 million kilowatts less than in 2023. Thanks to this consumption, which represents 22.69% of the total, we have been able to transfer 111.27 million cubic metres in 2024, (33.45 cubic hectometres less than in 2023).

Percentages of electricity consumption by phases of the full water cycle in 2024



Distribution in % of electricity consumption by major installations in 2024

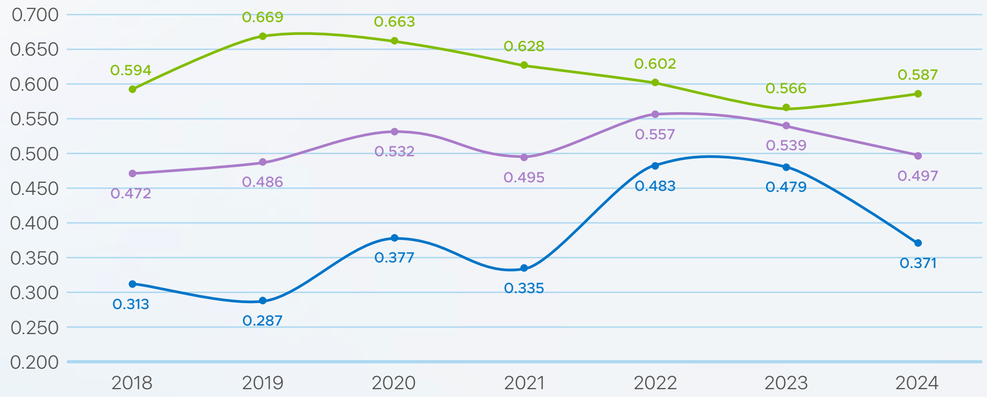


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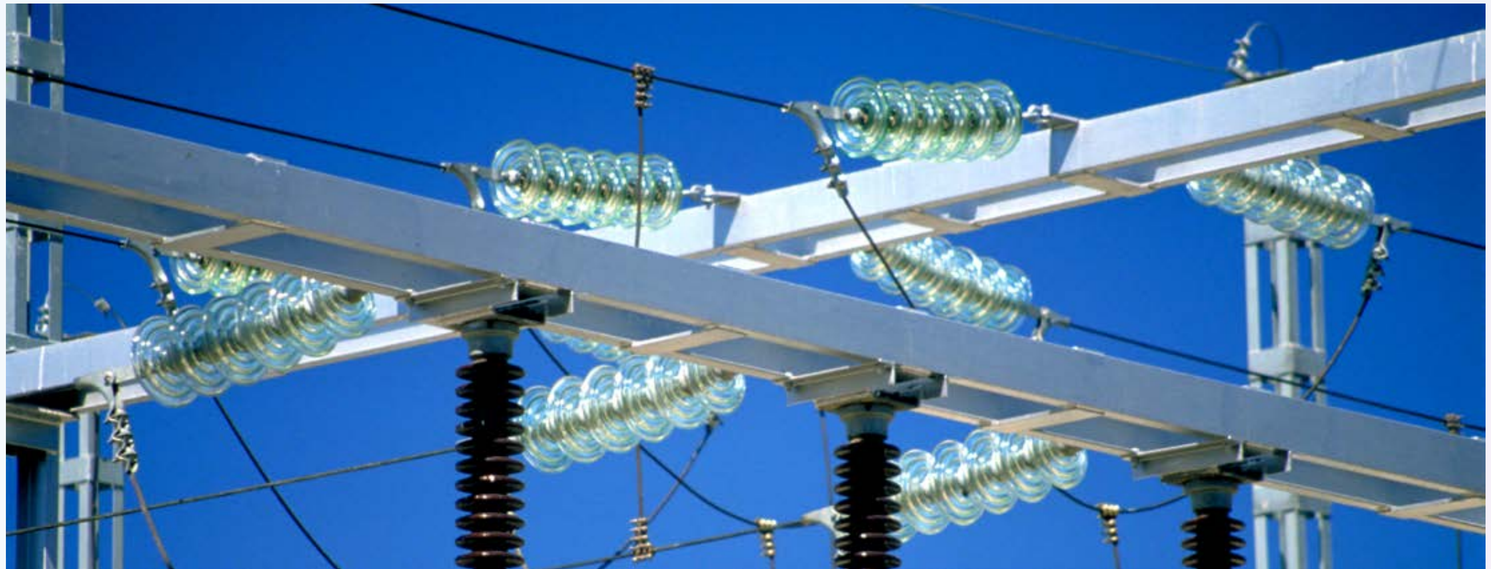
Our **specific electricity consumption** for each activity varies greatly depending on the rainfall characteristics of the year. Thus, when river inflows are very low, it is necessary to use the well fields and make greater use of the elevators, which means that energy consumption almost doubles. The specific consumptions recorded in recent years have been as follows.

In 2022 and 2023 the increase in the use of transfers from the Alberche river is clearly reflected in the increases in specific supply consumption compared to previous years. The **lower use of water transfers in 2024,** is also reflected in the curve, with **specific supply consumption in 2024, being 22.54% lower** than in 2023. The decrease in consumption in 2024, is also reflected in the company's **total specific consumption** (**0.497 kilowatt hours per cubic metre managed**), which **is 7.79% lower** than in 2023 (0.539 kilowatt hours per cubic metre).

Specific electricity consumption by phase of the full water cycle (2018-2024)



- Specific sanitation and regeneration consumption (KWh per m^3 purified and regenerated)
- Specific supply consumption (KWh per m^3 derived)
- Total specific consumption (KWh per m^3 managed)



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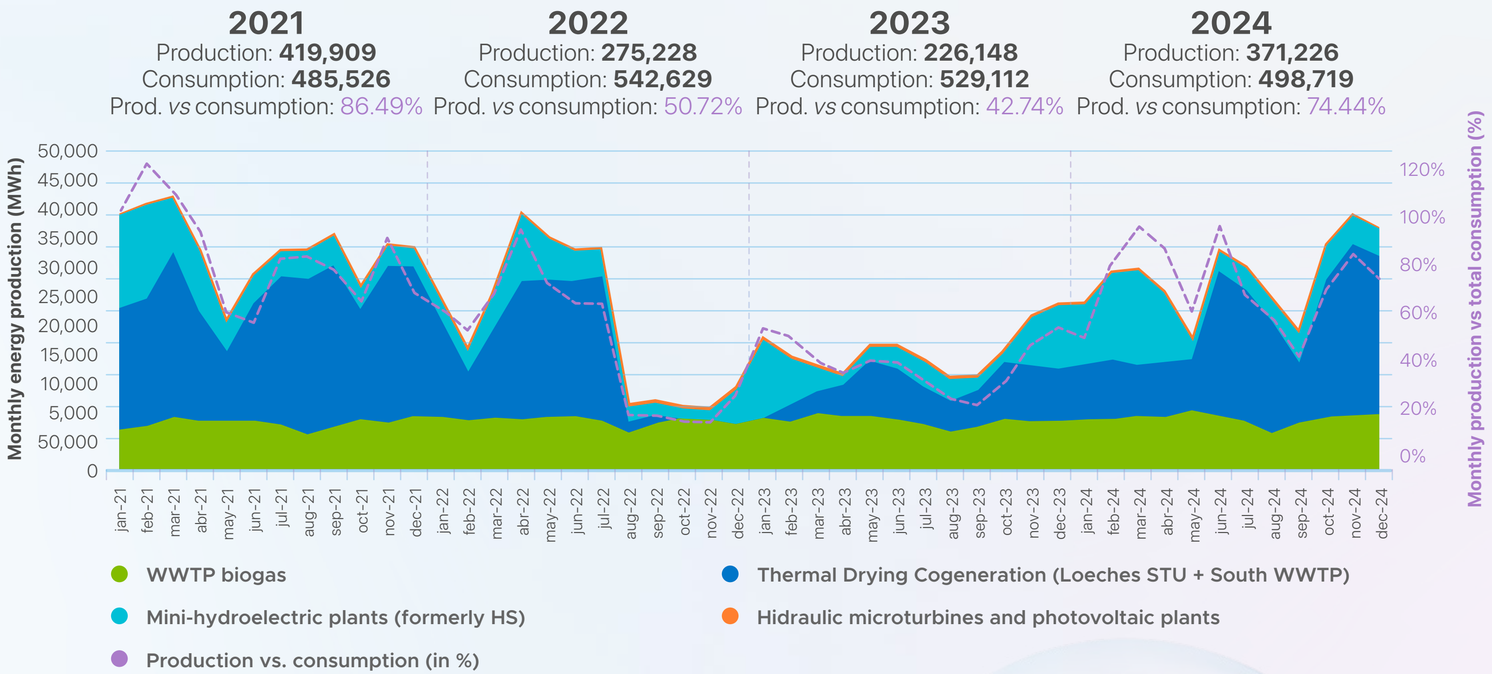
[GRI 302-3]
[GRI 302-4]

Clean energy generation

Aware of the importance of our electricity consumption, for decades Canal has been equipping itself with facilities for the **generation of electricity** through synergic processes with water management. At the end of 2024, we were the company with the **highest installed capacity** in electricity generation in the Community of Madrid, with a total of **112.92 megawatts** (2.46 megawatts more than at the end of 2023) in the following facilities:

- **2 cogeneration plants** (UTL de Loeches and EDAR Sur), **associated with the thermal drying process of EDAR sludge**, with an installed capacity of **44.70 megawatts**.
- **20 WWTPs** equipped with **motor-generators** (40) and **turbines** (4) that generate electricity using the **biogas produced in the purification processes** as fuel, with an installed capacity of **25.93 megawatts**.
- **9 hydroelectric power plants**, with a total installed capacity of **35.52 megawatts**.
- **9 micro-hydro turbines and one pump-turbine** installed at different points in the **supply network** with a total installed capacity of **0.84 megawatts**.
- **3 small wastewater overflows** equipped with **hydroelectric microturbines** at the South WWTP (2) and La Gavia WWTP, which take advantage of the difference in height at the discharge point, with an installed power of **0.25 megawatts.**

Electricity production by technology (2021-2024)
(production in MWh and % produced in relation to total consumption)



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[GRI 3-3]
[GRI 302-5]



- **35 solar photovoltaic installations,** one of them floating (Torrelaguna), located at 34 different sites throughout the Community of Madrid, with a total capacity of **5.68 megawatts**.

In 2024, the **180 kilowatt biogas motor-generator** located at **the Navalcarnero WWTP,** and **several new photovoltaic plants** were brought into service, including those located at **the Meco WWTP** (770 kilowatts of power), the **Soto II Reservoir** (330 kilowatts) and the **Miraflores de la Sierra Reservoir** (220 kilowatts). In 2023, the main milestone was the commissioning of the **1,698 kilowatt floating solar photovoltaic plant** at the Torrelaguna Lower Reservoir. This floating plant is the first to be installed in the Community of Madrid and will serve as a pilot experience to evaluate the extension of this technology to other Canal facilities in the future.

Thanks to the energy generated both in processes associated with supply and sanitation, Canal has a high **degree of electricity self-sufficiency**, which in 2021 allowed us to generate up to 86.49% of our consumption (with almost 420 million kilowatt hours produced). In 2024, this percentage was **74.44%**, which is 31.70 percentage points more than in 2023 and 23.72 more than in 2022.

The **output of our facilities** in 2024, at **371.23 million kilowatt hours**, is **64.15% higher than in 2023**, 34.88% higher than in 2022 and only 11.60% lower than in 2021, which was our peak year for electricity production.

The **reasons for the high** electricity production were **the improvement in CHP production** compared to previous years and the **favourable** hydroelectricity during the first five months of the year.

Thus, in May, the **cogeneration turbine** of the **thermal sludge drying plant at the South WWTP**, which had been out of operation due to a breakdown since the summer of 2022, started up, generating **78.70 gigawatts** in the second half of the year, and the **Loeches sludge drying plant** produced a further **108.38 gigawatts**, equivalent to operating at 62% of its nominal capacity (equivalent to 5,446 hours of the 8,784 hours of the year 2024).

In terms of **hydroelectricity,** overall conditions have been favourable, es-

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pecially in the first five months of the year, with relatively high rainfall and reservoir inflows. As a result, cumulative **hydroelectric production** in 2024, (81.01 gigawatt hours) **was 36.68% higher than in 2023** and **3.48% higher** than the **10-year average**.

Throughout 2024**, 359.67 gigawatt hours purchased from the grid were consumed at our facilities, 11.24% less** than in 2023 (405.22 gigawatt hours). In addition to the energy purchased from the grid, our facilities **self-consumed a total of 139.05 gigawatt hours** generated at our own electricity production facilities during the year (12.23% more than in 2023). Finally, **we sold a total of 232.18 gigawatt hours to the grid** (59.50 hydroelectric and 172.68 produced by our two cogeneration plants). The company's **total consumption** in 2024, was **498.72 gigawatt hours**, **5.74% less** than in 2023 (529.11 gigawatt hours).

This high production, together with moderate consumption, mainly due to a lower use than in previous years of the transfers from the Alberche river, means that the **energy produced in 2024,** will account for only **74.44% of the energy consumed.**

Thanks to the increased generation of electricity during the year, our production avoided the emission of **29,698 tonnes of CO_2**. In addition, by purchasing electricity with a 100% renewable energy guarantee, we avoided the emission of **28,774 tonnes of CO_2**.

COMPARISON OF ELECTRICITY PRODUCTION, CONSUMPTION AND SALES OF CANAL IN 2023 AND 2024

	2023	2024	Change 2024 *vs* 2023 (%)
TOTAL ELECTRICITY PRODUCTION (MWh)	226,148	371,226	64.15%
Hydroelectric power plants	59,268	81,008	36.68%
Hydroelectric micro-turbines	457	605	32.44%
Motor generators and biogas turbines	93,302	97,613	4.62%
Cogeneration (thermal drying)	70,857	187,080	164.02%
Solar photovoltaic	2,264	4,920	117.35%
ELECTRICITY CONSUMPTION (MWh)	529,112	498,719	-5.74%
Purchases from the grid	405,222	359,675	-11.24%
Self-consumption produced by Canal	123,890	139,045	12.23%
ENERGY SOLD TO THE GRID (MWh)	102,257	232,182	127.06%
Hydroelectric	42,151	59,504	41.17%
Cogeneration	60,106	172,677	187.29%
PRODUCTION *vs* CONSUMPTION (%)	**42.74%**	**74.44%**	**+31 points**

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CANAL DE ISABEL SOLAR PLAN IN 2024

We are making progress in our commitment to electric self-sufficiency

As part of the actions related to sustainability included in our 2018-2030 Strategic Plan, at Canal we are developing our Solar Plan. This Plan is part of our company's actions to promote energy production through renewable and high-efficiency generation sources, reducing our grid consumption and contributing to mitigate our CO_2 emissions.

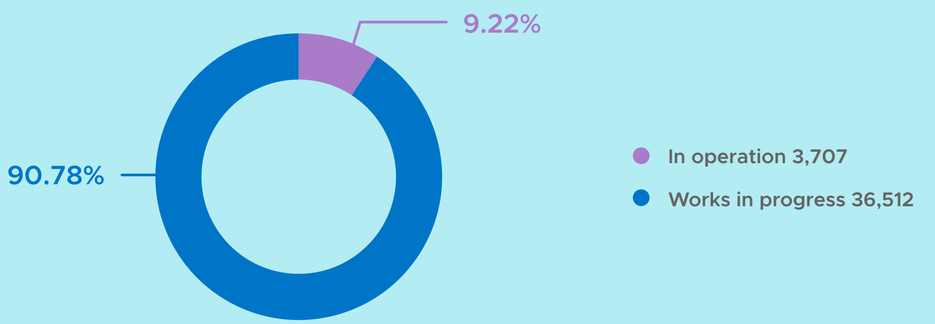
Our objective with the Solar Plan, and with the rest of the actions in relation to electricity production, is to **become the first company** in our sector in Europe to **produce an amount of electricity equal to or greater than the amount we consume**. Solar panels will be installed on the surfaces available to produce electricity and most of this production will be consumed *on site*, thus reducing the electricity demand of the network of each of these infrastructures. Some of these facilities will also produce occasional surpluses that can be fed into the electricity grid, thus helping to increase the share of renewables in the energy *mix*.

Furthermore, in some of these infrastructures, photovoltaic installations will be hybridised with pre-existing generation technologies (hydro and mini-hydro, biogas, biogas engines and turbines and cogeneration), thus increasing the possibilities for energy management and optimising the use of existing resources.

The **Solar Plan** in its initial phases (0, 1 and 2) contemplates the installation of a total **of 27 installations with an installed power of 40 megawatts** and which will involve an investment **of** close to 55 million euros, which will be financed in part with European Union funds (REACT-EU and ERDF). In addition, solar panels are being installed on the available surfaces of our facilities through maintenance contracts.

Throughout 2024, work continued to progress at a good pace, and by the end of the year, four of the planned facilities had already been completed and were producing energy. The remaining 23 facilities are at different stages of construction. Overall, work progress has been certified to the value of around 20 million euros.

Situation of the Solar Plan plants at the end of 2024 (kW installed and % of total capacity)



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[GRI 302-5]



MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 4

Promoting quality and energetic efficiency

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE4	Climate balance (%) = emissions avoided / emissions made	84.46%	80% 83%	100%
P.Est.4	Coverage of electricity consumption (generation/ consumption) (%)	74.55%	89.9% 64%	100%
PE 4.1	Degree of excellence in purification (%)	97.91%	97.74%	100%
PE 4.2	Percentage of monitored consumption (%)	84.95%	83%	100%
PE 4.3	Valorization of sludge from WWTPs (thermal drying) (%)	64.63%	65.00%	100%
PE 4.4	Installed capacity of clean energies (cumulative %) (includes tenders in progress)	87.79%	87.18%	100%

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[GRI 303-1]
[GRI 3-3]

2.5. WE COLLABORATE WITH SUSTAINABLE INITIATIVES

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 5

PEOPLE

PARTNERSHIPS WITH OTHER ORGANISATIONS AND SUPPORT FOR THEIR SOCIAL AND ENVIRONMENTAL INITIATIVES

Foster our **network of alliances; be present** in the most relevant national and international forums and associations; **share** our best practices and experiences; **support** development **cooperation** and other sustainability initiatives; and work to advance the **Sustainable Development Goals** as participants in the United Nations Global Compact.

TARGET 2024-2026

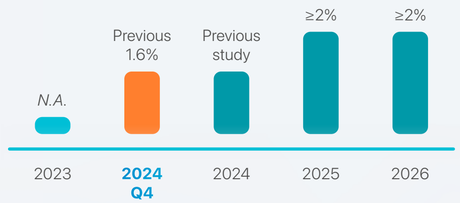
Consolidate Canal's presence in the most reputable forums in the social and environmental field. in the social and environmental field

2% of turnover devoted to social activities.

INDICATORS

Contribute to the development of our society

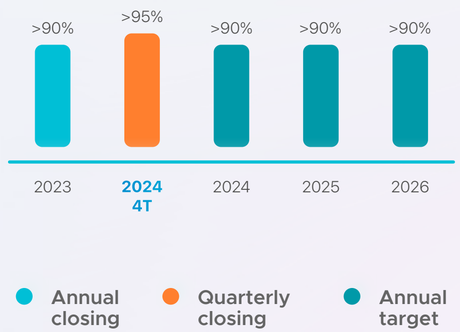
(social dividend: % of turnover allocated to social activities)



N.A.: Not applicable

Consolidate the contribution to priority SDGs

(% fulfillment of indicators)



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PARTNERSHIPS WITH OTHER ENTITIES

United Nations Global Compact

On 28 July 2010, through ***Resolution 64/292*, the** United Nations **General Assembly** explicitly recognised the human right to water and sanitation. This resolution calls on States and international organisations to provide financial resources, capacity building and technology transfer to assist developing countries to provide safe, clean, accessible and affordable drinking water supply and sanitation for all.

In this sense, Canal is a **signatory and participating partner** of the **United Nations Global Compact** and annually prepares its **progress report,** which is submitted to this organisation. In addition, Canal is one of the **founding members of the Spanish Global Compact Network**, since March 2006. The Global Compact, which more than 15,000 companies have joined in more than 160 countries, is a free adherence instrument of the UN that promotes the implementation of **10 universally accepted principles** to promote corporate social responsibility. These principles are grouped into four areas: **human rights**, **labour**, **environment** and **anti-corruption**. Among the **universal principles subscribed to by Canal**, in the labour field, those related to the **elimination of forced labour** and the **eradication of child labour** (principles 4 and 5) stand out.

In this area, **Canal supports the Sustainable Development Goals (SDGs)** on water and sanitation, approved by the United Nations General Assembly in September 2015. We are aware of the importance of achieving these goals and, in order to contribute to this, we develop solidarity projects and initiatives in other places with which we can **contribute positively to SDG 6** (“Ensure availability and sustainable management of water and sanitation for all”).



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[GRI 2-23]
[GRI 2-28]
[GRI 408-1]
[GRI 409-1]

GWOPA. WOP Project with Sedapal (Lima, Peru)

In 2021, Canal's proposal was **selected by the EU-WOP Programme** to develop the **Watch System** for tracking, monitoring and **early warning of COVID-19** in wastewater in the metropolitan areas of **Lima and Callao**, which together account for more than 9 million inhabitants (30% of Peru's population). The **EU-WOP** Programme **is a collaborative initiative between water operators**, led by UN-Habitat's Global Water Operators' Partnerships Alliance (GWOPA) and funded by the European Commission DEVCO.

The Alliance chose Madrid's Sistema Vigía to monitor the Peruvian sanitation network, with the aim of anticipating coronavirus waves and also to fight climate change through reclaimed water. The project was presented in collaboration with Sedapal (drinking water and sewerage operator in Lima) and was selected, among more than 140 proposals, to be implemented under the framework of the European Union's EU-WOP Programme. This action **leverages the capacity of** utilities to **help each other achieve the SDGs,** in particular SDG 6 on improving water and sanitation services.

In 2024, the main activities planned between the two companies continued. Of particular note was the **technical mission carried out in Lima** in March to verify in the field the operation of the sampling points within the **final phase of implementation of the Vigía System.** At the same time, knowledge and good practice exchange sessions were held in the reclaimed water line of work, and in November **Sedapal participated** for the third time in the **annual EBC *workshop***, where important projects and progress made by the Peruvian company were presented thanks to Canal's support.



UNDESA. Global Network for Sustainable Water and Energy Solutions

In 2022, Canal joined the **United Nations Global Sustainable Energy and Water Solutions Network**, specifically the Office of Economic and Social Affairs (DESA), which is responsible for leading the implementation of the 17 SDGs of the 2030 Agenda at the global level. This UN department is also responsible for the follow-up of major UN summits and conferences, as well as for assisting countries in setting their agendas and making decisions to address their economic, social and environmental challenges.

The agreement reached between Canal and the UN in this Network has as its main objective the **creation and improvement of technical capacities** at all levels, to favour an integrated and cross-sectoral approach to **SDG 6 (water) and SDG 7 (energy)** and their interrelationships with other SDGs, in order to accelerate progress towards a successful implementation of the 2030 Agenda for Sustainable Development.

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The expected achievements of this agreement include **improved knowledge management** and **sharing of best practices** on the **water-energy nexus** and interconnections with other SDGs, as well as global promotion and dissemination of the water-energy nexus and the other SDGs.

During this second year of the agreement, Canal has collaborated and actively participated in the different activities and events organised by the Network, such as the annual members' meeting, or the **II Global Symposium held in Madrid** in June. In addition, for the third consecutive year, Canal participated in the ***High-Level Political Forum*** on Sustainable Development, in New York in July, where the company's progress on SDG 1 (Poverty), 2 (Hunger) and 13 (Climate Change) was shared.

In turn, this agreement with the UN contemplates the publication of several articles and case studies by Canal technicians in the different communication platforms of the Network, as well as in the UN's academic journal dedicated to sustainable development (*Natural Resources Forum*). In this line, in 2024, several articles of interest were published in the different UN platforms.



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2ND GLOBAL SYMPOSIUM ON WATER AND ENERGY

In June 2024, Canal was the host of the **2nd Global Symposium on Sustainable Water and Energy Solutions**, a worldwide meeting co-organised together with the United Nations Department of Economic and Social Affairs (UNDESA) and its Global Network on Sustainable Water and Energy Solutions. The Madrid-based company thus took over the baton from Itaipú Binacional, the venue of the first edition, held two years ago, in which Canal participated as a speaker.

The Green Room of the Canal Theatres hosted the plenary sessions of this forum on 12 and 13 June, which brought together some **300 participants** from all over the world. Representatives of the UN and its Member States, and world experts in water, energy and climate change, both from public institutions and private companies, met in Madrid to discuss, share experiences and showcase best practices related to the sustainable management of water and energy resources.

The main objective of the Symposium was to improve the capacity of institutions, including governmental institutions, to manage water and energy effectively, two closely interlinked resources that are essential for the development of communities. The meeting brought together up to **50 world experts** who had the opportunity to discuss political, technical and economic approaches to these issues.

The water-energy nexus and its role in the new green economy was the focus of analysis during the plenary sessions, which were divided into four main thematic blocks: drinking water; governance and management models; wastewater and sanitation; water and energy at the service of society.

Apart from the sessions focused on joint dialogue and debate, Canal de Isabel II also organised technical visits to three of its most representative facilities that contribute to the water-energy nexus: the El Atazar dam, the Arroyo Culebro Cuenca Media-Alta wastewater treatment plant and the Loeches sludge treatment plant.



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Other collaborations

Partnerships with organisations and institutions are essential for Canal, as they allow us to join forces with key players to move steadily towards a positive transformation of our industry, society and planet.

Indeed, these partnerships help us contribute to the SDGs and create economic, social and environmental value both in our value chain and in the communities in which we operate.

That is why we foster partnerships with various governments, trade unions, academic institutions, local and international organisations and representatives of civil society.

In 2024, we have retained essential alliances and established new partnerships, such as our agreement with **Hostelería Madrid** and various collaboration agreements with several universities, including the **Universidad Autónoma**, the **Universidad Complutense**, the **Universidad Rey Juan Carlos**, the **Universidad Politécnica de Madrid**, the **Universidad Europea**, and with companies in the field of research.

SERES Foundation

Canal is also a member of the **Fundación Sociedad y Empresa Responsable (Fundación SERES)**, in which our Foundation had been present in previous years. Among the aims of this Foundation is to promote a more relevant role of the company in the improvement of society, focusing on encouraging companies to help create value and assume their role as a key agent to solve social problems.

European Benchmarking Co-operation

It is a network of mainly European companies, born as an annual non-profit *benchmarking* initiative to improve water services, provide a platform to exchange best practices in management and operations, and share knowledge and experience.

It was initiated in 2005 by national water utility associations from Northern Europe such as VEWIN (The Netherlands), Norsk Vann (Norway) or FIWA (Finland). These national associations are now the patrons of the Foundation. It is also supported by European bodies such as EurEau or the European Investment Bank (EIB), among others.

This initiative not only includes companies from Europe, but also operators from Singapore (PUB) or Dubai (DEWA), all of them internationally recognised

AGREEMENT WITH HOSTELERÍA MADRID #DeMadridydelGrifo

Canal de Isabel II and the Hotel and Catering Business Association of the Community of Madrid have signed a collaboration agreement whereby both entities undertake to encourage sustainable water consumption within the hotel and catering sector, as well as to promote the quality of tap water in Madrid.

The aim of the agreement is twofold. On the one hand, to **raise awareness on the efficient use of water** by the associated restaurants, in order to achieve a responsible use of this scarce but essential resource for their economic activity. On the other hand, to promote the **sustainable consumption of tap water** and to highlight the **excellent quality of the liquid supplied by Canal in the region**: it is **soft** water, with low mineralisation and does not require additional filtering to that already carried out by the company in its drinking water treatment facilities.

The agreement between Canal and Hostelería Madrid addresses the responsible consumption of tap water not only from the perspective of the quality of the liquid, but also from the perspective of sustainability: it is an environmentally responsible gesture that contributes to reducing plastic and single-use packaging, and minimises emissions linked to bottling, labelling and transporting bottled water.

In this sense, within the framework of joint collaboration between both entities, they will promote the **#deMadridydelgrifo project,** which seeks to form a symbiosis with environmentally responsible businesses. In this line, Canal invites those hospitality and leisure establishments that provide unfiltered tap water to their customers through self-service points, jugs, etc. to join its map of ambassadors.

#deMadridydelgrifo

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benchmarks in the sector. Canal has been participating since 2011 and leads several internal working groups related to adaptation and sustainability, among others.

Active presence in forums

In 2024, Canal has been present at **80** prestigious congresses and events. Among others, the ***World Water Tech Innovation Summit*** in London, the ***Smart Water Network Forum*** in Vancouver, the **XXXVIII AEAS Congress**, held in Castellón, the ***IWA World Water Congress & Exhibition*** in Toronto or, more recently, the **National Environmental Congress** (CONAMA), which took place in Madrid.

Whether as speakers, panellists or lecturers, up to **68** Canal professionals represented the company in **168 public speeches** around the world.

Map of alliances and collaborations of Canal de Isabel II in 2024



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Institutional visits to our facilities

The management of the urban water cycle that we carry out at Canal arouses the interest of many organisations outside our borders. During 2024, **delegations** from **13 foreign countries** visited some of the water facilities that we operate in the Community of Madrid. We received delegations, some of them governmental, from Saudi Arabia, China, United Arab Emirates, United States, Guatemala, Japan, Mexico, Montenegro, Netherlands, Portugal, Singapore, South Korea and Uzbekistan.

In total, Canal has received this year **more than a thousand visitors** in **95 meetings**, both **institutional** and **educational**. The company has also hosted leaders and professionals from our country: representatives of the Ministry of Ecological Transition and the Ministry of Agriculture, environmental technicians from other autonomous communities, mayors of Madrid municipalities, workers from different water operators or teaching staff, researchers and students from different universities.



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OUR CONTRIBUTION TO SOCIETY

Economic value generated and distributed by Canal

To measure the contribution of companies to society, the GRI 2016 Universal Standards together with the Thematic Standards include the "GRI 201: Economic Development 2016" Standard, which includes the so-called **Direct Economic Value Generated** and **Distributed**, which considers the economic value generated by the company (income), that which is distributed (expenses) and the economic value retained, expressed as the difference between that generated and that distributed.

- The **economic value generated** includes income received by the company in the form of turnover or other income, such as financial income, dividends received, rental income from real estate or income from asset sales. In 2024, it amounted to **EUR 1,070.87 million** (**5.88% more** than in 2023).
- The **economic value distributed** includes all operating expenses incurred by the company, which can be expressed in accounting terms (procurement, personnel expenses and external services) or grouped and identified according to the stakeholders receiving these payments (shareholders, suppliers, employees, administrations, etc.). **1,000.03 million in 2024,** (**1.62% more** than in 2023).
- The **retained economic value** is obtained by the difference between the generated and distributed economic value, and in the case of Canal it corresponds to the legal and voluntary reserves after the application of the result. In 2024, it was **EUR 70.84 million** (**159% more** than in 2023).

ECONOMIC VALUE GENERATED AND DISTRIBUTED BY CANAL IN 2023 AND 2024 (THOUSANDS OF EUROS)

	2023	2024
Income from Water Cycle services provision	881,465	934,285
Other operating income	28,521	42,497
Financial income	33,811	37,617
Other income	67,582	56,467
Generated Economic Value	**1,011,379**	**1,070,866**
Suppliers	448,307	435,977
Staff	147,660	155,309
Government Authorities (taxes levies, charges and social security contributions)	86,661	92,483
Society (expenditure in the community)	16,205	12,990
Shareholders (dividends)	26,356	79,789
Capital providers (financial expenses)	15,842	15,669
Investments (amortization and depreciation)	123,976	127,029
Provisions and other expenses	61,039	80,084
Distributed Economic Value	**984,067**	**1,000,029**
Withheld Economic Value	**27,312**	**70,836**

* Does not include employee benefits expenses

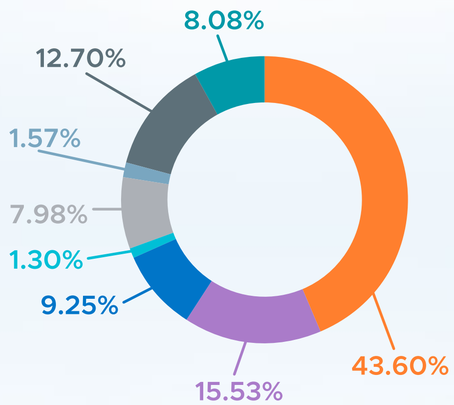
** Dividends for 2024 are estimated

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[GRI 201-1]

In the case of Canal, if we associate the different items of our income statement to each of the main stakeholders with which we relate, the results obtained are as follows:

Economic value distributed by Canal in 2024, (million euros and % of total)



- Suppliers: 436.0
- Staff: 155.3
- Government authorities (taxes, levies, charges and social security): 92.5
- Society (expenditure in the community): 13.0
- Shareholders (dividends): 79.8
- Capital providers (financial expenses): 15.7
- Investments (amortizations and depreciation): 127.0
- Provisions and other expenses: 80.8

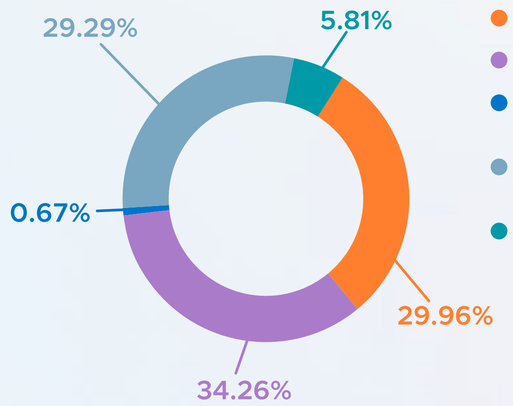


Financial resources earmarked for society

In 2024, Canal has allocated a total of **13.79 million euros (**3.29 million less than in 2023) to activities related to its **social commitment** with employees, society and customers, which **is equivalent to 8.64% of our profit** after tax. Most of the difference in expenditure was mainly due to expenses related to the refurbishment of the Tercer Depositor park in the Chambery district, which were completed in 2023.

In addition to expenditure, investments in **infrastructure for social use** amounting to **EUR 1.14 million** (EUR 1.83 million less than in 2023) were made in 2024.

Expenditure related to Canal's social commitment in 2024 (thousands of euros and % of total)



- Maintenance of social amenities: 4.131
- Discounts to customers: 4.725
- Contributions and donations to social entities: 93
- Fundación Canal and cultural and sports activities: 4.040
- Social benefits and staff training: 802

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[GRI 201-1]
[GRI 203-2]

Other contributions to our stakeholders

In addition to the financial resources allocated to social activities, Canal contributes in other direct and indirect ways, bringing value to our stakeholders.

CREAMOS VALOR PARA NUESTROS GRUPOS DE INTERÉS

ENVIRONMENT

- **Electricity generation in 2024** 373 GWh with renewable or highly efficient technologies (more than 74% of our consumption). Top producer of electricity in the sector in Europe.
- **Leading wind power generation** plan managed in Spain (64 installations in 2024).
- Para mejorar la calidad de nuestros ríos, casi el **20 % de los vertidos a cauce** son con **tratamiento terciario** (95.77 hm^3 en 2024).
- More than **100,000 native trees. bushes and other plants planted**.

STAFF

- 4.616 billion euros invested in training **(2.8 hours per employee)**.
- Workforce integration: **more than 5% of the staff are people with disabilities**.
- Staff satisfaction rating with Canal: **over 85/100**.

SHAREHOLDERS

- **Dividends** to town and city councils and to the Community of Madrid: **more than 1.607 billion euros** from 2012 to 2024.
- Shares have been distributed to the municipal councils with a value in excess of the dividends received from the outset.
- Satisfaction rating with Canal of town and city council shareholders: **84.5/100**.

GOVERNMENT AGENCIES AND REGULATORY BODIES

- **194 replies to Parliamentary** requests.
- **Institutional transparency** (Accounts Audit Chamber of the Autonomous Community of Madrid, external auditor, Commercial Registry, Arbitration Tribunal and Procurement Authority).
- **92.48 million euros** allocated to the payment of taxes and social insurance contributions up to the end of the fiscal year in December.

COMMUNICATIONS MEDIA

- Continuous **transparency** and information with the media: **61 personal interviews published** in print and digital media during the fiscal year ended in December.
- **Communication campaigns:** More than **one million impressions** in social media about environmental sustainability topics during the fiscal year.

SOCIETY

- Direct and indirect employment: **more than one million people** working for the corporate group during the fiscal year.
- More than **one million euros** allocated to social integration programs for vulnerable groups.
- Donations of more than **two million euros** for social projects managed by the Canal Foundation.

SUPPLIERS

- In 2024, we awarded **240 contracts to our suppliers, totaling 608 million euros**.
- **98%** of the awarded **amount was through open procedures**.
- **52.43%** of the awarded companies were **SMEs**.
- The average payment period to **suppliers was 21.67 days**.

CLIENTS AND USERS

- Average customer satisfaction score: **8.78 out of 10** (the highest ever recorded).
- The most comprehensive **social tariff** in our sector, offering over **75% discount,** with **more than 284,000** beneficiaries—below the average rate of the 20 largest cities in Spain.
- **Our rates are 28% lower than the average** of the 20 largest cities in Spain.

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CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) OF THE UNITED NATIONS

Our implementation and **monitoring** model **for the 2018-2030 Strategic Plan**, thanks to a proprietary measurement system, allows us to assess the contribution of the company's plans and actions to the Sustainable Development Goals (SDGs) established by the United Nations transparently and regularly.

To this end, a proprietary tool was designed to **connect the Plan's performance indicators with the 17 SDGs**. This system has been configured thanks to Canal's participation in working groups with other companies in the sector at European level, as well as the holding of workshops, with citizens or Canal employees, where we have been able to identify the issues to which we must devote greater attention in order to make progress in terms of sustainability.

In this sense, we can highlight **the role of water (and sanitation)** as the great **accelerator on the road to achieving the SDGs**, which has already been highlighted by the UN. Its availability contributes integrally to the development of the rest of the axes of action due to its impact on hygiene, health, education, equality, lifestyle and food, among others. Water is a vital resource for development.

However, Canal's contribution to the **United Nations 2030 Agenda** has sought to go beyond the achievement of **SDG 6 (Clean Water and Sanitation)** goals directly related to our activities and has sought to **take advantage of the aforementioned cross-cutting nature of water in relation to the rest of the SDGs**.

To achieve this, from the outset, we established **the correlation between the 17 SDGs and the objectives of the 10 strategic lines** that make up our 2018-2030 Strategic Plan. Thanks to the progress and fulfilment of the objectives of the Strategic Plan, we are making progress in specific aspects of each of the 17 SDGs. This progress is achieved by developing and implementing the **52 plans and 90 actions** included in the Plan and is monitored quarterly using more than **35 indicators** developed to measure the degree of compliance with each strategic line.

All the results are published annually on our website with the main achievements and progress of each of the actions of our Strategic Plan. In addition, this commitment also translates into part of the remuneration of Canal's employees, as it is linked to the achievement of the objectives of the actions included in the Strategic Plan.

For yet another year we have achieved a high level of compliance with the Sustainable Development Goals.



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DEGREE OF COMPLIANCE WITH THE INDICATORS OF CANAL'S STRATEGIC PLAN 2018-2030 ASSOCIATED WITH EACH OF THE SDGS IN 2024, (% OF TARGET)



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Canal de Isabel II

2.6. ETHICAL AND TRANSPARENT MANAGEMENT

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 6

PROSPERITY

GOOD CORPORATE GOVERNANCE, ETHICS AND MANAGEMENT TRANSPARENCY

Implement **best practices** and good governance **recommendations**. Carry out our activities in accordance with our Code of Ethics and Conduct and our Compliance and Crime Prevention policies, **reinforcing internal control** and non-financial risk management, fiscal responsibility and collaboration with public administrations. of non-financial risks, fiscal responsibility and collaboration with public administrations. Be **transparent and report periodically and rigorously** on all aspects of our management.

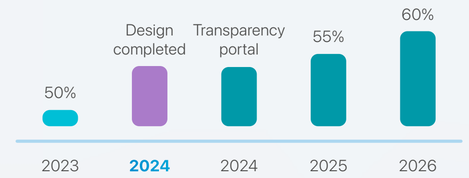
TARGET 2024-2026

Implement best practices of good corporate governance and increase the transparency of the company

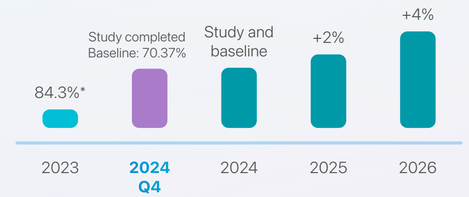
Increase the percentage of recommendations implemented by 2% per year.

INDICATORS

Increase the Transparency Index
(% MESTA)



Progress in Corporate Governance Best Practices
(% voluntary measures)



*Result measured under the previous regulation. Not comparable with results from subsequent years.

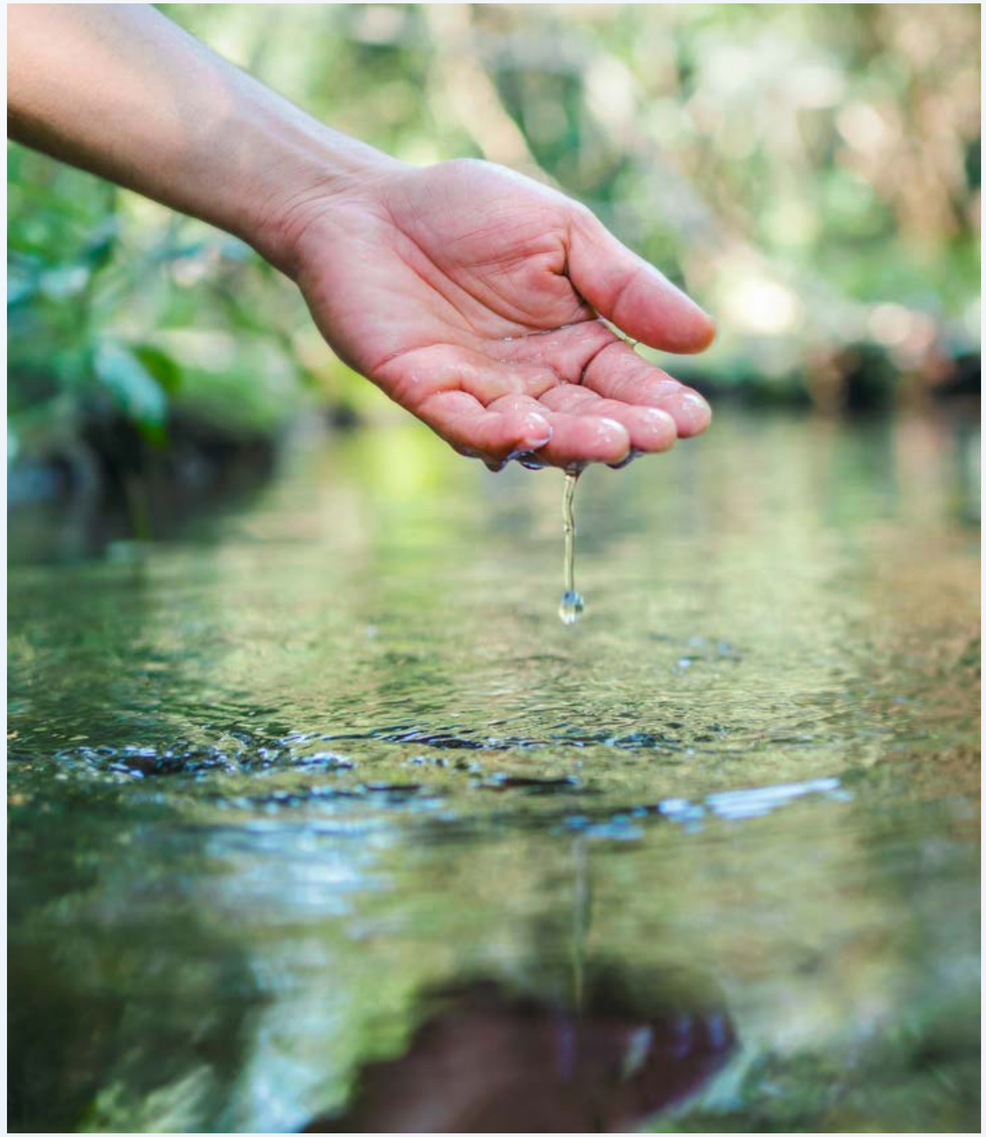
Annual closing · Quarterly closing · Annual target

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We are a public company that provides an essential public service and, therefore, we must be excellent and rigorous in our corporate governance and in the behaviour of our employees. Furthermore, we owe it to the citizens, and we must be absolutely transparent in our management, and, in the area of social responsibility, we must develop open and participative activities for all the groups with which we interact.

Canal's corporate organisation and governing bodies respond, on the one hand, to the requirements derived from our legal nature as a **public limited company**, and on the other hand, to the objective of achieving a level of excellence in terms of **transparency and good governance**.

In this regard, we are working on the progressive incorporation of best practices in terms of good governance and transparency that exceed the standards required of unlisted companies, as is the case of Canal. We have a **Code of Ethics and Conduct**, **Compliance, Sustainability and Internal Control** policies, all of them mandatory.



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RELATIONS WITH ADMINISTRATIONS AND TRANSPARENCY OF MANAGEMENT

Canal's relations with **public administrations** are generally developed at all three levels:

- **Town councils** of the municipalities in which we provide our services.
- Spanish **autonomous communities** in which we provide services, especially the Community of Madrid.
- **General State Administration** in Spain and central administrations of the countries where we operate the service.

We maintain **permanent channels of communication** with all of them, and they are promptly informed of the aspects of our management and operations that fall within their remit.

In addition, **as a public company**, we are obliged to respond to **requests for information and auditing** from all the political groups represented in our regional Parliament: the **Assembly of Madrid**. These requests reflect the relevant issues for stakeholders in all aspects (economic, environmental and social) and, as well as serving to **account for the performance of the company** and its Group, they **help us to understand the main concerns** in terms of responsibility, solvency and sustainability.

The response to these requests is sent, through the CEO, to the Regional Ministry of the Environment, Agriculture and the Interior of the Community of Madrid, which, in turn, sends the information to the parliamentary groups.

REQUESTS MADE TO CANAL FROM THE MADRID ASSEMBLY (2021-2024)

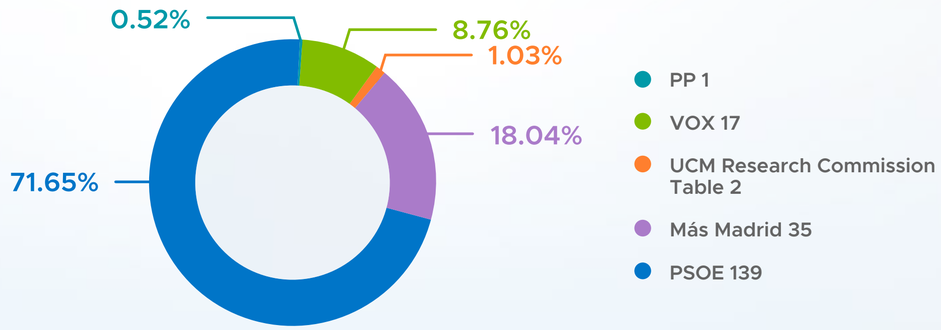
		2021*	2022	2023*	2024
C	Appearance in plenary or committee	5	2	0	0
PCOP	Question for oral answer in plenary	11	3	2	6
PCOC	Question for oral answer in committee	27	8	4	14
PE	Question for written answer	32	100	41	128
PI	Request for information	108	104	77	40
Other	Proposición no de Ley, Proyecto de Ley, interpelación	0	0	3	6
	SUMA	**183**	**217**	**127**	**194**

(*) 2021 and 2023 were years in which regional elections were held, when the activity of the Parliament is lower.

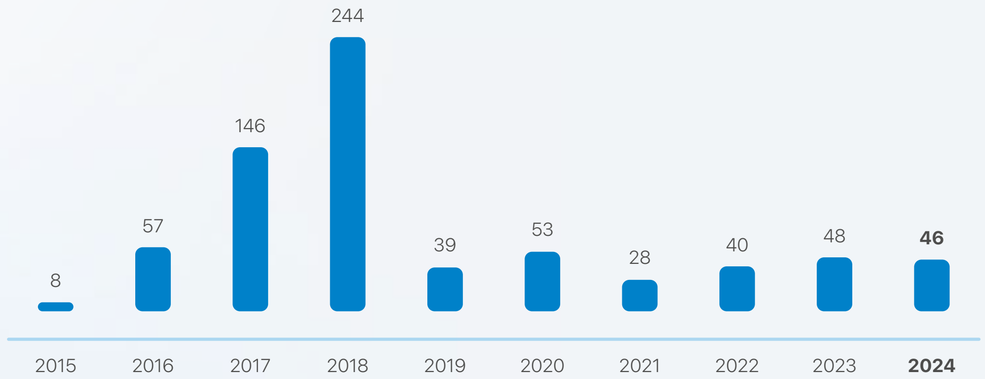
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Requests made by the parliamentary groups of the Madrid Assembly of Madrid in 2024, (number of requests and % of total)



Number of requests received annually in the Mailbox Transparency



In 2015 we created an electronic communication channel on our website to receive and answer queries from citizens, the **Transparency Mailbox**, created to comply with the provisions of the **legislation on transparency in the public sector**[22] regarding the exercise of the **right of access to public information**. This mailbox can be accessed through our **Transparency Portal**, a space on our website that contains all the information relating to active publicity established by legislation. In 2024, we received **46 requests for access to public information**. Of these, **8 were rejected** as they were general enquiries that did not fall within the cases established by law. Of the rest, **22 requests have been upheld** and the required information provided, **4 have been transferred** to the competent administration or body and **12 have been rejected** (11 of them with an express resolution). Since its launch on 28 October 2015 and until the end of 2024, Canal's Transparency Mailbox has managed more than **703 requests**.

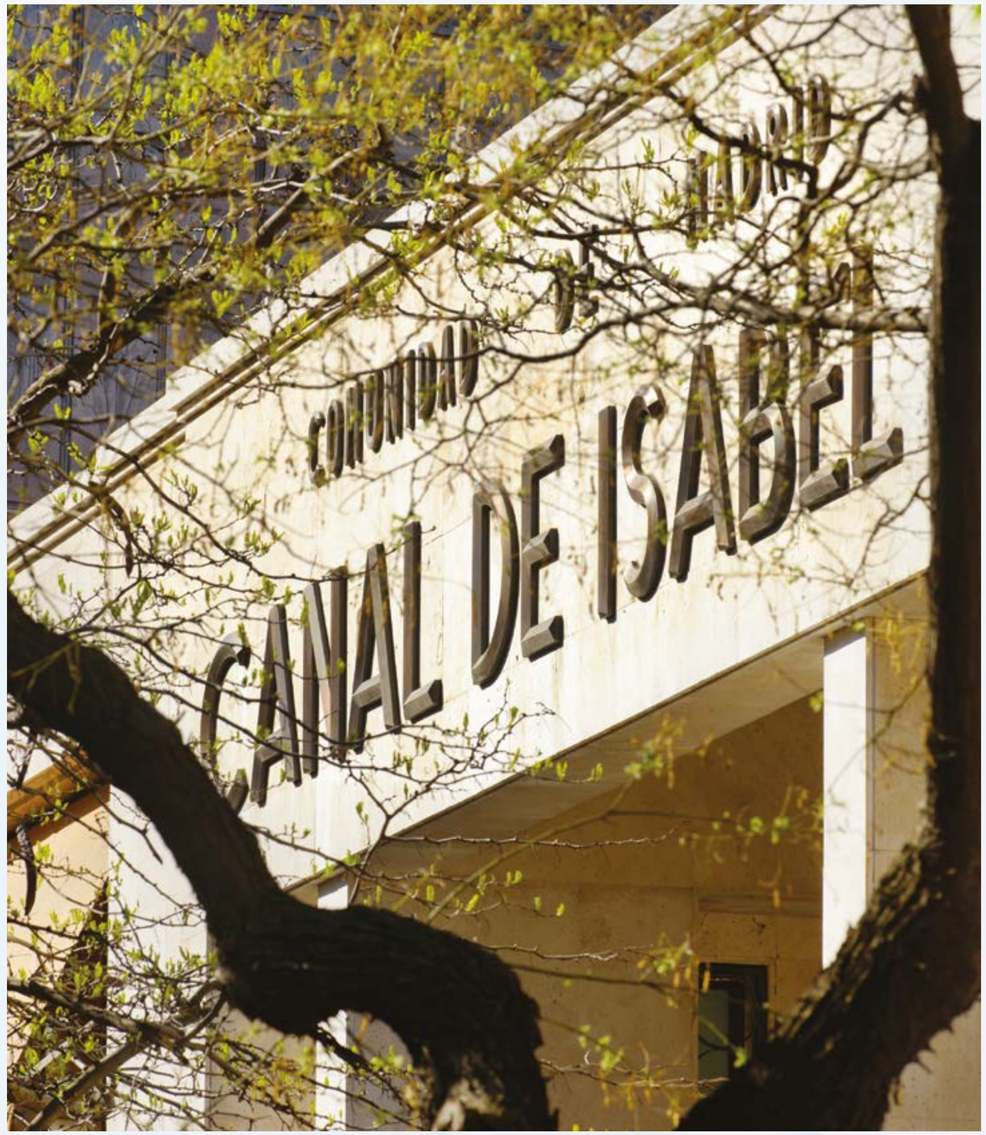


22. Law 19/2013, of 9 December, on transparency, access to public information and good governance at state level and Law 10/2019, of 10 April, on Transparency and Participation of the Community of Madrid.

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In 2023, following the recommendations of the **Council for Transparency and Good Governance** for public administrations, with the help of an independent company, we made a first diagnosis of our situation in terms of transparency using the **MESTA methodology** (Transparency Evaluation and Monitoring Methodology). MESTA is a methodology that **goes beyond the evaluation of compliance with the legislation** on transparency, as it **also evaluates the quality of the information published** by the company, considering attributes such as its accessibility, updating, clarity or the reusability of the information published, among others.

The **result obtained** from that **first diagnosis applying MESTA** was **54.3%**[23] in relation to the contents set out in the transparency legislation of the Community of Madrid and **46.4%** in relation to the contents set out in the state transparency legislation. Among the main conclusions of the diagnosis carried out in 2023 was the advisability of publishing the transparency contents in an IT portal specifically designed and created for such contents, separate from the rest of the contents of the company's website. Following this recommendation, in 2024, we have been working on the functional and IT design of the portal, which is expected to be operational in the first half of 2025.



23. The value obtained as a percentage in the MESTA diagnosis does not correspond to compliance with legislation, but rather to the overall quality of the information published, considering aspects such as accessibility and degree of updating.

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Other audits of our management

In addition to the aforementioned transparency actions, Canal has numerous **internal and external** audit and control **mechanisms** focused on ensuring the compliance of our management with the principles of legality, effectiveness, efficiency and economy. The main external control mechanisms of our company, whose results are public in many cases, are the following:

- The **Madrid Regional Audit Chamber** audits the economic and financial activities and operations of the Madrid public sector, including those of our company and our Group companies in Spain and Latin America. The results are published on the Chamber's website.

- Our **external auditor** (Ernst & Young, EY) issues a report on the true and fair view of the financial statements and the **Non-Financial Information Statement (NFIS)** which we publish together with the annual accounts for each financial year.

- Our annual accounts are filed with the **Commercial Registry**, which makes them public, and are published on our website.

- Although we are not a listed company, we are an issuer of negotiable securities (bonds), and this obliges us to publish all relevant information related to the corporate governance of our company on the website of the **National Securities Market Commission (CNMV)**, which contributes to the control and transparency of our activities.

- Our tendering procedures and practices are supervised by the **Administrative Procurement Tribunal of the Community of Madrid**, when required. Its decisions are made public on the Tribunal's website.



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- All the documents related to our tenders and minor contracts are published in the **Canal de Isabel II Group's e-Procurement Portal** and in the **Public Procurement Portal of the Community of Madrid**. In both portals, apart from consulting the information, interested parties can bid electronically 24 hours a day, 365 days a year. In addition, they are also published on our website on the **Canal de Isabel II Group's Electronic Bidding Portal**.

- We are also subject to audits by the Ministries of **Finance** and **Public Administration**, the Spanish **Court of Auditors** and the **European Court of Auditors (ECA)**, particularly in relation to the European funds we receive.

In addition to the aforementioned external control mechanisms, our company has also put in place **internal control mechanisms**, including the following:

- The **Internal Audit, Risk Management and Internal Control Sub-Directorate**, which carries out specific analyses of our company's practices.

- We have a **Corporate Risk and Controls Management System**.

- Our **Procurement and Coordination sub-directorates** ensure the correct application of tendering procedures in accordance with the law.

- We have a **Code of Ethics and Conduct** and a mandatory **Compliance Policy**.

- Systems for the control of our **Quality and Environmental certifications** in accordance with the **ISO-9000, ISO-14001** and **ISO-45001** standards, among others, which we publish on our website.

- We have an **Audit Committee of the Board of Directors**.

- A **hierarchical system of contract authorisations and payments** is in place.

- Our SAP R3 system has automated **controls for chain monitoring** of any payment authorisations that are made.

- We have an **Internal Control over Financial Reporting System (ICFR)** and a **Sustainability Information Internal Control System (SCIIS)** focused on non-financial information.

- Our **Compliance Department** analyses compliance risks, in particular those related to the criminal liability of legal persons.

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CORPORATE GOVERNANCE AT CANAL DE ISABEL II

At Canal, one of our priority lines of action is to comply with all the **good governance** recommendations applicable to us, the mandatory ones applicable to us as issuers of securities and the voluntary ones included in the main codes in this area. The mandatory ones, of course, we comply with them in their entirety, and as for the voluntary ones, we already follow many of them.

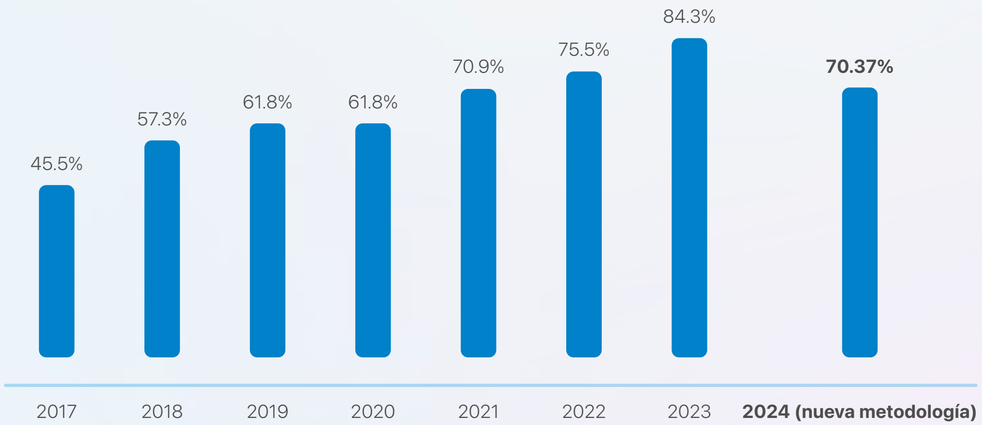
Our Board of Directors considers the **CNMV**'s Good Governance Code for Listed Companies as the main guiding document for our activity.

Therefore, since the beginning of the implementation of the 2018-2030 Strategic Plan, we have measured the degree of progress in compliance with good governance practices by means of an indicator. In the first years of the Plan, we managed to achieve around 65% compliance with these practices. In 2021, the approval by the Board of Directors of its operating regulations increased the number of good governance practices implemented by almost 10%, and we have continued to make progress until **more than 84%** had been implemented by the end of 2023.

In 2024, it was decided to review our analysis methodology in depth in order to adapt it to the **new recommendations** published in the field of good governance since the launch of our Strategic Plan in 2018. In particular, we analysed the ***Good Governance Code of Listed Companies*** updated to June 2020, the ***Technical Guide 1/2024 on audit committees of public interest entities*** and the ***Technical Guide 1/20219 on appointments and remuneration committees***, all of which were drawn up by the CNMV. The ***Code of Good Governance on Cybersecurity*** has also been taken into consideration. We have also analysed certain recommendations that were included in former codes of good governance issued by the CNMV but which have become mandatory for listed companies through the *Capital Companies Act*, on the understanding that these **actions, which are not mandatory** for Canal, **may be considered**, depending on their characteristics, **as good practices** for unlisted companies.

Once the analysis has been completed, **162 recommendations or good practices** have been identified **that may be applicable** to Canal depending on its characteristics, of which 70.37% will be complied with by the end of 2024.

Implementation status at Canal of the CNMV's* voluntary good governance recommendations and other reference documents



(*) The values from 2017 to 2023 are against the CNMV Code published in 2015 and the value for 2024 is against the CNMV Code 2020.

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Code of Ethics and Conduct

Canal's **Code of Ethics and Conduct**, approved by the Board of Directors, is an action guide that sets out the values, ethical standards and behaviours that all of us who are part of Canal are obliged to comply with in the development of our professional activities related to it, as well as what behaviours are considered unacceptable by the Company.

The general principles of action and commitments to conduct set out in the Code of Ethics and Conduct are as follows:

In 2023 all Canal employees received training related to the principles of our Code of Ethics and Conduct.

1. **Legality**

   Compliance with and respect for the law is one of the fundamental principles that will govern the actions of all the people who form part of Canal.

2. **Business ethics**

   Commitment to the principle of integrity means that we will all behave honestly, consistently and responsibly.

3. **Respect for human, labour and social rights and civil liberties**

   Canal is firmly committed to the human, labour and social rights enshrined in the Universal Declaration of Human Rights.

4. **Collaboration**

   All the people who form part of Canal will work together in a coordinated manner, contributing to cooperative work that fosters relationships between professionals from different areas of the Company and the Group, achieving synergies and their professional development.

5. **Sustainable development**

   Canal expresses its firm commitment to the principles of sustainable development as an integrating framework for its actions with professionals, customers, suppliers, shareholders and other stakeholders with which the various companies of the Group are related, favouring the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), and rejecting actions that contravene or hinder them.

6. **Responsible and efficient management of the Company's assets**

   All of us who form part of Canal assume as an obligation the efficient and responsible use of the Company's property and assets, due to their condition as public resources, following criteria of austerity and necessity in their use.

7. **Protection of confidential and reserved information**

   Canal is committed to establishing the necessary measures to achieve the highest level of security of its information and operational systems through the implementation of appropriate measures to prevent, detect and respond to the risk of cyber-attacks.

8. **Protection of intellectual and industrial property**

   Canal is firmly committed to knowledge and innovation, and therefore we will protect the intellectual and industrial property rights of the Company, respecting the analogous rights of third parties, for which specific control procedures will be in place.

9. **Exemplarity and safeguarding of Canal's image and reputation**

   Canal requires an extra ethical commitment from all members of the Company in the performance of their duties, which may be subject to public scrutiny.

Canal de Isabel II's Code of Ethics and Conduct can be consulted at this link.

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Ethics and Compliance Committee

The **Ethics and Compliance Committee** is responsible for overseeing the operation of and compliance with the **crime prevention model** in place, as well as ensuring **compliance with the Code of Ethics and Conduct** and promoting a culture of ethics and integrity within the Company.

During 2024, the Ethics and Compliance Committee met six times in ordinary sessions on dates previously agreed by the Committee itself and three times in extraordinary sessions. At these meetings, in addition to promoting initiatives to improve ethics and integrity in our organisation, it **reviewed** the elements **of** the **existing crime prevention model**.

The **Regulations of the Ethics and Compliance Committee**, approved by the Board of Directors on 20 July 2023, regulate the composition and functioning of the Committee.

In this respect, **the Committee is composed of five members**, one of whom is the head of the Compliance Unit. The Committee has a chairman and a secretary, whom the Board of Directors appoints from among its members. The **members of the Ethics and Compliance Committee** at the end of 2024 were as follows:

Chairman → Head of **Compliance** Area

Member and Secretary → **External Advisor Externo**

Member → Deputy Director of **Commercial Services**

Member → Deputy Director of **Infrastructure Conservation West Zone**

Member → Head of **International Legal Department**

More details on the composition of the Ethics and Compliance Committee can be found here.



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Internal information system of Canal de Isabel II. Ethics Line

Canal has an internal reporting system called the **Ethics Line** to encourage compliance with the provisions of the **Code of Ethics and Conduct**, the law and other internal rules by its directors, managers and employees.

Through the Ethics Line, doubts may be raised and possible breaches of the principles and values of our Code of Ethics and Conduct may be reported, both anonymously and by name, being processed by the Ethics and Compliance Committee and confidentiality guaranteed, in accordance with the terms of the Regulations of the Ethics and Compliance Committee.

The Ethics Line is available to members of the Board of Directors, executives and employees of Canal, as well as suppliers and contractors who have a relationship with the company, shareholders and holders of other securities issued by the Company.

The Ethics and Compliance Committee is responsible for ensuring the proper functioning of the internal information system and for managing the communications or complaints received through the means established for this purpose.

Queries or complaints may be made anonymously through the web form available both on the intranet and on the company's corporate website.

The Regulations of the Canal Ethics and Compliance Committee are available at this link.

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Compliance system

In 2023, the organisation's **compliance system** was reformed as a result of internal organisational changes and to adapt it to new legal requirements. As a result of this reform, on 20 July 2023, the Board of Directors approved the **Compliance Policy**, the **Code of Ethics and Conduct** and the **Regulations of the Ethics and Compliance Committee**. This Code of Ethics and Conduct replaces the Code of Conduct approved on 8 January 2015.

The **Compliance Policy** is enforceable not only internally, as it applies to the members of the Board of Directors, managers and all Canal employees, but also to those who have dealings with the company. This Policy makes explicit the Company's commitment to the exercise of due control that is required to minimise the risk of malpractice or non-compliance with regulations in the development of its activities. At the same time, it projects a firm message of rejection and zero tolerance for any conduct that involves an illegal act or contravenes its internal rules.

The purpose of the Compliance Policy is to define the basic principles and the general framework of action in Canal in compliance matters, under the supervision and responsibility of the Board of Directors, promoting those strategic, operational and organisational lines that allow it to achieve its business objectives, within a framework of rigour and excellence in the development of all its activities.

Likewise, since 2019, Canal has a **compliance function**, with the aim of reinforcing the "Three Lines Model" already in place in the organisation, improving the existing control systems in the organisation.

In this regard, the criminal risks applicable to the Company have been identified, the controls that mitigate them have been established, and the Ethics and Compliance Committee of Canal de Isabel II has been set up as the body in charge of supervising the operation and compliance with the crime prevention model implemented, as well as ensuring compliance with the Code of Ethics and Conduct and promoting a culture of ethics and integrity within the Company.

The Canal Compliance Policy can be consulted at this link.



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Systems of Internal Control over Financial Reporting (ICFR), Sustainability (SCIIS) and Internal Rules of Conduct

One of our objectives is to incorporate best practices in corporate governance, ethics and integrity into our organisation. Among others, the Audit Committee is responsible for supervising the **effectiveness of the Company's internal control**. In this regard, Canal has a **System of Internal Control over Financial Reporting (SCIIF)** and **Sustainability Information (SCIIS)**. The objectives of the SCIIF and the SCIIS are: to improve the efficiency and security of the financial and sustainability support processes, **minimising possible errors**; to anticipate new regulatory requirements and to position Canal as one of the benchmarks in its sector in terms of internal control and good corporate governance.



Canal's ICFR and ICIS Policy is available at this link.

These **internal control** systems ensure transparency with regard to the activity carried out by the company, ensuring that its processes are properly coordinated and that all of them operate jointly to prevent, detect, compensate, mitigate or correct errors with a material impact or fraud in financial and sustainability information.

On 30 November 2023, Canal de Isabel II, Sociedad Anónima, M.P. approved the Policy of the Internal Control System of Financial Information and Sustainability Information, as well as the procedure that develops it. This Policy constitutes a framework of mandatory compliance for all the entities that make up the Canal Group and their respective governing bodies.

This Internal Control over Financial Reporting and Sustainability Reporting System Policy allows us to adapt our actions in this area to national and international best practices and to anticipate possible new regulatory requirements in terms of internal control over financial reporting and sustainability reporting.

Finally, as Canal is an issuer of securities traded on the markets (bonds), we have an **Internal Code of Conduct on Securities Market Matters**. Derived from this Regulation, there is a corresponding Register of Obliged Persons.

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Remuneration and incentive policy

By resolution of the General Shareholders' Meeting, the **members of the Board of Directors of Canal**, with the exception of the chief executive officer, **do not receive any remuneration except for the allowances for attending the meetings** of the Board and its committees for those directors who are not incompatible by virtue of *Act 14/1995, of 21 April, on Incompatibilities of Senior Officials of the Community of Madrid*. These per diems were set by the General Shareholders' Meeting at 600 euros per meeting.

The Chairman of the Board and the other members of the Board who are proprietary directors do not receive any remuneration for their position in the Company, as they are senior officers.

The salary of Senior Management and its annual increases are regulated, as for the rest of the staff, by the regulations of the Community of Madrid, and must be approved by **the Regional Ministry of Economy, Finance and Employment**. These regulations expressly prohibit the agreement of indemnity clauses of any kind for termination of the employment relationship other than those established by law.

On the other hand, as an incentive policy, we have defined a **variable remuneration system** linked mainly to the **annual fulfilment of the objectives corresponding to Canal's 2018-2030 Strategic Plan**, of which a large number measure the environmental, social and corporate governance performance of our company throughout each year (ESG criteria). This variable remuneration system is established for all staff with management responsibility in some area of action, including employees with recognised higher qualifications (840 employees, equivalent to 26% of the total in 2024).

Pension commitments to senior management are carried out under the same terms and conditions as for the rest of the workforce. In 2024, the Company has not made contributions in accordance with the provisions of *Act 3/2014, of 22 December, on the General Budget of the Community of Madrid* since 2015.



The 2024 remuneration of senior officials is published on the Transparency Portal of the Community of Madrid.

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CORPORATE RISK MANAGEMENT, AUDIT AND INTERNAL CONTROL

Internal audit activity

Canal de Isabel II has a Sub-Directorate of Internal Audit, Risk Management and Internal Control, reporting administratively to the CEO and functionally to the Audit Committee of the Board of Directors. Among the functions it carries out are those of internal audit, risk management and internal control, **from the COSO perspective**.[24]

Internal audit activities are carried out in accordance with the **International Framework for the Professional Practice of Internal Auditing**. This Framework has been updated, and the new Global Standards for Internal Auditing will apply from 2025, and an analysis has been carried out to assess alignment with these standards and to define action plans for compliance.

The International Framework for the Professional Practice of Internal Auditing in force until 2024, as well as the **Global Internal Auditing Standards**, requires the internal audit function to have a quality assurance and improvement programme and to be assessed by an independent third party at least every five years. On 8 November 2023, the ***Quality Assessment*** **(QA)** was once again renewed with the highest rating, the certification of "GENERAL COMPLIANCE", awarded by the Institute of Internal Auditors of Spain, a national and international benchmark, confirming compliance with the standards in force at that time. A recommendation of the Quality Assessment was the updating of the Statute of the Internal Audit Function, having been approved, after a favourable report from the Audit Committee, by the Board of Directors of Canal de Isabel II at its meeting held on 18 December 2024.

As stated in the purpose of the charter: Internal Audit strengthens the organisation's ability to create, protect and sustain value by providing assurance, advice, insight and anticipation to the Board and management in an independent, objective and risk-based manner.

On 17 February 2022, the Audit Committee approved the **Internal Audit Plan 2022-2024**, which determined the projects to be carried out during this period. The Plan is based on the company's risks, the strategic objectives, the Audit Committee's requests, the needs raised by our stakeholders, the processes detected by the Internal Audit area itself, as well as the follow-up of the recommendations arising as a result of the audits already carried out. It is reviewed annually to form the Annual Internal Audit Plan. The total number of **recommendations for improvement** issued was **268**, of which **223 were completed** by the end of 2024.

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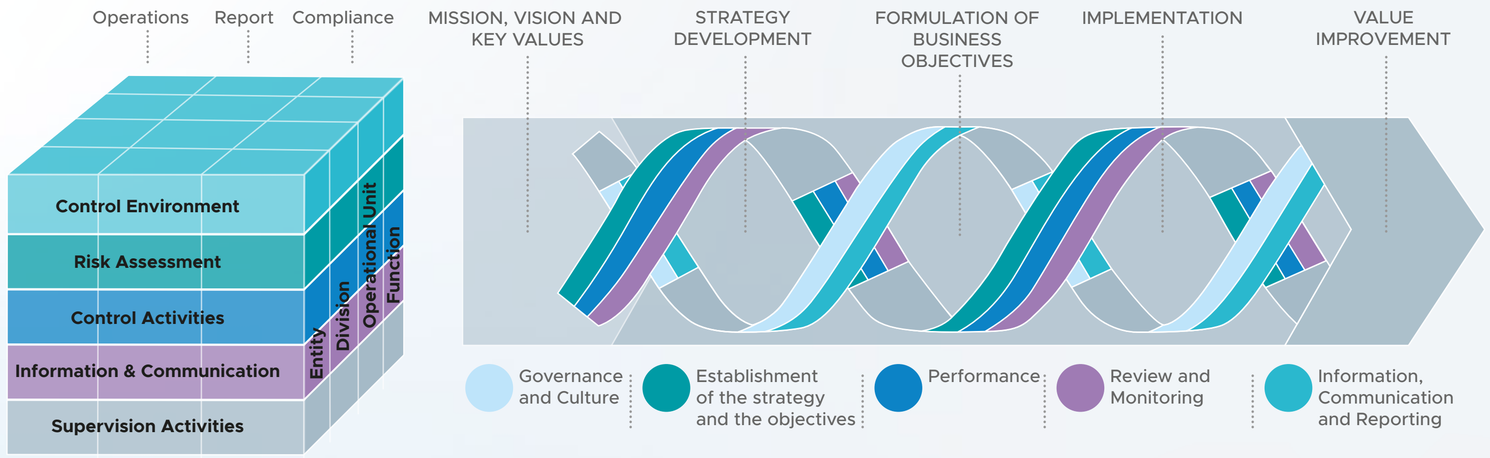
24. COSO - *Committee of Sponsoring Organizations of the Treadway Commission* is a voluntary committee made up of representatives from five US private sector organisations to provide intellectual leadership on three interrelated issues: enterprise risk management, internal control and fraud deterrence. Its activities include the study of the factors that can lead to fraudulent financial reporting, and the development of literature and recommendations for all types of organisations and regulators.

Corporate risk management

Risk management is a control activity permanently linked to the risks that may condition the achievement of the organisations' strategic objectives.

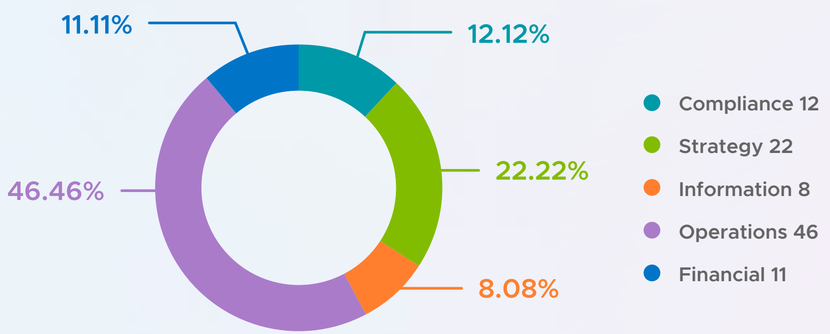
The **Risk Management Policy** at Canal was reviewed and approved by the Board of Directors in January 2020 and its correct application requires the involvement of all the company's staff. Canal performs risk management based on the internationally recognised **COSO (*Committee of Sponsoring Organizations of the Treadway Commission*)**, **COSO Internal Control** and **COSO ERM (*Enterprise Risk Management*)** frameworks, adapted to the characteristics of our company.

The risks that may affect the achievement of the company's objectives are classified on the basis of the categories used in COSO, adapted to the reality of the company, with the following **risk taxonomy**, in line with best practices:



- **Information risks:** These refer to the company's financial, non-financial, internal and external data and information.
- **Compliance risks:** These relate to regulatory compliance. These are those related to the objective of offering maximum confidence to the regulator and society in general with respect to the Company's activity.
- **Operational risks:** These refer to the organisation's operational processes. They are those related to processes, people and services provided.
- **Strategy risks:** These refer to the set of decisions taken by the organisation to achieve its mission.
- **Financial risks:** These refer to the organisation's economic and financial processes.

Typology of the risks active in Canal at the end of 2024 (number of risks and % of total)



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We have a **Risk Map**, mainly assessed by the directors and deputy directors, which has **been updated twice in 2024**, increasing the frequency recommended in *the CNMV Technical Guide 1-2024 on audit committees of public interest entities*.

The main risks to the company, in terms of impact and probability, are managed through the monitoring of risk indicators (KRIs) and the effectiveness and design of the controls that mitigate them by the company's risk managers and risk officers.

In 2024, 6 emerging risks have been identified and have become part of the company's risk catalogue and are being assessed and managed.

The situation at the end of 2024 is that **84 risks** associated with **343 indicators** and **124 controls are managed**.

Internal control

Internal control is, according to the international COSO framework, a process effected by management and other personnel of an entity designed to provide reasonable assurance regarding the achievement of objectives.

In this line, connected with risk management, Canal uses controls and/or measures to mitigate or maintain these risks, whose design and effectiveness are assessed according to the periodicity established by the person in charge. In 2024, **119 design tests** and **257 effectiveness tests** were launched.

In the area of internal control and adaptation to the COSO framework, with the aim of checking that the components and **principles** are present, in operation and coordinated with each other, in 2024, the assessment of the applicable transversal controls that affect the entire company continued through the tool, increasing the number of controls and **persons in charge**.

In addition, areas with specific COSO model controls (not transversal) have been encouraged to carry out the analysis as part of their specific objectives. There are specific controls for the **Internal Control over Financial Reporting** System (ICFR), the **Internal Control System for Sustainability Reporting** (SCIIS) and Compliance, and the Crime Prevention Model (CPM).

The Internal Audit, Risk Management and Internal Control Branch has assumed only the role of facilitator of the process of loading and launching controls in the tool, the ICFR, the SCIIS and the MPD, a task entrusted by the Audit Committee for the loading of controls by a single unit.

In 2024, the Internal Audit, Risk Management and Internal Control Branch **reviewed the Assurance Map**. This combined assurance is an effective mechanism to advance coordination, avoid control gaps, duplication and inefficiencies. It allows attention to be paid to the most critical risks, for which there must be integrated management that provides a cross-cutting and coordinated vision, following the internationally accepted framework of the **Three Lines Model**.



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COMMUNICATIONS TO THE NATIONAL SECURITIES MARKET COMMISSION (CNMV)

Although Canal is not a listed company, we are **an issuer of non-convertible fixed income securities in a regulated market** (AIAF) and this implies the obligation to **communicate the facts and other relevant information** based on the principle of complete information, as well as the obligation to publicly provide true and updated information, according to the regulations of the National Securities Market Commission (CNMV).

The publication of this information allows, on the one hand, investors to obtain an informed value judgement on the real situation of the company, and on the other hand, to maintain the proper functioning and transparency of the securities market.

In 2024, Canal has communicated to the CNMV **6 relevant information** (there were 20 in 2023) that, together with the rest of the information published by our company.



Can be consulted on the website of the CNMV in the following link.

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2.7. WORKING WITH OUR STAKEHOLDERS

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 7

PEOPLE

RELATIONS WITH OUR STAKEHOLDERS

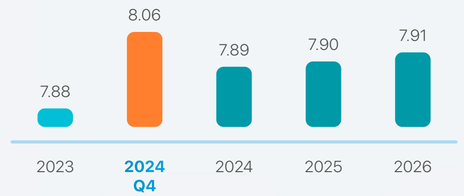
Promote a **personalised and transparent** service for our shareholders. Placing **customers and users at the centre of our management** and promoting social tariffs. **Support our professionals**, attracting, retaining and promoting their talent, as well as encouraging diversity, stability and quality in employment and improving the work-life balance and integration of people with disabilities. Maintaining relationships based on **trust and mutual respect with our suppliers and collaborators**. And to promote the inclusion of social, environmental and innovation criteria in our purchases. Sustainability is a fundamental principle in our value chain.

TARGET 2024-2026

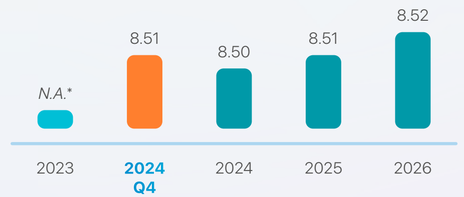
Continuous improvement of the perception that customers, employees and society have of Canal
Consolidate customer satisfaction above 8.5.

INDICATORS

Consolidate the company's overall image
(on a scale of 0 to 10)

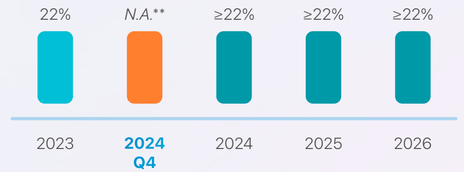


Consolidate customer satisfaction
(on a scale of 0 to 10)



*N.A.: With the previous methodology, the last value obtained was 8.73, not comparable with the new measurements that will be obtained with the methodology envisaged from 2024.

Consolidate the experience used (eNPS)
(on a scale of -100% to +100%)



**N.A. Not available: Start of measurement in 2025.

Annual closing · Quarterly closing · Annual target

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Canal de Isabel II

OUR STAKEHOLDERS

At Canal de Isabel II we consider it essential to maintain continuous contact with our stakeholders. With them, and thanks in part to their direct participation throughout the process of designing the Strategic Plan, we assume specific commitments on a daily basis, which we conceive as part of our responsibility as a public company.



Our main stakeholder groups with whom we regularly engage include the following:

- **Public administrations** and **regulatory bodies**, including the European Union, the Ministry for Ecological Transition and the Demographic Challenge, the Tagus Hydrographic Confederation and the Ministry of Health.

- The **Government of the Community of Madrid**, **the Assembly of the Community of Madrid** and the four parliamentary groups represented therein (Partido Popular, Más Madrid, Partido Socialista de Madrid-PSOE and VOX).

- **Our shareholders**: the Community of Madrid and the 114 local councils that currently form part of our shareholding structure.

- **Customers and users**: municipalities in the municipalities we serve, as well as domestic, commercial and industrial customers and users, large customers such as housing estates or homeowners' associations.

- Our **business partners**: the **employees** of our company, the **suppliers** and **contractors** we work with.

- **Other companies in our sector** with which we collaborate, as well as the **sector associations** in which we actively participate, such as the Spanish Association of Water Supply and Sanitation (AEAS), the Spanish Association of Urban Water Services Management Companies (AGA), the European association of our sector (EurEau — *European Federation of Water Services*) or the *International Water Association* (IWA), among others.

- **Society in general**, with a particular focus on certain sectors and actors in society, such as:

  – The **school community** (teachers and students), with whom we interact through Canal Educa's activities.

  – The **media** and opinion makers.

  – The **scientific community** and entities focused on innovation, highlighting our relationship with public and private universities, especially those located in the Community of Madrid,

  – **Business analysts**, **our industry experts** and the **rating agencies** that regularly assess us (Moody's and Fitch).

  – **Managers and those responsible** for the **protection and improvement** of our environment.

  – Other **social entities** (NGOs, foundations and entities with which we collaborate).

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

- In addition to the bimonthly sending of the invoice, we have very fluid contact with **customers and users** through our customer service centre and telephone campaigns. In addition, we have customer satisfaction surveys through which we contact customers to find out what they think of our services.

- The company maintains a permanent relationship with its **employees** through personal contact and new technologies. A notable example of this is the daily updating of our **Tu&Canal intranet**, which includes all the latest news affecting the company's day-to-day business. In addition, constant meetings are held with workers' representatives through the **Works Committee** or in other thematic forums such as meetings on training, overtime or the Occupational Health and Safety Committee.

- We also maintain constant and fluid contact with our **suppliers** and **contractors**. On a daily basis, through their telephone, email and web enquiries, the management of offers, minor orders and claims through our SRM web system and our SAP ERP, in addition to the direct dealings that each of the services that work with them necessarily have. On an annual basis, we contact them through the balance circularisation required for the annual accounts audit, and also when conducting the annual satisfaction survey.

- The main communication event with **shareholders** is the General Meeting, which is convened by the management body (Board) when it is deemed appropriate for the company's interests. The Ordinary General Meeting, previously called for this purpose, meets within the first six months of each financial year to approve, where appropriate, the management of the company, the accounts for the previous year and to decide on the allocation of profits, among other important resolutions.

- With the **rest of our stakeholders** (regulators, strategic partners and society in general), the relationship is continuous, constant and increasingly intense. We intend to continue to deepen the fluidity of the relationship with all our stakeholders, intensifying contact with them. We are convinced that we will only achieve our objectives if we work in the same direction.

To open up this participation, which began in 2018, we have continued to conduct focus groups and several interviews to find out their opinions and expectations of the company.

In order to promote fluid communication with stakeholders, Canal also uses the communication channels available to us to learn about and respond to the demands and queries of society in the economic, environmental and social fields.

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In 2024, and with regard to our relations with stakeholders, the celebration of the **Canal Open Days** (27 and 28 September), in which almost 500 citizens were able to learn about the operation of some infrastructures, such as the El Atazar dam, the underground reservoir in Santa Engracia street, the Arroyofresno storm tank and the Loeches sludge treatment plant, stood out.

MAP OF MOST COMMON COMMUNICATION CHANNELS USED BY CANAL

Communication channel	Internal communication	External communication	
 Personal or on-site	Meetings. Training and awareness-raising. Leisure and sports activities for employees and their families.	Central offices of the company. Customer attention centre. Customer attention service. Organised visits to the facilities. Educational campaigns (Canal Educa).	Recreational and sports areas. Participation and organisation of congresses, forums and other meetings. Canal Foundation activities. General Shareholders' Meeting. Shareholder attention office.
 Telephone, fax, mail	Telephone, fax, ordinary mail. Suggestion box.	Customer service telephone. Supplier service telephone.	Contact telephone of educational initiatives. Invoice messages.
 Internet	Corporate website and Intranet. Online space. Canal Contigo.	Customer service virtual office. Company website. Transparency portal. Shareholder portal. Canal Educa website. Canal Voluntarios website. Canal Foundation website.	Canal in YouTube. Canal in Instagram. Canalk in LinkedIn. Facebook profile. Social networks of the Canal Foundation. Canal de Isabel II mobile application for Android and iOS.
 Publications/ technical reports	Internal reports and communiqués. *Canal&tú* magazine.	Sending cuustomised information to customers. Sustainability report of Canal de Isabel II. *Canal&tú* magazine.	Company publications. Canal Foundation publications. R&D&i notebooks.
 Media: TV, press, radio and digital media		Press releases. Calls to the media. Website press room.	Awareness campaigns aimed at the population. Canal de Isabel II blog.

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RELATIONS WITH OUR SHAREHOLDERS

Canal de Isabel II, Sociedad Anónima, M.P., is **a 100% publicly owned company** in which **the shareholders are the Community of Madrid**, through the **Public Entity Canal de Isabel II**, which holds **82.32%** of the shares, and **116 municipalities**[25] of the region, which currently hold **17.68%** of the shares of our company. Among these municipalities, the **municipality of Madrid** has **10.00%** and the **rest of the municipalities** have **shares proportional to their respective populations**, totalling 7.68%.

Canal's shareholder municipalities at the end of 2024 had a population of **6,320,230 inhabitants**, equivalent to **90.27%** of the population of the Community of Madrid (or 92.93% excluding Alcalá de Henares, which is a large municipality not supplied by Canal).

Rights, obligations and participation

The **rights and obligations** of Canal's shareholders are set out in our **Articles of Association**, Title II of which regulates everything related to the company's **share capital and shares**, their transfer and usufruct, as well as in Title IV, which sets out all aspects related to the General Shareholders' Meeting, such as its convening, attendance, delegation and information rights, among other aspects.

The **General Shareholders' Meeting** is the **highest governing body** of Canal and is convened **on an ordinary annual basis** and **extraordinary when necessary** for the good governance of the Company. Since the creation of Canal de Isabel II, Sociedad Anónima, M.P., in 2012, **26 meetings** have been held (12 ordinary and 14 extraordinary). The **ordinary meetings** are held **during the first half of each financial year** and the individual annual accounts of the Company and consolidated annual accounts of the Canal Group, the Non-Financial Information Statement, the management of the directors and the application of the result corresponding to the financial year prior to the holding of the meeting are submitted for examination and approval of the shareholders. Thus, **based on the results obtained in each financial year**, the ordinary shareholders' meeting approves the amounts to be allocated to reserves and those to be distributed as **dividends** to the shareholders. Since the start of the Company's activities in 2012 and until the end of 2024, the dividends distributed to Canal's shareholders amount to **1,607.38** million euros, of which **283** million euros have gone to the shareholder municipalities (equivalent to **44.78 euros per inhabitant of** the shareholder municipalities).



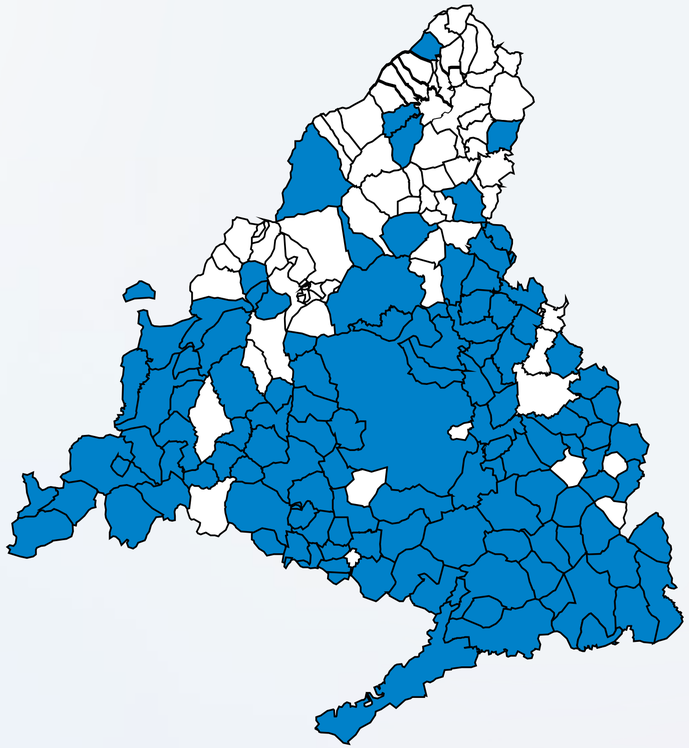
The percentages of participation in the Company of each municipality can be consulted in this link:

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25. At the time of the Company's establishment in 2012, the shareholder municipalities amounted to 111. Subsequently, *Law 8/2018, of 26 December, amending Law 3/2008, of 29 December, on Fiscal and Administrative Measures, to guarantee the public nature of Canal de Isabel II* allowed the incorporation of new municipalities to the shareholding, reaching the current 116 after the incorporation of Pezuela de las Torres in the first quarter of 2025.

Canal's 116 municipalities shareholders (17.68% of the share capital)

Ajalvir
Alcobendas
Alcorcón
Algete
Alpedrete
Ambite
Anchuelo
Aranjuez
Arganda del Rey
Arroyomolinos
Belmonte de Tajo
Boadilla del Monte
Brea de Tajo
Brunete
Cadalso de los Vidrios
Campo Real
Carabaña
Casarrubuelos
Cenicientos
Chapinería
Chinchón
Ciempozuelos
Cobeña
Collado Mediano
Collado Villalba
Colmenar de Oreja
Colmenar del Arroyo
Colmenar Viejo
Corpa
Cubas de la Sagra
Daganzo de Arriba
El Álamo
El Escorial
El Molar
Estremera
Fresnedillas de la Oliva
Fresno de Torote
Fuenlabrada
Fuente el Saz de Jarama
Fuentidueña de Tajo
Garganta de los Montes
Gargantilla del Lozoya and Pinilla de B.
Getafe
Griñón
Guadalix de la Sierra
Humanes de Madrid
La Acebeda
Las Rozas de Madrid
Loeches
Los Santos de la Humosa
Madrid
Majadahonda
Meco
Mejorada del Campo
Moraleja de Enmedio
Moralzarzal
Morata de Tajuña
Móstoles
Navalcarnero
Navas del Rey
Nuevo Baztán
Paracuellos de Jarama
Parla
Pelayos de la Presa
Perales de Tajuña
Pezuela de las Torres
Pinto
Pozuelo de Alarcón
Quijorna
Rascafría
Ribatejada
Rivas-Vaciamadrid
Robledo de Chavela
Rozas de Puerto Real
San Fernando de Henares
San Lorenzo de El Escorial
San Martín de la Vega
San Martín de Valdeiglesias
San Sebastián de los Reyes
Santa María de la Alameda
Santorcaz
Serranillos del Valle
Sevilla la Nueva
Soto del Real
Talamanca de Jarama
Tielmes
Titulcia
Torrejón de Ardoz
Torrejón de Velasco



Torrelaguna
Torrelodones
Torres de la Alameda
Tres Cantos
Valdaracete
Valdelaguna
Valdemaqueda
Valdemorillo
Valdemoro
Valdeolmos-Alalpardo
Valdepiélagos
Valdetorres de Jarama
Valdilecha
Valverde de Alcalá
Velilla de San Antonio
Villaconejos
Villalbilla
Villamanrique de Tajo
Villamantilla
Villanueva de la Cañada
Villanueva de Perales
Villanueva del Pardillo
Villar del Olmo
Villarejo de Salvanés
Villaviciosa de Odón
Zarzalejo

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Our Municipal Portal

In order to maintain a **transparent, close and fluid relationship** with our shareholders (and with the rest of the municipalities served), Canal has a Municipal Portal, an exclusive tool for users of the municipalities, which has a **generic section** with content of interest to all municipalities and a **specific section** for each municipality.

In the **generic section** users belonging to the different local councils can find relevant information on various **topics of general interest**. It includes general information for shareholders, environmental campaigns, sports and cultural events, technical regulations, tariffs, forms and requirements for commercial procedures or Canal publications.

The **specific section** is **customised for each municipality** and provides detailed information on mapping, agreements, hydraulic studies, municipal contract reports, economic and commercial information, urban planning, technical compliance and sanitation. In the case of **shareholder municipalities**, it also includes **information related** to the convening, rights of attendance and representation at **shareholders' meetings** and everything related to the collection of **dividends** that each of the shareholder municipalities is entitled to receive.

To get an idea of the importance of the Municipal Portal in relations with the municipalities, it is sufficient to analyse the **number of documents managed** through this tool **since its creation**, which on 31 December 2024 was **12,635**, of which **30% were communications related to** Canal's shareholders.

Satisfaction of the shareholding municipalities

At Canal we periodically carry out **surveys to find out the satisfaction of the local councils**. The satisfaction index of the local councils in 2024, was **8.34 out of 10**, highlighting that this rating is significantly better in the case of the local councils of the **shareholder municipalities**, which gave us a score of **8.45 out of 10**.



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COMMITTED TO OUR CUSTOMERS AND USERS

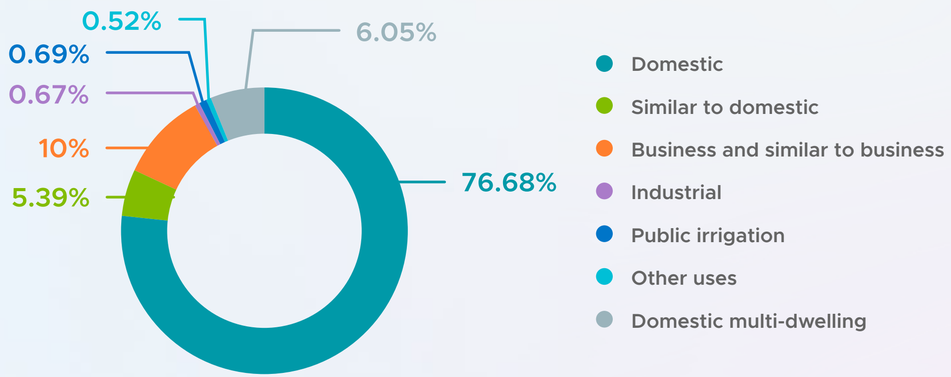
Customer and user satisfaction is one of the main objectives of our company. This satisfaction is obtained by providing reliable, quality services at fair rates, but it is also very important to provide adequate customer service, fulfilling their expectations and needs in an agile and simple way. To this end, our company is equipped with the means and resources that make our commercial work one of the best valued in the sector in Spain.

Types of customers in the Community of Madrid

In 2024, Canal has reached **1,616,909** active **contracts** with customers, an increase of 1.42% compared to 2023.

More than 88% of the contracts with our customers are domestic contracts, followed by commercial contracts (10%). The number of domestic contracts (1.4 million) is very low in relation to the population supplied (6.77 million inhabitants), which means 4.8 inhabitants per contract. It is due to the fact that a very large part of the population, especially those located in the city of Madrid and the large municipalities in its metropolitan area, live in high-rise buildings, with multi-dwelling type contracts, in which a single service connection supplies multiple dwellings.

Percentage distribution of customer contract types in 2024



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[GRI 3-3]

Our rates

Our tariff scheme (which is approved by the Government of the Community of Madrid) is based on a series of basic principles such as the inclusion of the provisions of the transposition of the Water Framework Directive into Spanish legislation, the promotion of efficient consumption and the achievement of a fair and equitable tariff system. All of this without forgetting that the citizens of Madrid enjoy some of the highest quality water in Europe.

Our rates are:

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

To ensure better communication and greater understanding of the tariffs by customers, Canal carries out an annual campaign through explanatory documents that are made available to citizens in our commercial office and on our website, www.canaldeisabelsegunda.es. Specifically, we publish, for its dissemination in commercial offices, a tariff document that includes both information on the general tariff for domestic use and the one that applies to commercial and industrial uses.



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During the last decade, Canal's tariff policy has been characterised by its moderation. Thus, **our tariffs remained frozen for almost 10 and a half years** (from January 2014 to May 2024), while the cumulative increase of the Consumer Price Index (CPI) in the same period was **24.0%**, according to data published by the National Statistics Institute (INE).

In those years, Canal has worked on measures to **improve the guarantee of supply** by different means, such as the promotion of the use of **reclaimed water**, the **renewal** and improvement of **efficiency in the** supply networks, **awareness** campaigns or the **fight against** water fraud, among other measures. The **only instrument we had not used** to **encourage savings was price**. Therefore, in December 2023, Canal decided to undertake a **necessary update of the** water tariffs that would also **allow us to encourage saving and rational use** of water in households, and on 1 June 2024 the new tariffs came into force.

UPDATE OF WATER SERVICE TARIFFS IN 2024

On 1 June 2024, the **new maximum tariffs** for water supply, sanitation and reuse services provided by Canal de Isabel II in the Community of Madrid came into force. The **new tariffs** are characterised by **increasing their progressiveness**[26] with the aim of **promoting** water saving and efficient water consumption.

The water tariff **has a fixed part** and a **variable part depending on consumption**, and it is also different depending on the contracted use: domestic, industrial or commercial. **The variable part is progressive**, i.e. as **consumption increases**, **so does the price** per cubic metre of water. The tariff adaptation carried out in 2024, **only affects the variable part** of high **domestic consumption**; the **price is maintained** for **commercial** and **industrial uses** and for **households that do not reach 20 cubic metres per** two months (half of the customers).

Thus, the decree determines **new cut-off points for the three blocks of consumption** that existed previously and adds one: the first block is between 0 and 20 cubic metres per two-month period; the second is now comprised of consumption between 20 and 40, while the third block covers the range between 40 and 60. Finally, **for those who exceed 60** cubic **metres** of consumption per bimonthly, a **new bracket** has been created to discourage high consumption: reaching this bracket means consuming more than 400 litres per inhabitant per day. In this way, the tariff adjustment **encourages** users with very high consumption to make savings.

In order to contribute to efficiency and savings, the tariff change translates into a **progressive increase** in the price of **all blocks except the first**, which most domestic customers do not exceed, and which is also the cheapest. Thus, **the price per cubic metre** consumed in **block 1 is frozen**, block 2 increases by 8% and block 3 increases by 16%. In turn, the new block 4 will be 15% more expensive than the previous block.

Currently, more than half of the customers already always consume less than 20 cubic metres per two-month period. In fact, 71% of the bills issued annually by Canal to domestic users record consumption of less than 20 m^3 and therefore remain unchanged. The new tariffs, at a social level, are adapted to the particular situations and needs of citizens, especially the most economically vulnerable: almost 285,000 people in the Community of Madrid have benefited in 2024, from the social water tariffs.

26. A progressive tariff is one in which the unit prices per cubic metre are progressively higher according to the customers' consumption brackets (blocks). Progressivity favours consumers with moderate consumption and penalises luxury consumption.

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The processes for modifying our tariffs, like the rest of the legislative changes made in our region, are subject to the mandatory **public information process** provided for in current legislation. In addition, changes related to our tariffs are reported to the **Prediós Commission of the Consumer Council of the Community of Madrid**, a body in which some of **our stakeholders** are represented through the participation of **consumer organisations**, trade unions, business organisations and town councils, among others.

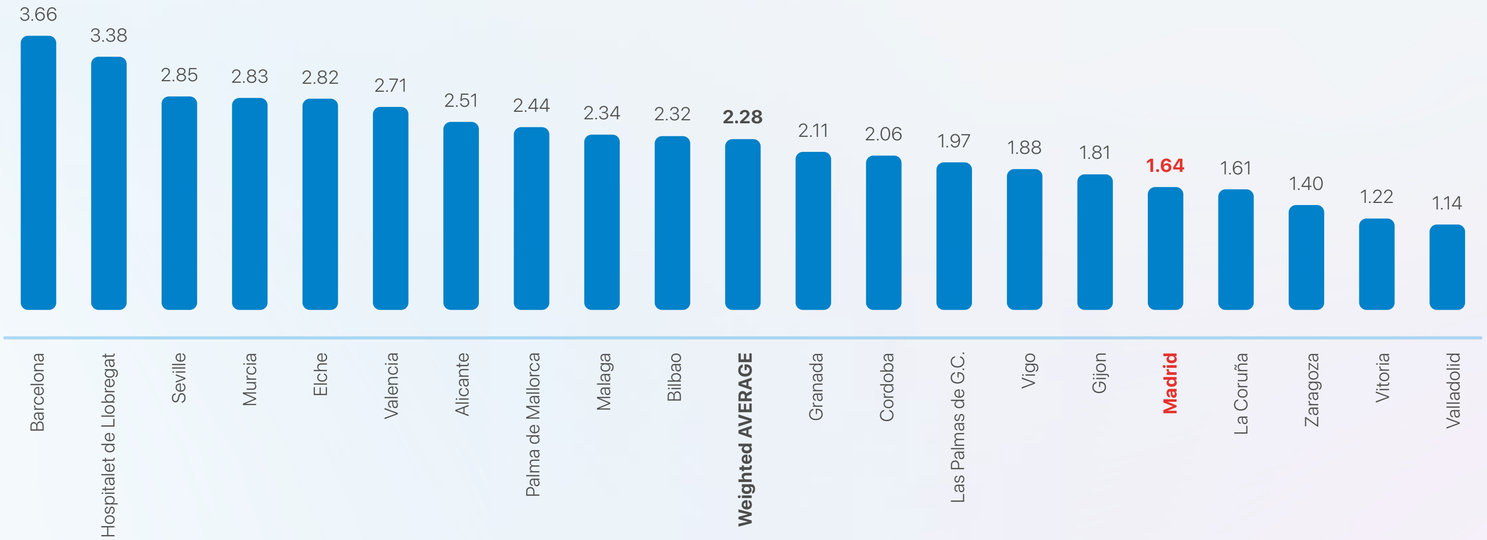
Regarding the current price level, the tariffs applied by Canal in the Community of Madrid are among the most moderate at national and international level.

Compared to other major Spanish cities, the price in Madrid is 28% lower.

Compared to Europe, our prices are among the lowest, with rates 150% lower than London, 137% lower than Paris, 43.62% lower than Rome and 9.58% lower than Lisbon. Among the major European cities, only Athens and Milan are lower than Madrid.

All the updated information about our rates can be consulted here:

Tariffs for water supply and sanitation services* in 2024, in Spain's 20 most populated municipalities (EUR per m³)



* Prices in euros per cubic meter including all services of the integrated water cycle for a domestic customer with a 15 mm meter diameter and a monthly consumption of 10 cubic meters. The average has been weighted by the population served in each city.

Source: Own elaboration based on data published by municipalities or regulatory entities.

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[GRI 207-3]

Actions to ensure correct billing to the customer

Canal always seeks to guarantee the highest accuracy in the billing issued to our customers based on their actual consumption, and to this end we carry out the following actions:

- **Meter reading:** in 2024, we performed **9.17 million readings** (1.5% less than in 2023) on **1.68 million meters**. The percentage of bills issued by estimation, as the meter reading could not be obtained, was only 6.09%.

- **Auditing and analysis of consumption:** to guarantee the correct issuing of consumption to be billed, we have a quality control system for reading and billing. The consumption audit, within the aforementioned system, is a tool to assist in the review of consumption that shows a significant variation. When deviations are detected, the customer is notified in order to avoid possible internal leaks in their property.

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

To ensure its correct operation, we have a volume meter verification laboratory that meets all the requirements to ensure that its verifications and certificates are of the required quality and are recognised by national and international authorities. It has ENAC accreditation as a testing laboratory for the verification of meters and, since 2011, accreditation for the verification of flow meters. The meters are checked at the following levels:

- Control of new meters.

- Customer complaints.

- Carrying out studies to gain a better understanding of the operation of meters: verification of meters in use, evaluation of new technologies, influence of installation conditions, verification of devices that measure the water derived from the network, among others.

In 2024, the **metrology laboratory** carried out **8,393 checks** of new meters (52.27% more than in 2023), in addition to a further **5,527 checks** of the metering set for other reasons. On the other hand, **345,263 meters were renewed for maintenance and campaigns** (**14.13%** more than in 2023). For **new contracts** we have installed a total of **24,409 meters**.



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Customer and user service

Canal's primary objective is to provide the best possible services to our users. We have an ISO 9001 certified quality system and, as part of our policy of maintaining the quality of the services we provide, we have made specific commitments to our customers. Thus, in 2019 we published our **Charter of Commitments to customers**, with the aim of adapting to their needs and requirements. To this end, our company assumes a total of ten commitments (*"10 crystal-clear commitments"*) to clearly and transparently offer solutions to users' needs. Failure to comply with any of these commitments can result in automatic compensation ranging from 30 to 420 euros. We have ended 2024 with a **compliance rate of 96.15%** (in 2023 it was 91.44% on average) and **41,730 euros** have been paid **in compensation** (81.41% less than in 2023).

Communication channels with customers

We are a company committed to our environment and sensitive to the demands of our users. In recent years, we have made a significant effort to improve the accessibility of the different contact channels available to carry out quick and efficient procedures in order to meet the needs of our customers. The main communication channels available to customers and users that Canal has, among others, are:

Telephone service

The most used by customers, who can choose to be served by specialised agents or use automated solutions for their transactions. In 2024, we handled **more than 1.36 million** customer calls.

Customer Service Centre

Located at 10 José Abascal Street in Madrid, this is where any request related to commercial management can be resolved. This centre continues to be a basic channel that generates confidence in certain groups of customers who prefer face-to-face customer service. In 2024, **we attended 25,551 people in person**, 13.47% more than in 2023.

Website, Virtual Office and the Canal application for mobiles and tablets

Within the framework of new information technologies, and for greater convenience and simplicity in the management of self-service, at Canal, we have an online office that is available 24 hours a day. In 2024, this platform recorded more than **23 million interactions**, more than 4 million fewer than in 2023.

Written attention

We also offer our customers a special service of written attention by letter or fax, with which they can carry out any procedure without having to wait or travel. We received **2,783 communications** by It means in 2024.



The Charter of Commitments to our customers is available here:

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[GRI 2-23]
[GRI 2-24]
[GRI 2-25]

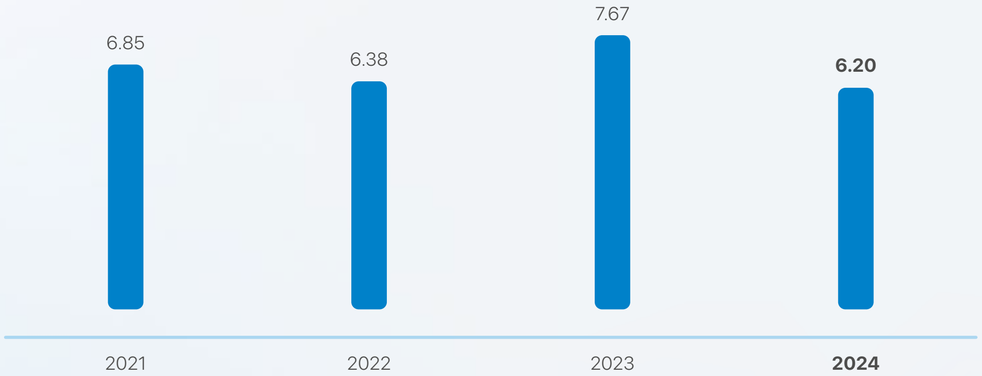
Suggestions and complaints management

At Canal we have a complete system for the reception and processing of **suggestions, complaints and claims of invoices** from our customers. In the case of complaints received, that is, those disagreements related to the service provided to the customer, our **Complaints Office** is in charge of the personalised management of all of them. By means of a communication number assigned to the complaint, the customer can follow the complaint throughout the entire process. A total of **10,017 complaints** were received in 2024, (18.13% less than in 2023), or 6.195 complaints per 1,000 customers.

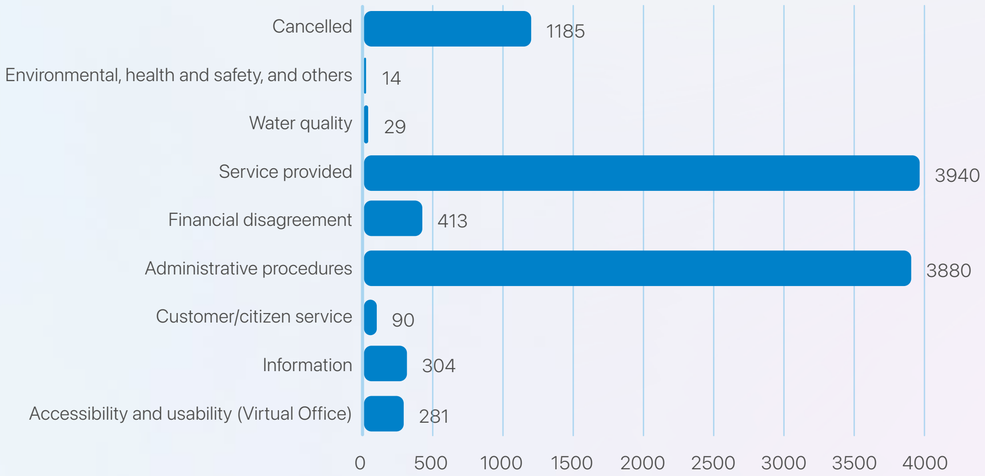


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Evolution of the number of complaints received per 1,000 customers (number)



Causes of complaints in 2024 (number of complaints)



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[GRI 2-25]

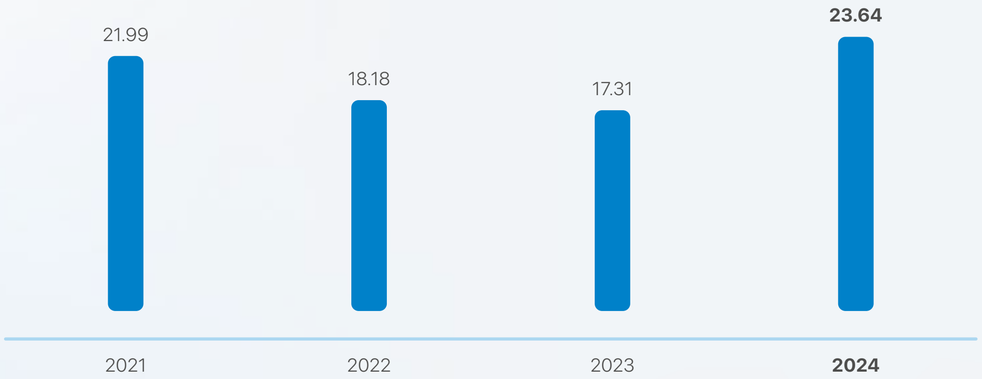
As for **complaints received** regarding invoices, these increased by **38.46%** compared to 2023, reaching 38,217. This represents a figure of just over 23 complaints per 1,000 customers and only affects 0.4% of bills issued during the year (more than 9.6 million). **52.71% of complaints** have been **resolved in favour of the customer**.

The **increase in complaints** in 2024 is due to complaints made by customers following the **tariff update in June 2024** (in many cases, due to the customer's lack of knowledge that the update had taken place).

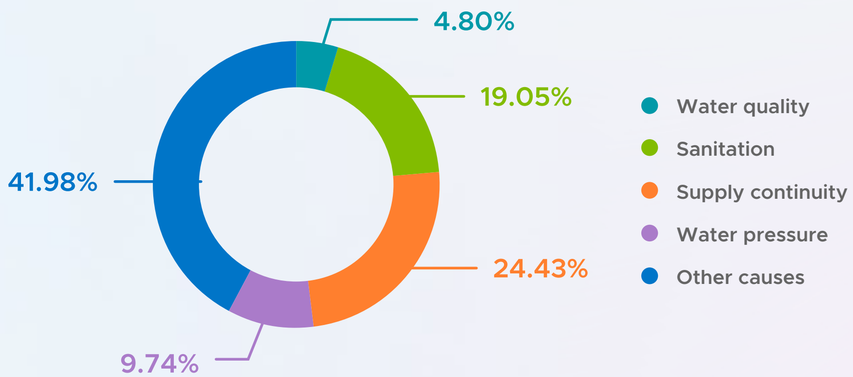
Both invoice claims and complaints have a **maximum processing time of 30 days**, which, in 2024, was 83.25% and 71.65%, respectively.

In addition to the claims and complaints received in the commercial circuit, we have a **service for dealing with incidents** related to the provision of different services. In 2024, we received a total of **154,533 notifications** related to different incidents (quality, sewerage, continuity of supply, water pressure and other causes).

Complaints received per 1,000 customers per year (number)



Distribution of causes of occurrences in 2024 (% of total)



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The voice of the customer on Canal: telereading

In 2024, Canal has continued to **make progress in the deployment of remote metering of** customers' water meters, a strategy that seeks to **maximise efficiency in the management of** water resources, reduce operating costs and, above all, offer a better experience to users.

The implementation of the remote reading system in water meters represents **such a significant advance** in water supply management that it is **essential to accompany** this transition **by taking the pulse of customers and their experience** with the new services they are being offered with this technology.

Thus, within the transactional measurement system, a new interaction has been created called **"Telereading Experience"**. As in other metering points, a **short satisfaction survey** is sent daily to the user who has benefited from any of the services currently offered: the customer consults information on remote metering in the Virtual Office or receives a warning of continued water consumption after analysis by the Canal teams.

It is an extension of the Customer Experience programme, which is already applied to other interactions with customers, such as contracting, complaints, actions at the customer's property, incidents or digital transactions through the virtual office and the Canal *app*.

The implementation was carried out in October 2024, and from then until the end of the year, **36,747 surveys have been sent** to customers who have made queries about their telemetry in the Virtual Office or have received notices of continued water consumption, obtaining **3,100 responses.**

Users have expressed a **high level of satisfaction with the** utility's **new service**, giving an average score of 7.99 (7.96 for tele-reading and 8.09 for consumer alerts) at the end of the year. In addition, **62.29%** of respondents **rated** their experience with 9 or 10.

On the other hand, the indicator that measures the interest and usefulness of the **anomalous consumption warning** obtained a **rating of 9.35 out of 10**, highlighting the excellence of the service.

Closing the circle

Although the majority of users are satisfied and rate us with scores of 9 or 10, representing 60.9%, some express dissatisfaction. To address this situation, the company focuses on improving their experience, analysing each case and contacting customers to understand their reasons and propose more appropriate solutions. This reinforces the commitment to continuous improvement and closes the loop with them (*Close the Loop*, or CTL).

The **Voice of the Customer system** detects and **alerts on cases of dissatisfaction**, identifying those users who give scores between 0 and 5 or who indicate, in their operational responses, some dissatisfaction, such as "The information provided on the continued consumption warning is not sufficient" or "You did not feel informed and accompanied throughout the process".

This allows us to address each case in greater depth. In addition, the identification of dissatisfied customers is not based solely on numerical data; **a team of professionals review the surveys and analyse the** open-ended **responses** to detect, through their own words, any expression of dissatisfaction with the resolution.

The **voice tool** analysed a total of **34,343 surveys received** from all active measurement points in 2024. Of these, **6,774 were transformed into alerts** due to scores of 5 or less or reflecting dissatisfaction on the part of the customer. It represents 21.87% of potential cases of dissatisfaction.

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How does CTL management affect satisfaction?

The year 2024 ended with a satisfaction rating of 7.52, but after the CTL actions and being able to re-survey the treated cases, a 7.55 was reached. **Throughout 2024, 518 re-surveys were sent,** and 194 responses were received, a **response rate of 37.45%**. In these 194 cases, the initial satisfaction rate increased from 3.30 to 6.58. In other words, when the reason for the dissatisfaction is analysed, and the case is discussed with the customer, the values double.

What was the impact on satisfaction of cases that were re-surveyed?

Satisfaction pre-IVR



Total calculation **3.30**

Satisfaction post-CLF management

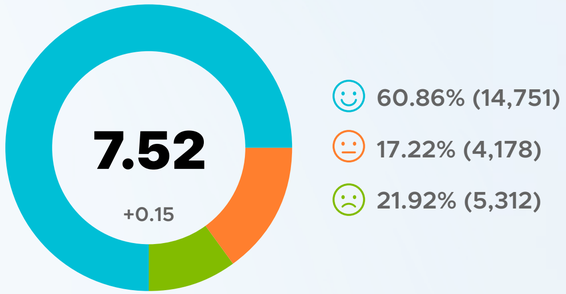


Total calculation **6.58**

Re-survey data

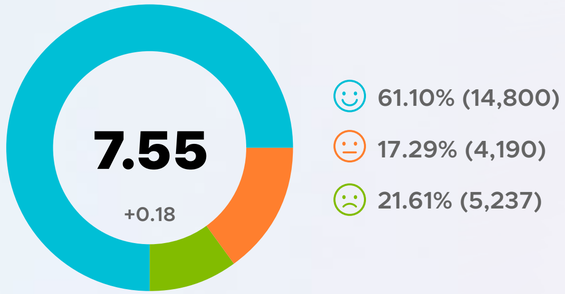
518	194
Sent	Received

Satisfaction pre-IVR



- 60.86% (14,751)
- 17.22% (4,178)
- 21.92% (5,312)

Satisfaction post-CLF management



- 61.10% (14,800)
- 17.29% (4,190)
- 21.61% (5,237)

Dissatisfied (0-5) – Neutral (6-8) – Very satisfied (9-10)

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Canal customer and user satisfaction

The overall rating received by Canal from its customers has reached the **best annual score** since records have been kept. According to the data collected in the 2024 surveys, the **satisfaction** of the citizens of Madrid with the service provided by the public water company achieves a score of **8.78**, an increase of 6 hundredths of a point over the previous year. For the sixth consecutive year, this figure remains above 8.50.

The sustained increase in satisfaction in recent years is reflected in the **image that the company projects** among citizens: this parameter has grown by almost 15% since the company's commercial services began measuring it in 2017. At that time, Canal's image received a rating of 7.44 points, while today it stands at **8.50** for the first time.

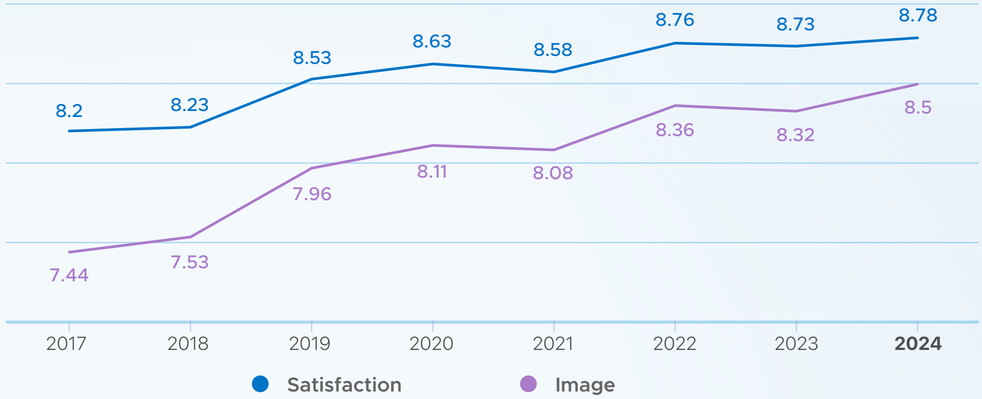
Continuity of supply, understood as the absence of interruptions, remains **the highest rated** attribute by users in the supply area, with a score of 9.25. It is followed by the quality, taste and transparency of the water, with 8.80, and the pressure with which it reaches the taps, which receives an 8.62. Among those **with the lowest scores** is **the tariff**, whose rating, however, also improves to 7.55.

The surveys also address the perception that customers have of other issues such as the **proximity** in the treatment (7.57), the **excellence** and safety of the service (8.58), the **transparency** and trust (8.30) or the **environmental commitment** that the public company transmits in its actions (8.17). They also raise less conventional questions such as the **pride of** having Canal as a supplier (8.05) or if it is a company **to which they would forgive mistakes** (6.96).

Aggregate data for 2024 are based on the results of telephone surveys conducted with a representative sample of **2,400 customers**; mainly individuals, but also small and medium-sized enterprises and self-employed workers from different locations in the Madrid region.

In them, in addition to being asked about their assessment of the service offered by Canal, the interviewees also evaluate the water company **in comparison with other utilities**. In this section, compared to Canal's 8.78, electricity receives a 7.91, gas a 7.75 and telephony a 7.69.

Evolution of the company's image and overall customer satisfaction (2017-2024)
(rating from 1 to 10)



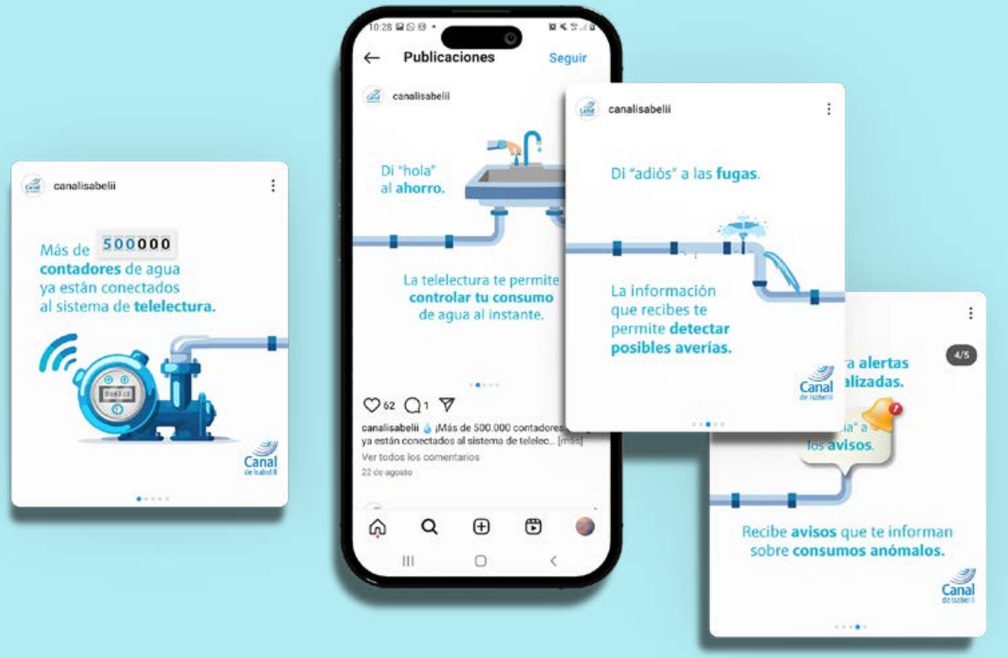
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OUR REMOTE METER READING PLAN

In 2024, we have implemented remote metering in **36.69%** of Canal's meters (including replacements, new meters and connections to the existing meter system), which represents a total of **614,787 smart meters** connected to the digital remote metering system. It means that the remote metering service now reaches more than a third of the company's total customers. The installation of meters with remote metering technology, which record an automatic measurement every hour, instead of the one carried out by a reader in person every two months, allows the public company to carry out a more efficient and personalised management of the resource, as it multiplies the available consumption data by 1460 and speeds up the detection time of anomalies. Canal's objective is that by the end of 2026, **100% of the meters** will be connected to the remote reading system: a total of 1.6 million.

With this plan, Canal will ensure that all our customers have meters connected to the remote metering system, which will allow us to obtain detailed data on their water consumption patterns. This accurate and up-to-date information will provide us with a deeper insight into our customers' water use behaviour, allowing us to offer them better services and solutions tailored to their individual needs. In addition, this technology will open the door to new innovative services that will enrich the customer experience, improving efficiency and quality in water management. In addition, this technology will open the door to new innovative services that will enrich the customer experience, improving efficiency and quality in water management.

Thus, since the proactive warnings to customers for possible incidents in their indoor installations were implemented a year ago, Canal de Isabel II has warned more than 15,000 users: homes, businesses, industries, etc., of continuous increases in consumption and, therefore, of a water leak. These warnings, which Canal carries out thanks to the information provided by the remote reading technology, have meant an approximate saving of 2.7 cubic hectometres of water, the equivalent of more than 8 times the volume of the Picasso Tower.



Now, in addition to this service, users can set their own alarms, either for exceeding a daily or hourly water consumption level, or for not reaching a daily consumption level set by the user. These alarms allow users to be immediately aware if there is consumption at a time when there should not be any (for example, if they are on holiday), or, on the contrary, if there is no consumption at all despite the fact that there are people in the home.

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This functionality is especially important in cases of elderly or dependent people, since, if a minimum daily consumption threshold is configured, compatible with showers, cisterns, household appliances, etc., Canal would automatically alert the indicated contacts if it were not reached, which could be indicative of possible accidents or incidents in the home. Both the installation of meters with remote reading and the alert system do not entail any additional cost for customers. In addition, in Canal's Virtual Office, users who have this service can control their consumption by hours, days, weeks, months... Access to this more detailed information usually results in the adoption of saving measures.

In addition, the data provided by remote metering will enable even more efficient management of the region's 18,000-kilometre supply network, which is divided into more than 700 sectors. This worldwide benchmark system is essential to improve further the management of a scarce and very valuable resource. Countries at the forefront of the sector, such as the United States and Singapore, have shown interest in this application.

This ambitious and innovative project will allow us to obtain more information about our customers' consumption in order to offer them better and new services and thus turn the Community of Madrid into a ***Smart Region***.

In 2024, we received recognition from the **newspaper LA RAZÓN**, which awarded our **Remote Reading** and Mass Deployment of Smart Meters with NB-IoT Technology **Project as** part of the 4th Sustainability and Environment Awards. Also, the media specialising in corporate social responsibility, CompromisoRSE, recognised our mass deployment of meters with remote reading as one of the **best *Sustainability Actions 2024.***

MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 6

Reinforcing commitment and closeness to users

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE6	Customer satisfaction rating (from 0 to 10)	8.78	8.50	100%
P.Est.6	Customer uptake of electronic billing	36.69%	35%	100%
PE 6.1	Degree of satisfaction with the Virtual Office (from 1 to 5)	4.43	4.25	100%
PE 6.2	NPS (Net Promoter Score) (from -100 to +100)	53.6	50.0	100%

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CANAL EMPLOYEES

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

Achieving service excellence and customer satisfaction, within a framework of responsible and efficient water resource management, are **objectives that we can only achieve** with the **cooperation and qualification** of each one of **the workers** that make up our company.

Structure of our staff

At the end of 2024, the number of employees of the Company (Community of Madrid plus the Cáceres branch) was **3,253 people**. It means that, if we consider the number of employees at the end of each calendar year, the total number of employees has grown **by 11.25% in the last five years**.

We are very aware of the great importance of reducing the **temporary nature** of our workforce (talent retention is part of our Strategic Plan), which reached almost 45% in 2018. **Reducing this temporary nature** and **ensuring the continuity of our professionals** and the **stability of the workforce** is a key element for the quality of the service provided and sustainability in the medium and long term. Canal has worked in recent years to obtain the Community's approval for the announcement of new public employment positions.

To this end, in 2024, we have continued with the process undertaken years ago to **reduce temporary employment** and **improve the stability** of the workforce. In 2023 and 2024, the challenge has been to complete the **incorporation of 333 workers with permanent contracts** —243 in 2023 and 90 in 2024— to replace part of the temporary contracts, the replacement of permanent leaves and structural vacancies. Thanks to these and other actions**, one of Canal's main achievements** in 2024, has been to **reduce the percentage of temporary employment**[27] to **6.30%**, 5.32 percentage points less than in 2023, which was 11.62%.

It is worth mentioning that, in these calls for permanent employment, the company has promoted the social and occupational integration of people with functional diversity, for whom a higher quota than that legally established (2%) is reserved. At the end of 2024, the **percentage of people with some degree of disability** in our workforce was **2.64%** (86 people), with all of the company's main work centres, where they carry out their activities, adapted to facilitate accessibility. In 2023 there were also 86 people, 2.70% of the employees at the end of the year.

In 2024, the **average age** of Canal's employees was **46.10 years**. The **average age** of the workforce was **13.83 years,** and more than half of the workforce is between 30 and 50 years old.

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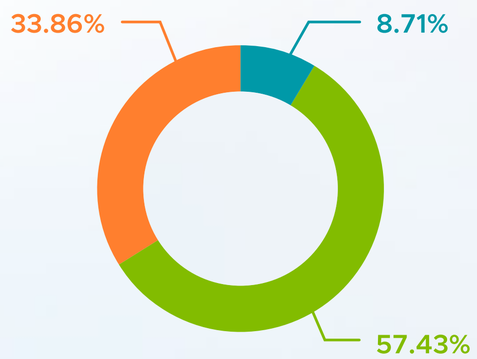
27. Using the calculation formula established by the Community of Madrid.

[GRI 2-7]
[GRI 401-1]

At year-end 2024, the company had a **net increase** in the **number of employees of 63** compared to year-end 2023 (3,253 on 31 December 2024 *versus* 3,190 on 31 December 2023).

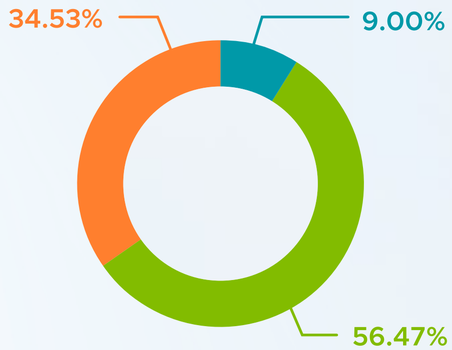
Breakdown of staff by age (number of persons and % of total)

2023



- Under 30 years old 278
- Between 30 and 50 years old 1,832
- Over 50 years old 1,080

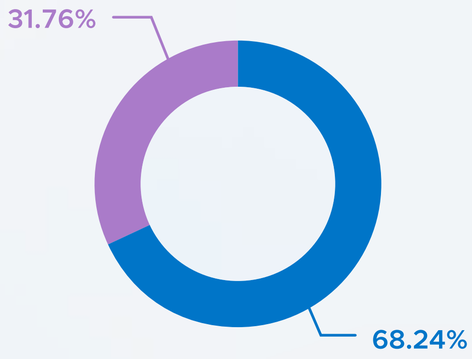
2024



- Under 30 years old 293
- Between 30 and 50 years old 1,837
- Over 50 years old 1,123

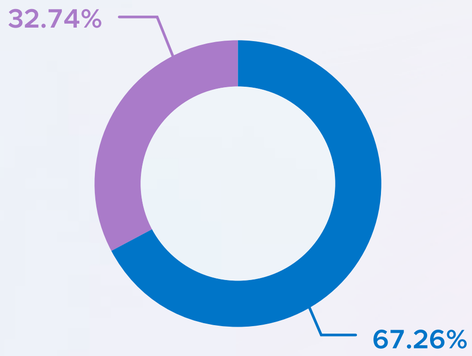
Distribution of staff by gender (number of persons and % of total)

2023



- Men 2,177
- Women 1,013

2024



- Men 2,188
- Women 1,065

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[GRI 405-1]

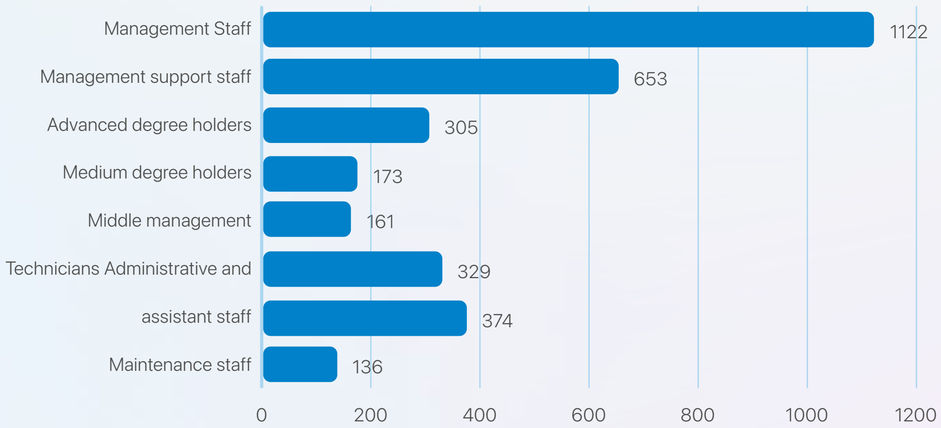
During 2024, 654 new employees joined the company and 442 left (35 of them voluntary), with a **staff turnover rate** of **14.06%** of employees.[28]

	Total	Men	Women	Aged <30	Aged 30-50	Aged 50	Spanish	Foreign
Total incorporations	**654**	408	246	278	329	47	636	18
Total departures	**442**	287	155	179	223	40	432	10
Voluntary departures	**35**	25	10	11	22	2	35	

The **number of departures** (442 people in 2024) was due to different circumstances, such as the **termination of temporary contracts** (replacement due to temporary disability, production circumstances or training, among others), as well as **retirements**, voluntary departures or any other reason for which the departing employees terminated their employment relationship with the company. However, with regard to turnover, it is worth noting that **many of the employees who have maintained a temporary employment relationship have** finally **joined** the company on an indefinite basis in 2024. Furthermore, if we look at **voluntary departures**, the turnover **is 1.11%** in 2024, which shows that the willingness of our employees to leave the company is very low. Of all the departures in 2024, only one was due to redundancy.[29]

With regard to the **functions performed** by employees, the breakdown is as follows:

Distribution by function of Canal employees in 2024



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28. Calculated with respect to the average number of employees in 2024, (3,142 employees).
29. Man over 50 years of age and in the job classification of professional staff.

By the end of 2024, **30.74%** of Canal employees **had a university degree**.

STATISTICS ON THE TEMPORARY NATURE OF THE WORKFORCE IN 2024

Employees with permanent contracts

	Annual Average		At year-end	
By occupational classification	**2023**	**2024**	**2023**	**2024**
Senior management	134.00	135.33	134	135
Management support staff	353.33	362.50	360	370
Graduates	229.33	246.58	257	256
Diploma-level graduates	96.25	105.83	100	108
Middle management	174.83	165.33	170	172
Technicians	227.92	238.00	249	249
Administrative and auxiliary staff	453.33	532.83	538	559
Officials	878.17	882.92	947	933
By gender	**2023**	**2024**	**2023**	**2024**
Male	1,777.92	1,797.42	1,897	1,887
Female	769.25	871.92	858	895
By age group	**2023**	**2024**	**2023**	**2024**
Under 30s	138.17	129.83	148	112
Between 30 and 50 years old	1,491.75	1,573.17	1,567	1,582
Over 50 years old	917.25	966.33	1,040	1,088

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TEMPORARY contract employees

	Annual Average		At year-end	
By occupational classification	**2023**	**2024**	**2023**	**2024**
Senior management	1.00	1.00	1	1
Management support staff	6.08	4.08	4	4
Graduates	85.75	79.08	79	73
Diploma-level graduates	49.67	49.58	48	53
Middle management	2.75	0.92	2	1
Technicians	50.08	54.83	44	56
Administrative and auxiliary staff	134.75	96.50	95	94
By gender	**2023**	**2024**	**2023**	**2024**
Male	283.08	302.00	280	301
Female	147.25	170.33	155	170
By age group	**2023**	**2024**	**2023**	**2024**
Under 30s	147.25	165.00	130	181
Between 30 and 50 years old	293.25	270.92	265	255
Over 50 years old	43.50	36.42	40	35

Employees with PART-TIME contract

	Annual Average		At year-end	
By occupational classification	**2023**	**2024**	**2023**	**2024**
Senior management	0.00	0.00	0	0
Management support staff	1.08	1.75	2	1
Graduates	8.08	10.08	10	10
Diploma-level graduates	0.17	0.17	0	2
Middle management	4.67	3.50	4	2
Technicians	9.75	12.67	12	13
Administrative and auxiliary staff	19.25	22.67	23	21
Officials	58.00	55.25	64	52
By gender	**2023**	**2024**	**2023**	**2024**
Male	83.33	89.00	17	85
Female	17.75	17.08	98	16
By age group	**2023**	**2024**	**2023**	**2024**
Under 30s	1.83	1.00	1	1
Between 30 and 50 years old	98.75	103.08	113	98
Over 50 years old	0.58	2.00	1	2

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Ensuring the health and safety of everyone

The goal we have set ourselves is to make Canal a **safe environment** and to do it together. To achieve this, we count on the collaboration not only of the areas most exposed to risks, such as Operations and Engineering, but also of all Canal employees coordinated from our **Prevention, Safety and Health Area**.

CANAL ACCIDENT RATE INDICATORS 2022-2024

	2022	2023	2024		
	Whole staff	Whole staff	Men	Women	Whole staff
At-work accidents (not on the way to or from work)	**116**	**104**	82	20	**102**
Accidents with sick leave (excluding accidents while travelling to or from work)	**53**	**51**	46	7	**53**
Average duration of the leave	**16**	**16**	16	11	**15**
Days lost	**846**	**815**	738	76	**814**
Frequency rate of accidents with leave (exc. while travelling)	**10.76**	**10.37**	13.37	4.12	**10.31**
Total frequency rate of accid. (excl. while travelling)	**23.55**	**21.14**	23.83	11.76	**19.84**
Severity rate, (excluding while travelling)	**0.17**	**0.17**	0.21	0.04	**0.16**
Rate of accid. incidence with sick leave (excluding while travelling)	**1,743**	**1,668**	2,169	669	**1,673**
Fatalities (number)	**0**	**0**	0	0	**0**

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In 2024, there has been a **decrease in the total number of *in-work* accidents of 1.92%** compared to 2023, while the number of *in-work* accidents with sick leave has slightly increased by 3.92%, returning to the value of 2022. In general, **the downward trend** is maintained in other indicators, such as the number of days lost, the average duration of sick leave and the severity rate. The type of accidents and the injuries sustained have also led to shorter absences.



In addition, **absenteeism** in 2024, has increased from **6.11%** of hours lost by the total workforce in 2023 to **7.34%** in 2024. The main cause of this increase is the increase in the duration of sick leave due to common contingencies and in the number of days lost due to paid leave (for medical reasons).

At Canal, the notification of occupational accidents is carried out in accordance with a procedure that complies with the regulations in force on occupational risk prevention. **All accidents are analysed** and, if necessary, lead to the adoption of **corrective or preventive measures**. Workers' representatives also receive information about accidents that occur.

Canal has not recorded the existence of any occupational diseases associated with its facilities or the activities carried out in the company **in 2024, or previous years**.

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

Ensuring occupational health has a real impact on **our employees and their human rights** by providing them with a safe and healthy environment, promoting physical and mental well-being, fulfilling the right to health, promoting equal opportunities and encouraging participation, improving the quality of life of our people and protecting their fundamental rights.

Canal's Prevention Service addresses the most important characteristics of the elements that must be contemplated in the preventive activity, such as training and information, emergency measures, health surveillance, preventive resources and the coordination of business activities with our contractors and suppliers.

In 2024, a total of **22,176.49 hours of training** were given to the company's employees at Canal[30] in matters related to **occupational risk prevention**, placing special emphasis on the training of newly hired employees, those who are promoted or transferred to new work centres or those who begin to perform higher category jobs. **Training on first aid** continued to be given at various work centres.

Canal has **its own medical service** that carries out many actions in the company in terms of health surveillance and management of temporary incapacity due to professional contingency, among which are the attention to the injured, health examinations, medical consultation, medical protocols according to risk assessment, a smoking control programme and disease prevention programmes.

30. These correspond to the hours of specific courses on Occupational Risk Prevention. In addition, other training content on prevention is also given as part of the content of thematic courses.

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[GRI 403-5] [GRI 403-3]

Working for equality

Non-discrimination is one of the fundamental policies in the management of people at Canal, and a fundamental aspect to guarantee **equal opportunities** is to do so from the very moment people join our company. For this reason, the **rules for hiring and admission of new people** in Canal ensure the absence of any discrimination, expressly including the **principles of equality, merit and ability**.

DIVERSITY OF THE WORKFORCE PROFESSIONAL CATEGORIES AT THE END OF 2024 (as a % of the total number of employees in each category)

	By gender		By Age			Other nationalities
Professional categories	Women	Men	Under 30s	Between 30 and 50 years old	Over 50 years old	
Executives	35.29%	64.71%		33.82%	66.18%	
Management Support	39.57%	60.43%	0.53%	60.70%	38.77%	0.80%
Graduates	51.98%	48.02%	7.90%	72.04%	20.06%	
Diploma-level graduates	43.48%	56.52%	21.12%	61.49%	17.39%	
Middle management	13.29%	86.71%	0.00%	47.40%	52.60%	0.58%
Technicians	32.79%	67.21%	10.49%	52.46%	37.05%	0.66%
Administrative and auxiliary staff	71.36%	28.64%	8.42%	60.03%	31.55%	1.68%
Officials	3.48%	96.52%	12.83%	52.94%	34.22%	1.16%
TOTAL STAFF	**32.74%**	**67.26%**	**9.01%**	**56.47%**	**34.52%**	**0.92%**

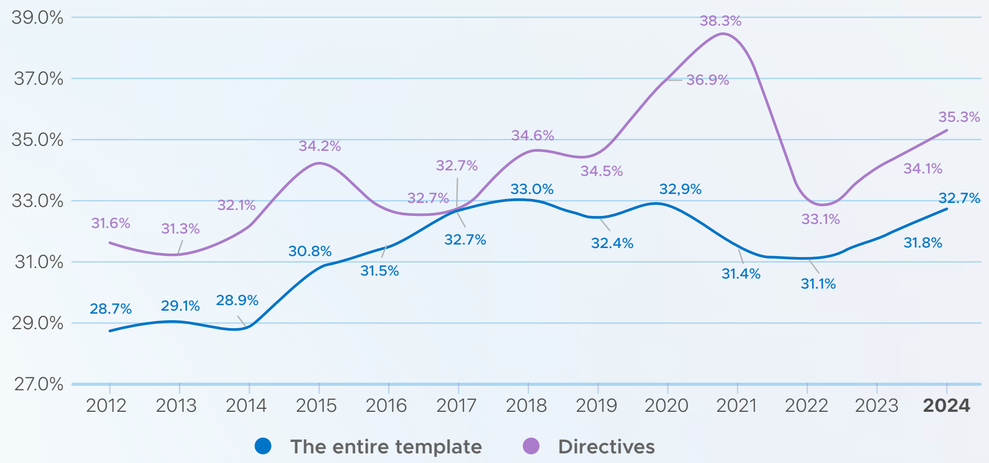
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[GRI 3-3]
[GRI 405-1]

The **percentage of women in the workforce**, which had traditionally been on an upward trend since the creation of the limited company in 2012, with a growth of almost 10 percentage points, was reduced in the years 2021 and 2022, from a maximum of almost 33% in 2020 to 31.4% in 2021 and 31.1% in 2022. This decrease was mainly due to the incorporation to our company of the workforces of the subsidiaries absorbed by Canal in 2021 and 2022 —Hispanagua, Canal de Comunicaciones Unidas, Ocio y Deporte Canal and Hidráulica Santillana—, in which the presence of women was lower in percentage terms. Despite this decline, in 2024, **we have resumed the growth trend**, slightly increasing the number of women in the workforce to **32.74%**, a percentage **significantly higher than the industry average**,[31] which in 2020 (latest available data) was 24%.

The percentage of **women holding managerial positions** within the organisation (heads of area, deputy directors and directors) is higher than the average of the workforce and has increased by 3.45%, reaching **35.29% of the total workforce** in 2024.

Evolution of the percentage of women in the workforce and of women managers since the creation of the public limited company Canal de Isabel II



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31. According to the *XVII National Study on Drinking Water Supply and Sanitation* prepared by the Spanish Association of Water Supply and Sanitation (AEAS) and the Spanish Association of Water Utilities Management Companies (AGA), published in 2022 with data from the sector for 2020.

Another noteworthy aspect is the **percentage of women with university degrees**, which in the case of Canal is **41%**, six percentage points above the industry average in 2020, which was 35%. In the case of our **male** workforce, the percentage of **university graduates** is **25.73%**.

Equality was the most highly rated aspect (75 out of 100%) **by Canal employees** among all the aspects included in the **Engagement and Satisfaction Survey** conducted in 2022, in which all employees of the company could participate.

FIXED ANNUAL REMUNERATION[32] OF CANAL EMPLOYEES IN 2023 AND 2024 (EUR/year)

Minimum wages

	2023	2024
Minimum annual starting salary for a trainee contract	22,534	23,096
Annual minimum inter-profesional wage	22,534	23,096
Minimum starting wage/Minimum inter-professional wage	15,120	15,876

Average annual remuneration by gender and job classification

Women	2023	2024
Directives	87,304	96,027
Management Support	49,980	56,931
Graduates	32,147	41,086
Diploma-level graduates	28,725	36,625
Middle management	26,087	34,173
Techniques	27,005	32,706
Administrative and auxiliary	23,216	29,797
Officials	23,177	29,762

Men	2023	2024
Executives	89,024	97,443
Management Support	51,118	57,094
Graduates	31,684	41,402
Diploma-level graduates	29,126	37,034
Middle management	27,341	34,363
Technicians	26,507	32,244
Administrative and auxiliary staff	22,557	29,795
Officials	23,148	29,904

Average annual remuneration by age brackets

	2023	2024
Under 30s	25,586	32,336
Between 30 and 50 years old	30,000	36,409
Over 50 years old	32,524	35,579

32. In addition to the fixed remuneration, Canal's Collective Bargaining Agreement establishes that all employees of the company in the Community of Madrid may receive an annual variable remuneration of up to 11.5% of their gross annual salary. In the case of graduates, structural support staff and area managers, such remuneration may be up to a maximum of 21,5%. Managers outside the scope of the Collective Agreement have annual variable remuneration of up to 23.5% of their gross annual salary in the case of deputy managers and 25.5% in the case of directors.

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[GRI 405-2]

The **salary increases recorded** between 2023 and 2024 are mostly due to the salary increases for **public sector workers** negotiated by the Spanish Government with the representative trade unions, which in 2024, amounted to **2.5%**. In terms of salaries, **our Collective Bargaining Agreement ensures equality between men and women**, with the same salary concepts and in the same amount for both groups in all professional categories. The **average salary for women** in 2024, (39,181 euros per year) was **5.68% higher than the average salary for men** (37,073 euros per year). In 2023, the average salary for women was 6.33% higher than for men (32,062 euros per year for women and 30,154 euros per year for men).

At the end of 2024, **the lowest salary** for a Canal employee **was equivalent to 145.5% of the minimum interprofessional wage** (SMI) in Spain (14 payments of 1,134 euros gross per year), and the **minimum salary for incorporation** was also equivalent to **149.03%**. These percentages improved significantly following the implementation in 2022 of the company's **2nd Collective Bargaining Agreement**, which included a process of homogenisation of salaries for permanent and temporary staff.

The first Collective Bargaining Agreement applied at Canal incorporated, as early as 2016, the **Equality Plan**, with a commission for its development and monitoring. The purpose of this committee was to establish the measures and action plan for each of the objectives set and included in the Collective Bargaining Agreement: staff selection; professional classification and promotion; training; remuneration; reconciliation of family and work life; sexual and gender-based harassment; and information and communication.

Subsequently, the Collective Bargaining Agreement that came into force in 2022 also included an anti-harassment protocol. The scope of the Equality Plan includes the company's workforce in the Community of Madrid and our delegation in Cáceres.

Canal's Equality Plan was registered on 18 August 2022 with the Ministry of Labour and Social Economy. Our commitment to equality is reflected in our Strategic Plan as it is part of the Star Plan of Line 8 "Our Professionals". Monitoring has been constant, without finding significant deviations, complying with the objectives and actions set for this year, which represent 95% of the action plan of the Equality Plan. Among them, the following stand out:

- **Staff training on equality** and prevention of harassment in the workplace.
- Dissemination and **awareness-raising** actions for the **elimination of** gender stereotypes.
- Internal **dissemination** of the **Equality Plan**.

In its last year of validity and, in parallel to its review and adaptation, we will continue working on the associated action plan in 2025, where the remaining 5% will be fulfilled, which includes actions in training, awareness, communication and adaptation of internal protocols associated with the guidelines of the National Institute for Safety and Health at Work (INSST) for the assessment and prevention of risks associated with the handling of loads for women.

According to legislation, all Canal employees have the right to request **maternity** or **paternity** leave. In addition, the return to work and retention levels after parental leave are 100% for both genders. The number of Canal employees who have enjoyed this right in 2024, is **88 people** (34 women and 54 men). In 2023, the number of employees who took this type of leave was 99 (28 women and 71 men).

Finally, and in addition to the measures for the reconciliation of employees' work and personal lives incorporated in the Equality Plan, the 2nd Collective Bargaining Agreement includes an additional provision regarding the right of all employees to digital disconnection.

In 2023, all employees of the company received specific training on diversity and equality.

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[GRI 202-1]
[GRI 406-1]
[GRI 401-3]

Trade union representation

The **2nd Collective Bargaining Agreement**, agreed by the company and the workers' representatives in 2021 and which came into force in 2022, clearly establishes a framework of stable labour relations aimed at achieving the company's optimum level of productivity based on the best use of its human and material resources and on the mutual collaboration of the parties in all those aspects that may have an impact on the best performance that makes development possible. Specifically, the 2nd Collective Bargaining Agreement **sets out**, among other aspects, **how working time is organised in the company**, the **number of hours per year in the working day** and how **the** working day is distributed.

The **Works Committee** is the representative body of Canal's employees and has the functions and attributions established by the *Workers' Statute*, highlighting among them those related to the monitoring of health and safety at work. For this purpose, there is a joint **Health and Safety Committee** composed of **fourteen members,** seven of which will be appointed by the Management and **seven by the Works Committee** from among its members. During 2024, the Committee **met ten times**.

At the end of 2024, our company Collective Bargaining Agreement covered **95.36%** of the workforce (3.102 employees), leaving out of its scope of application only some managers (13 directors and deputy directors), the staff of the Cáceres branch (101 employees, whose labour relations are governed by the collective bargaining agreement of our sector) and some of the employees from the subsidiaries absorbed in 2021 and 2022 that were subject to agreements other than Canal's, but that have been progressively incorporated, as shown by the fact that this group has gone from 375 employees at the end of 2021 to **only 13** at the end of 2024.

At the end of 2024, a total of **731** employees were members[33] of the **trade union sections represented at Canal** (22.47% of the total workforce).



33. The figure of 731 members corresponds to the number of employees who pay their membership fees to the trade union organisations through the payroll.

The II Collective Bargaining Agreement of Canal de Isabel II, Sociedad Anónima, M.P. can be consulted at this link: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2022-3895

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[GRI 2-30]
[GRI 403-4]

Internal communication

The year 2024, as in previous years, has continued to be marked by direct and close communication. All our channels promote **digital transformation**.

Currently, our main means of communication with employees is **Canal Contigo**, a **web portal** for Canal employees, available 24/7 from any place and device, which was created in 2020 as a result of the needs caused by the COVID-19 pandemic. This medium has different functionalities (on-site and teleworking clocking, news, medical appointments, payroll consultation, reservoir information, calendar of events...) that facilitate the management and information of employees (its users), especially for field staff or those who do not have a physical workstation with a computer. In 2024, we have incorporated two new applications that facilitate internal management of invoice approval and logistical processes (entry and exit of goods and inventory) from any device and place.

In addition, our **Tu&Canal intranet** brings together all the information, communication sites, applications and corporate documentation repository. This year has been key for the evolution of the intranet to a new workspace designed for the employee that is located in the cloud, available 24 hours a day, 7 days a week, from any place and device. It is a milestone in Canal's digital transformation that is the result of the work, since 2021 of a transversal team of different professionals in the company.

Canal's news comes from the **weekly communiqué *Seguimos Conectados***, prepared by the company's Resources Department, to inform all employees of the latest news (news, events, courses, milestones, projects...) each week. This year, in order to improve the collection of information, a collaborative team has been set up with key people in the organisation who can transmit the pulse of corporate news.

With the premise of informing and having an impact on all groups (working in the field or offices), in 2020, Canal launched **digital information screens in the different work centres** located in transit areas and strategic places in the facilities. The project started with 14 screens, and there are currently 54 in operation. Its objective is to disseminate relevant information about the company (milestones, projects...) and to publicise and recognise the work of our professionals.

Another of the objectives of internal communication is collaboration between teams and getting to know their opinions. To this end, we have a public communication channel**, *Teams* Canal Conectados**, to inform and get *feedback* and different private channels to share relevant topics and encourage collaboration for both Canal managers and middle management.

In 2024, in addition to fostering proximity between units, 15-minute ***flash* meetings** have been introduced for direct communications to specific groups via Microsoft Teams.

We have started a project with the employee experience methodology to create the "employee corridor", to measure the different stages that our professionals go through throughout their career (e.g., incorporation, pro-



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motion, retirement or others). We will establish a measurement system for each of them, based on their perceptions, which will allow us to improve different processes continuously.

Finally, it is important to highlight the great communicative work carried out in the different **corporate events**, such as: sports competitions between employees (Canal Deporte) and the promotion of company sports teams such as runners; the celebration of international days, including Women's Day; employee solidarity events with the participation of organisations such as the Red Cross and the Spanish Cancer Association; events to welcome recruits and to pay tribute to employees who retire during the year; the Christmas party for employees and their young children; the Children's Drawing Competition for employees' children, and many other events in which, in addition to employees, their families also play a leading role. The vast majority of these events involve the CEO, the Management Committee and the company's structure in order to foster transversal, upward and downward communication, as well as closeness with all the people who make up Canal.



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CANAL EMPLOYEES AND SPORT (CANAL DEPORTE 2024)

Canal Deporte is a set of internal competitions in multiple sports disciplines held among Canal employees. It has a high level of acceptance, as evidenced by the fact that, in this 2024 edition, the **record of participation** in the **18 sports** organised has been beaten once again, reaching 2,502 registrations. Although most of those registered were employees (1,254), company retirees and employees' relatives were also able to participate in certain sports.

With Canal Deporte, the aim is to increase the intercommunication of people in the company and sportsmanship among co-workers, promoting healthy competition and healthy habits.

The competitions were chess, athletics, basketball, mountain biking, darts, fronton, table football, indoor football, golf, mus, paddle tennis, *Party*, canoeing, tennis, table tennis, clay pigeon shooting and volleyball. This year, we have incorporated the vertical fencing in our commercial building.

Canal has provided the necessary means for participants to practice sport in the best conditions, providing modern facilities, as well as sports equipment and materials in an environment conducive to communication and the exchange of experiences in each of the seventeen competitions.

As every year, Canal Deporte 2024 concluded with a party open to all employees of the company, where, in addition to the presentation of trophies and an entertaining video with the best images of the competitions, we organised games for the children of the employees and raffles for everyone.

In addition to Canal Deporte, the tradition and passion for sport shown by employees drives Canal de Isabel II to participate in external sporting events, such as the Companies' Race or through teams that compete in popular races, mountain bike races or 7-a-side football and basketball competitions.



Social benefits for employees

Since 2015, in the application of the budgetary regulations in force for all public sector employees in the Community of Madrid, **the social benefits established for employees** of Canal (included in the company's Collective Bargaining Agreement) and the Canal Group's subsidiaries in Spain **have been suspended**, including the company's contribution to the employee's pension fund.

However, **a system of financing is maintained for transport expenses** and, specifically, for the purchase of the Transport Season Ticket of the Regional Transport Consortium of the Community of Madrid. In 2024, a total of **1,379 employees** has applied for the season ticket.

In addition, employees have the possibility of taking out a group medical and dental policy for themselves and their families under advantageous conditions and also enjoy some discounts and benefits in access to certain sports, recreational and cultural facilities of Canal and our Foundation.



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[GRI 201-3]
[GRI 401-2]

Training and development of our professionals

At Canal, we consider that the **training and development of** current and future **employees** is a strategic element that requires optimal management to achieve the greatest efficiency in the service we provide to citizens.

We are **convinced of the important role that training plays** in contributing to sustainable growth and improving the competitiveness and adaptability of the organisation in an ever-changing business and social environment.

Our **commitment to training** is reflected in the actions we develop at the training level, which pursue various objectives, including: **improving** individual and collective **performance** and, therefore, productivity; **adapting to change**; promoting **innovative culture**; attracting and **retaining talent**; the **professional development** of people; improving the **employee experience**; and generating an **organisational culture** based on a humanistic and ethical leadership that derives from our values and our Code of Ethics and Conduct.

In the area of employee training and development, our strategy is based on the **70/20/10 learning** model, where 70% of efforts are focused on practical learning on a day-to-day basis, 20% on social and collaborative learning with colleagues, and 10% on formal courses. This approach seeks to transcend beyond course participation, transforming us into a continuous learning organisation in collaborative environments.

Our training planning process operates on an annual time dimension. We create a plan that covers all actions necessary for the optimal performance of our employees' functions, as well as those that may be beneficial for their future personal and professional development, called **"development or Water Journey courses"**. These courses are voluntary, accessible to all staff, and take place outside working hours. In this way, we provide our professionals with the necessary tools to be the best professionals of the present and the future, focusing on their co-responsibility.



The **Training Plan** addresses current technical needs without losing sight of market trends in terms of new techniques, methodologies and more innovative content, as well as the necessary skills, seeking the methodology that best adapts to each of them and each group.

It is also worth highlighting the efforts made to **strengthen the internal knowledge** of our organisation, recognising that the development of internal skills is the basis for sustainable success. The diversity of methodologies (classroom, *online* and *streaming*) plays a crucial role in this process, allowing us to ap-

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[GRI 404-2]
[GRI 404-3]

proach training flexibly and adapted to the needs of the workforce. We are also committed to using technology to promote personalised, attractive learning that is adapted to people's needs. In this regard, in 2024, work has begun on the incorporation of an experiential *e-learning* platform (LXP), which will offer a more dynamic and interactive experience for the development of our professionals.

In this context, we cannot overlook the **strategic importance** of addressing key issues such as **cybersecurity**, **governance** and **digitisation**. Cybersecurity stands as a fundamental pillar in the protection of our digital assets, while the effective implementation of governance practices ensures consistent and accountable leadership. Digitalisation, meanwhile, becomes an imperative to stay ahead in an increasingly technological business world. These issues that we have addressed at the training level in 2024, are, together with **equality** and **health and safety** training, the most relevant lines of action.

We also focus on **skills development** within our workforce, recognising that talent and people development are fundamental to our success. We firmly believe that our professionals are our greatest asset, and for this reason, we are constantly working to **implement actions and programmes** specifically designed to enhance their growth and maximise their potential.

In this regard, we have designed and implemented various initiatives, including the launch in 2024, of a new mentoring programme**,** which seeks to strengthen learning and knowledge transfer between employees through the figure of the mentor. This programme, together with **an AENOR certification process for "Excellence in Mentoring"**, demonstrates our **commitment to best practices and the continuous development of our professionals**.

We have also continued to work on equipping professionals who have been promoted to structure and structure support positions with the necessary tools to take on these new positions. To this end, **leadership development programmes** have been developed. These programmes integrate face-to-face sessions and intersessional work and conclude with an individual action plan, where each participant defines how to apply the behaviours associated with our values in their day-to-day work.

This holistic approach reflects our strong commitment to professional growth, continuous learning and excellence in talent development within the organisation.

In 2024, a total of **108,249 hours** were given in the company (an average of more than **32 hours per employee**, including trainees) and **3,284** employees and trainees received training. The **net cost of employee training**, discounting the income from training subsidies received by the company, was **461,609.3 euros**.

Groups participating in development programmes in 2024	Men	Women	Total
Management support staff	15	16	**31**
Structure (management staff)	5	4	**31**

Participants in *mentoring* programmes in 2024	Men	Women	Total
Mentees	8	9	**17**
Mentors	9	8	**17**

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In relation to training by specific areas of knowledge, as shown in the table above, it is worth highlighting the weight in the Training Plan of subjects such as occupational risk prevention, languages or specific technical training for the post. With regard to the hours given on anti-corruption and human rights, **22,305.5 hours** were given in 2024, compared to the 5,913 total hours of the previous year, which reflects the effort made to advance in this area. A total of **1,676 employees** (1,336 men and 340 women) received this type of training in 2024, which mainly focused on the contents of our **Code of Ethics and Conduct** (94.15% of the hours given). The breakdown by professional category of the hours given on anti-corruption and human rights issues is as follows:

Training by subject in 2024	Number of hours	% vs. total
Languages	11,415	11%
Administration and management of IT systems	5,538	5%
Quality	1,829	3%
Commercial and customer relations	3,140	3%
Skills/Competence Development	3,634	3%
Technical training	13,837	13%
Legal and economic	2,484	2%
Office automation and computer applications	5,785	5%
Prevention of occupational risks	22,176	20%
Anti-corruption and human rights	22,305	21%
Other+ Workplace practices	16,105	15%
Total hours taught	**108,249**	**100%**

ANTI-CORRUPTION AND HUMAN RIGHTS TRAINING HOURS IN 2024, BY PROFESSIONAL CATEGORY

Professional categories	Number of employees	Hours taught
Senior management	39	242
Management support	43	1.429
Graduates	79	645
Diploma-level graduates	28	189
Middle management	117	1.755
Technicians	171	2.191
Administrative and auxiliary staff	223	2.463
Officials	976	13.378
TOTAL HOURS TAUGHT	**1,676**	**22,292**

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[GRI 2-24]
[GRI 205-2]

TOTAL HOURS OF TRAINING RECEIVED ANNUALLY BY PROFESSIONAL CATEGORIES

	2023	2024
Senior management	5,765	2,898
Management support staff	14,184	12,000
Graduates	13,855	13,012
Diploma-level graduates	7,187	5,314
Middle management	3,197	5,689
Technicians	10,450	13,217
Administrative and auxiliary staff	17,960	15,424
Officials	23,064	40,693
Total hours of training received by category	**95,663**	**108,249**

AVERAGE HOURS OF TRAINING RECEIVED PER YEAR BY GENDER AND JOB CLASSIFICATION

	2022	2023	2024		
Average hours of training	Total staff	Total staff	Men	Women	Total staff
Senior management	**27**	**44**	24	19	**22**
Management support staff	**35**	**40**	30	40	**34**
Graduates	**44**	**39**	42	36	**38**
Diploma-level graduates	**38**	**44**	31	30	**31**
Middle management	**22**	**18**	37	26	**35**
Technicians	**34**	**31**	38	39	**38**
Administrative and auxiliary staff	**19**	**27**	23	24	**24**
Officials	**19**	**21**	36	43	**36**

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[GRI 404-1]

Training future professionals in the water sector

In 2024, we have continued our **policy of collaboration with academic and training institutions in** order to facilitate contact with the business world for young people and students. To this end, and with the aim of complementing their academic training, we promote different **programmes, formalised** through the **Workplace** Training (FCT) and **Dual Vocational Training** programmes.

As for the Workplace Training programmes, a total of **11 students** (**5 men and 6 women**) from different Secondary Schools in the Community of Madrid have taken part.

In 2018, a pioneering educational offer arises as a result of the collaboration between the Regional Ministry of Education, Science and Universities and Canal. From this collaboration, aimed at disseminating knowledge and boosting the employability of young talent, comes the **FP Dual Programme of the Integral Water Cycle**, framed in Line 8 of the 2018-2030 Strategic Plan.

This initiative, consisting of the **"Higher Technician in Water Management"** and **"Technician in Water Networks and Treatment Stations"** programmes, provides students with a comprehensive experience that effectively prepares them to enter the labour market and develop a successful career in the water sector. Thanks to it, they have the opportunity to **combine theoretical classroom learning** with **practical application in real working environments**, which gives them not only valuable experience, but also the possibility to acquire practical skills related to a key sector in improving sustainability and care for the environment.

It has not only benefited the students but has also met the needs of the sector and, to achieve this, Canal has provided resources and means to the project, including workshops at the **Instituto de Esperanza Secundaria (IES) Virgen de la Paloma**, guided visits to our facilities and the support of internal trainers.

IES Virgen de la Paloma is the pioneering centre in the implementation of these programmes, with a proven reputation for quality education and the promotion of Dual Vocational Training. Since then, **five graduating classes have graduated**, opening up new employment opportunities for young people, **encouraging the incorporation of female talent into the sector** and nurturing it with **highly trained professionals**.

Canal assumed the leadership of this project, from the beginning, with the aim of qualifying professionals and increasing employability, through quality training that responds to the business needs of the sector. To this end, it has brought together the interests of organisations, educational institutions and companies, making its knowledge, experience, facilities and professionals available to all of them. Today, Canal continues to play the role of leader of this project with the aim of consolidating this training within the scope of the Community of Madrid.

Other actions include::

- Dissemination campaign of the degrees in the business fabric of the sector.



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[GRI 404-2]

- Expansion of the network of companies involved in the hosting of dual students.

- Technical support and close collaboration with the teaching departments of IES Virgen de la Paloma.

- Design, construction and equipping of the workshop created specifically for the teaching of these degrees, in the facilities provided by the IES Virgen de la Paloma.

- Management and coordination of a methodology and tools to ensure homogeneity between all companies and the Institute for the quality of training.

As of 31 December 2024, **241 students** (**37 women** and **204 men**) have been or are being trained in the two Dual VET degrees of the Integrated Water Cycle.

But the collaboration does not stop here. **Canal has facilitated** students from **other branches of Dual Vocational Training**, related to the integral water cycle, to **complete their training in companies in the sector**, thus expanding learning and employment opportunities, and has extended this project to **other institutes in the Community of Madrid**.

Currently, **100 students have participated in training programmes at Canal's facilities**. The commitment to the Dual Vocational Training project has led to a constant increase in the number of students and branches of Dual Vocational Training. In 2024, students were admitted to two new degrees, Mechatronics and Commercial Activities, which were added to those already being taught in Automated and Electrotechnical Systems, Analysis and Quality Control Laboratory and Electromechanical Maintenance.

At Canal **we remain committed** to this partnership that promises to continue to nurture the water sector with **exceptional professionals** and, most importantly, to be a source of inspiration, a driver of development and integration of young talent, key to the development of our region.

MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 8

Fomenting our professionals' talent, commitment and health

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE8 / PE 8.2	Percentage of temporary staff (%)	6%	8%	100%
P.Est.8	"Development and execution of the equality plan recorded in 2022 (% fulfillment)"	95%	95%	100%
PE 8.1	Staff commitment rating (0-10) Degree of progress of actions	100.0%	100%	100%
PE 8.3	Staff with structure team and support for structure trained vs assigned	100.0%	90%	100%
PE 8.4.1	Accident rate (work-related accidents involving own staff with sick leave for every 100,000 workers)	1,673	1,900	100%
PE 8.4.2	No. of preventive measures proposed by the units	435	350	100%

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COMMITTED TO SOCIETY

Canal de Isabel II has traditionally been a benchmark for the citizens of the Community of Madrid as a very active agent in everything related to social aspects. Our nature as a public company means that our commitment to society is a very important element in our management, and this is reflected in our Strategic Plan 2018-2030.

Apart from the actions related to **our relationship with social entities** (**Principle 5** of the Sustainability Plan) and **our support to culture and sport** (**Principle 9** of the Sustainability Plan), our best contribution to Madrid society is to achieve **universal access** to the services provided by Canal for all Madrid citizens, especially for vulnerable families.

Two decades ago, Canal was one of the first companies in our sector to **establish discounts in the tariffs** of the services focused on certain vulnerable groups, in addition to implementing **mechanisms to facilitate payment methods adapted to the circumstances of** users who are experiencing economic difficulties. Today we have one of the **most comprehensive social tariffs** for users in Spain.

Social tariffs: our best contribution

Poverty goes beyond the lack of income and resources to ensure sustainable livelihoods. **Poverty** is a **human rights** issue, and its various manifestations include hunger, malnutrition, lack of decent housing and limited access to basic services such as education or health, **water and sanitation**[34]. At Canal we are aware of this problem and, for this reason, in recent years we have created new formulas to subsidise the tariff that may affect the most sensitive groups.

Canal has the responsibility to adapt to the needs of each person, family or household, especially if they are going through a difficult time or if they are large families or households. For this reason, we have established **four** different types of subsidies:

- Large **family** allowance
- **Large Household** Allowance (from 5 persons)
- **Social exemption** bonus (in situations of need)
- **Widow's** or widower's pension allowance

We group the four types of rebates under the concept of **social tariffs**.

The **social exemption**, with which the user will only pay 50% of the fixed service fee, is particularly noteworthy. The social exemption rebate can be requested by all those who receive the **Minimum Vital Income**, the **Minimum Insertion Income** of the Community of

34. To combat these shortcomings, the United Nations established the *Resolution Adopted by the General Assembly on 28 July 2010. The human right to water and sanitation.*

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[GRI 3-3]
[GRI 203-2]

Madrid, the **Active Insertion Income**, any **non-contributory pension** or when the **social services of their local council** certify that the applicants have difficulty or are unable to pay the full bill for the services provided by Canal. This type of rebate can also be requested by **non-profit organisations** that manage **supervised flats or community housing** for people at risk of exclusion or for other reasons.

As for the **variable part**, it is fully subsidised up to 20 cubic metres per two-month period, i.e. more than 327 litres per day free of charge. It means that, for a bill of 36 euros per two-month period, applying this discount, the amount to be paid will be 9 euros.

The **subsidies for large families and households** (5 or more people), apart from **compensating for the effect of the consumption of a larger number of people** per household in the consumption blocks, add a **discount to the variable part of the bill**. In 2024, in order to **reinforce support for this type of families and groups**, in the modification of tariffs that came into force on 1 June, the **percentage of this discount has been doubled** and has been set at **20% of the variable part** for families/households with **more than 5 people** and **25% for those with more than 7 people**.

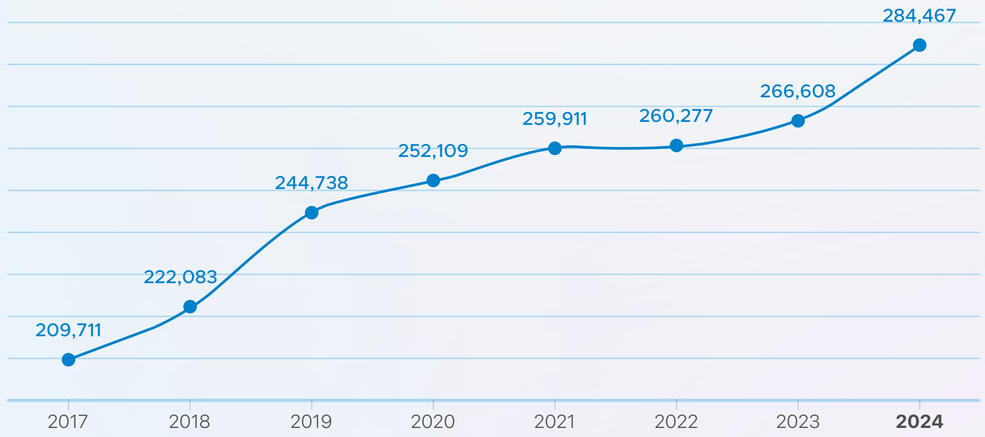
In addition, in October 2022, a new type of **rebate** was created for owners and users of illegally occupied dwellings, covering up to 100% of the amount of the services provided by our company for the duration of the illegal situation.

The **allowance for widows' and** widowers' pensions is applicable to all persons who are beneficiaries of such pensions and whose total income does not exceed 14,000 euros per year.

In addition to the rates described above, in 2020, due to the circumstances caused by the **coronavirus pandemic**, Canal designed and urgently approved a new rebate for all groups that had suffered the economic consequences of COVID-19 affected by a **Furlough Scheme**, self-employed or SMEs that had seen their business reduced by at least 30%. These bonuses were also extended to 2021 and ceased to exist in 2022, with more than 15,000 contracts having been subsidised in this way.

At the end of 2024, **contracts with subsidies** amounted to **64,231** (**1.95% more**

Evolution of the number of people benefiting from social tariffs (not including special bonuses due to the COVID-19 pandemic)



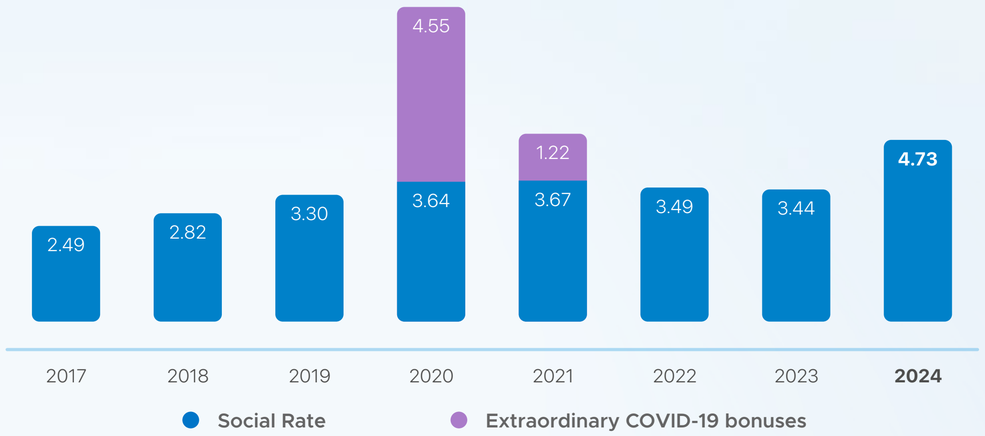
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than in 2023, when there were 63,001) and **accounted for 4.80% of** Canal's domestic contracts with its customers. It means that **284,467 people** enjoyed our social tariffs at the end of 2024 (17,859 people and **6.70% more** than in 2023). Taking into account the registrations and cancellations, a **total of 308,451 people** benefited from discounts on a bill during the year. The **number of beneficiaries** has grown by more than **35.65% since the start of the** 2018-2030 Strategic Plan until 2024.

With an amount exceeding **4.73 million euros**, 2024 has been the year with the **highest economic volume allocated to social tariffs** per Canal (without taking into account the special bonuses for the COVID-19 pandemic). Compared to 2023, **the** amount of social tariffs **has increased by 37.45%** (1.29 million euros more) and at the end of 2024 it was 90% higher than the amount prior to the start of the 2018-2030 Strategic Plan. **The entire increase** was due to the increase in the amounts of the **large family/household allowances**, while in the other types of allowances the amounts are similar (only 0.98% lower) to those of 2023 due to the effect caused by the change in the size of the first consumption block from 25 to 20 cubic metres per two-month period.

You can find all the information about our social tariffs in this link:

Evolution of financial resources earmarked for subsidies (EUR million per annum)





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Canal Colabora

All the work carried out by Canal in relation to its social tariffs is led by Canal's group of social workers who, under the name of **Canal Colabora**, are part of the commercial area, providing specialised attention to the most vulnerable users and seeking a rapprochement. In addition to our social workers, the team is also made up of administrative staff who carry out all the support tasks to achieve the objectives.

Since the beginning of Canal Colabora, dozens of visits have been made, holding joint meetings with professionals from social services centres and associations, as well as the Municipal Housing and Land Company of the Madrid City Council and the Social Housing Agency of the Community of Madrid. The aim is, on the one hand, to disseminate and explain the social tariff among professionals working directly with the most vulnerable groups, and on the other hand, to establish coordination channels in both directions for the most complicated cases. During the visits carried out, the subsidies are explained in detail, clarifying any doubts that may arise. The initiative is very well accepted and after each visit we maintain fluid coordination and communication.

In January 2020, we will start running workshops on consumption savings, targeting two profiles:

- **Vulnerable population**.
- **Coordinators** who work on a daily basis with people in difficult situations, with the aim of making them our "water ambassadors" so that they can spread the word about the social tariff and responsible consumption in their environment, and so that they can help with the procedures for subsidies.

These are environmental talks and workshops, adapted and aimed at the public we work with, whose content aims to explain directly and simply the water cycle, the importance of responsible consumption, how to implement saving measures, to know the main leaks that can occur in our homes and how to manage our subsidies.

Canal has also promoted alternative means to minimise cut-offs due to non-payment. In no case is water cut off to families in financial difficulties. Due to the pandemic, from March 2020 to February 2021 all supply cuts were suspended.



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WITH OUR SUPPLIERS AND CONTRACTORS

Like all companies, in order to fulfil our mission, we need the support of suppliers and contractors, our "business partners", with whom, in compliance with all the provisions of public sector procurement legislation, we maintain relationships based on closeness and mutual respect.

At **Canal, as a public company**, we carry out our contracts under **the regulations applicable to public sector contracts** that came into force in 2018 (*Act 9/2017, of 8 November, on public sector contracts*). Likewise, in some procedures, due to their characteristics or amount, *Act 31/2007, of 30 October, on procurement procedures in the water, energy, transport and postal services sectors*, applies.

The objectives behind these laws are to achieve **greater transparency in public procurement** and to achieve better value for money. Specifically, *Act 9/2017* seeks greater **legal certainty** and aims to ensure that public procurement is used as an **instrument to implement** both European and national policies on social, environmental, innovation and development, promotion of SMEs and defence of competition. To this end, in recent years the specifications for our tenders have been incorporating increasingly advanced and demanding environmental and social requirements into the criteria for assessing bidders' solvency and bids.



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[GRI 3-3]
[GRI 2-6]
[GRI 308-1]

Labour, social and environmental conditions in contracts

Canal's suppliers and contractors, in addition to complying with the environmental and occupational risk prevention regulations in force, **must comply with the environmental policy** and the occupational risk prevention **policy** implemented in our company and with Canal's **Code of Ethics and Conduct**. In addition, in order to **promote diversity** and the incorporation of **people with disabilities** into the labour market, contractors that employ more than 50 workers during the term of the contract are required to ensure that at least 2% of them are people with disabilities, in accordance with the provisions of *Royal Legislative Decree 1/2013, of 29 November, which approves the revised text of the General Act on the Rights of People with Disabilities and their Social Inclusion*.

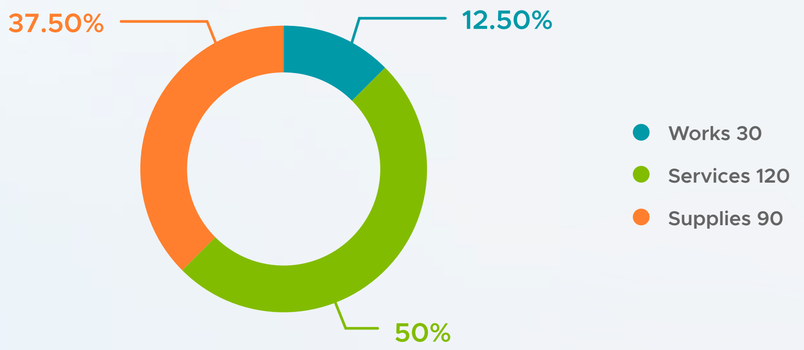
Tenderers' compliance with the requirements is reviewed before the contract is awarded. In addition, once the contract is awarded, the unit responsible for the contract ensures compliance with the specifications.

In general, **subcontracting is allowed** under the terms established in the legislation in force and in the specifications of each contract. The contracting system ensures that subcontractors comply both with the obligations established by law and with the requirements for contracting with the public sector.

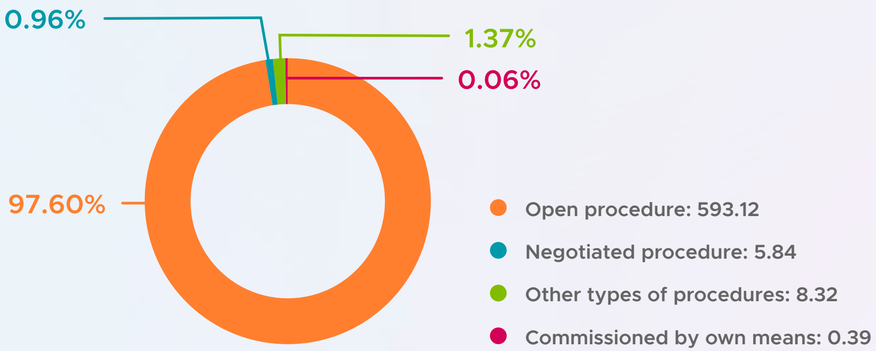
Contract awards in 2024

In 2024, we have awarded a total of 240 contracts (128 less than in 2023), totalling **607,677,697 euros**.

Distribution by type of contracts awarded in 2024, (number of contracts and % of total)



Amounts awarded by type of procedure used in 2024, (million and % of total)



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[GRI 403-7] [GRI 408-1] [GRI 409-1] [GRI 308-2] [GRI 414-1]

The **open procedure** is the one we use most frequently. In this procedure, any interested business may submit a proposal, excluding any negotiation of the terms of the contract with the bidders. This procedure was used for **191 contracts** processed in 2024, **79.58%** of all contracts awarded. The amounts awarded by this procedure totalled **593,121,643 euros** (97.6% of the total).

On the other hand, **19 contracts** were awarded using the negotiated procedure, 7.92% of the total number of procedures processed. The total value of these procedures amounted **to 5,843,244 euros**. The negotiated procedure is used when one of the cases established in the legislation applies.

In addition to the two aforementioned procedures, in 2024, a total of **28** contracts awarded by Canal, representing **11.67%** of the tenders processed in the year, were carried out **using procedures** other than those included in the public sector contract legislation. The amount awarded in these contracts **was 8,324,162 euros.** In the 2024 financial year, we awarded **2 contracts to our resources**, for an adjudicated amount of 388,647 euros.

With regard to the objective of promoting small and medium-sized enterprises in 2024, **52.43% of the companies awarded contracts were SMEs** (4.7 percentage points less than in 2023).

Service and supply contracts **of less than 15,000 euros** and works contracts of less than 40,000 euros are carried out under the regulations governing **minor contracts**. For minor works contracts between 15,000 and 40,000 euros, the authorisation of the Chief Executive Officer is required. Minor contracts, except for supply contracts managed by the Purchasing Department, are processed through the specific IT tool. In 2024, a total of **5,779 minor contracts** were made (15.12% less than in 2023), totalling an award amount of **7.50 million euros** (1.20% of the amounts contracted by Canal).



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Attention to our suppliers and contractors

Canal has several channels for attending to its suppliers: in person, through the e-mail address atproveedores@canal.madrid, or through a specific portal for them on our website (www.canaldeisabelsegunda.es/portal-de-proveedores), where they are offered real-time information on the status of their invoices, strengthening the relationship we maintain with them and increasing productivity. The electronic exchange of data results in lower transaction costs and simpler and faster processing. Among other functions, the tool enables the management of minor procurement for material supply suppliers.

In 2024, Canal's **average payment period to suppliers** was **21.67 days** (**2.73 days** less than in 2023), with **payments** of **474.75 million** euros made during the year (4.56% more than in 2023).



You can find out more about our contracts on our company's Electronic Bidding Portal at the following link:

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Processing of Canal procurement dossiers

Our internal recruitment procedure follows the following steps:

PHASE I	Report of necessity and appropriateness	The proposing area approves a **report on the necessity and suitability** of the contract **(INI)** where it sets out the need to be covered and the type of procedure to be followed.
PHASE II	Approval of the tender documents or letters of invitation	The Managing Director approves, on the proposal of the Procurement Subdirectorate, the **specifications or the letter of invitation** in simplified and negotiated procedures.
PHASE III	Publication of the invitation to tender	Canal's open procedure tenders are published in the **Procurement Portal of the Community of Madrid** (the Company's contracting profile) and the corresponding official media depending on the nature and amount of the contract: *Official Gazette of the Community of Madrid, Official State Gazette and Official Journal of the European Union*. They are also published on the corporate website of Canal de Isabel II, Sociedad Anónima, M.P. (licitaciones.canaldeisabelsegunda.es). The **award and formalisation** of the contract, including simplified procedures without prior tender and negotiated procedures, are published in the Procurement Portal of the Community of Madrid (the Company's contracting profile) and, in addition, the formalisation of contracts for more than 100,000 euros in the *Official Gazette of the Community of Madrid*. Information on Canal's contracts is periodically sent to the Madrid Regional Government's Contracts Register.
PHASE IV	Reception and analysis of tenders	The Contracting Subdirectorate reviews the **administrative documentation** of the bids submitted by the bidders. Bids that do not meet these requirements are not taken into consideration and the bidders are informed of this circumstance at the **opening of the envelopes** (at the opening of the technical envelope, if the contract is awarded on the basis of multiple criteria; at the opening of the financial envelope, if the contract is awarded on the basis of the lowest price). In tendering procedures awarded by means of a plurality of criteria, before the **opening of the financial proposals**, the **technical envelopes are opened** for the purpose of evaluating the **criteria that cannot be quantified** by the mere application of formulas before the opening of the financial proposals. Finally, the economic offers of the bidders are opened in a public act. In tendering procedures awarded on the basis of a plurality of criteria, the technical scores obtained are read out in public before the opening of tenders.
PHASE V	Evaluation of tenders and award of the contract	The proposing department prepares the report on the bids that are initially presumed to be of **abnormal or disproportionate value** and the **final evaluation report on the bids**. The **contracting committee** analyses both reports and issues an **award proposal** that is submitted to the contracting body, which awards the contract.
PHASE VI	Formalisation of the contract	The **contract is formalised** within 15 days of notification of the award of the contract and once the successful tenderer has provided the corresponding **guarantee**.

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MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 10

Ensuring management sustainability and efficiency

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE10	Ratio of EBITDA to the net turnover figure	36.26%	27.17% 30.08%	100%
P.Est.10	Average period of the procurement process (days)	195.3	210	100%
PE 10.1	Weighted efficiency ratio	10.94%	11.96%	100%
PE 10.2	Net Financial Debt (NFD) ratio to EBITDA	1.022	2.075 1.748	100%
PE 10.3	Average payment period to suppliers and providers (days)	21.67	30	100%

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2.8. WE SUPPORT LOCAL AUTHORITIES

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 8

PEOPLE

SUPPORT TO LOCAL ENTITIES

Supporting and **strengthening the participation of local authorities** in improving water and sanitation management, as well as to make available our technical and economic potential to **contribute to their development**, cohesion and territorial balance.

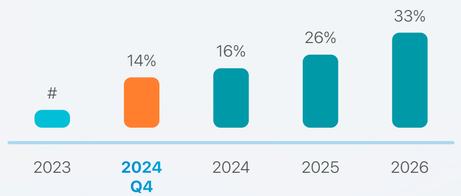
TARGET 2024-2026

Optimise our relations with local councils, developers and urbanisations in order to strengthen our proximity and contribution to regional development. to regional development

Accelerate urban development times by 33% by 2026.

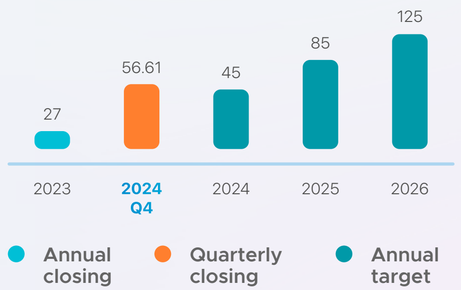
INDICATORS

Improve efficiency in issuance of information on urban development – reduction in lead times for issuing urban development reports
(% reduction in days – cumulative)



Increase in the average time of 150 days for the period 2018-2023

Degree of implementation of Sanea – municipal council Sanea plan and in-house actions
(in millions of Euros certificates cumulative)



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Canal de Isabel II

Canal de Isabel II's supra-municipal management model is based on long-term agreements signed with local councils for the operation of the different services in their municipalities.

The supply networks, which were the origin of Canal more than 170 years ago, are currently managed with excellent results. However, the municipal sewerage networks, most of them recently incorporated to our management, present great improvement needs and require specific plans and an additional effort to reach the adequate conditions and, thus, avoid incidents that affect citizens and the environment.

The assumption of our activities with a **supra-municipal vision** generates **economies of scale** and **synergies in the operation** that represent important advantages for the municipalities.



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CANAL AND THE MUNICIPALITIES OF THE COMMUNITY OF MADRID

The relationship with the municipalities is especially important for Canal, as it facilitates the provision of an efficient and quality service to all citizens. As every year, throughout 2024, we have held numerous meetings with the different city councils of the region to discuss different aspects of water management, with special emphasis on everything related to the improvement of their sewerage networks.

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

Through these agreements, by the end of 2024 **we were providing** water supply **services** (upstream, downstream or both) to a population of **6,773,327 inhabitants** (139,844 inhabitants and 2.11% more than in 2023) in 174 of the 179 municipalities of the Community of Madrid. This population was equivalent to **96.74%** of the region's inhabitants on 1 January 2025, according to the Municipal Register published by the National Statistics Institute (INE).

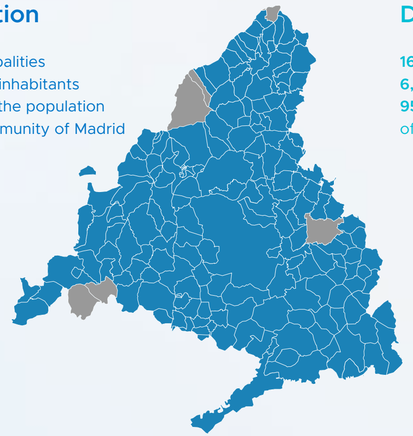
In terms of sewerage services, Canal managed **sewerage** at the end of 2024, after the incorporation of Batres, **in 138 of the 179 municipalities** of the Community of Madrid, with a total of **5,994,901 inhabitants** (129,676 and 2.21% more than in 2023), which means that we provided this service to **85.62%** of the region's population.[34]

In wastewater **treatment**, by the end of 2024 we would manage this service in **178 municipalities out of the 179 in the Community of Madrid**, with a population of **6,992,702 inhabitants** (141,733 inhabitants and 2.07% more than in 2023), practically **100%** of the region's population[35] (99.87%).

Municipalities of the Community of Madrid in which Canal provides its services in the different phases of the integral water cycle

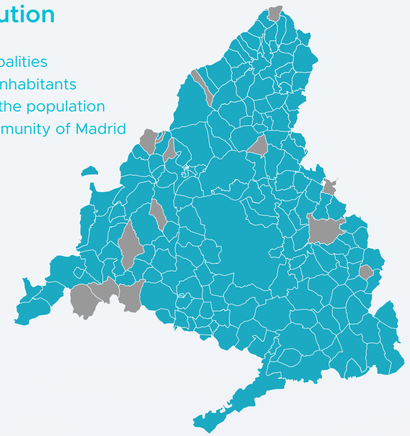
Adduction

173 municipalities
6,766,899 inhabitants
96.65% of the population
of the Community of Madrid



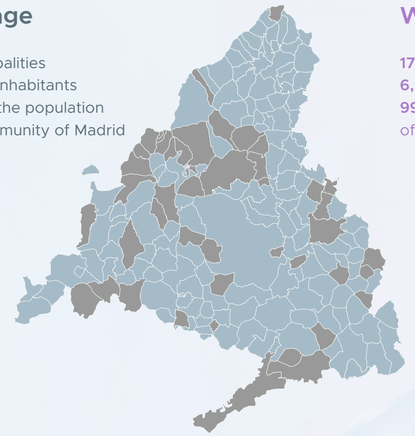
Distribution

166 municipalities
6,716,989 inhabitants
95.93% of the population
of the Community of Madrid



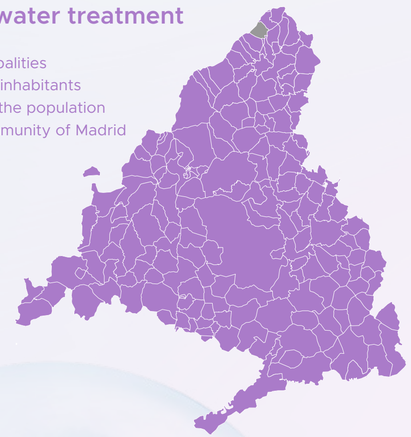
Sewerage

138 municipalities
5,994,901 inhabitants
85.62% of the population
of the Community of Madrid



Wastewater treatment

178 municipalities
6,992,709 inhabitants
99.87% of the population
of the Community of Madrid



35. During the first quarter of 2025, sewerage management services will begin to be provided in the municipalities of Pezuela de las Torres (989 inhabitants) and Pozuelo de Alarcón (89,378 inhabitants). After both additions, the population served by sewerage will exceed 6 million inhabitants for the first time, 86.92% of the population of the Community of Madrid.

36. The only municipality in the Community of Madrid without a treatment agreement is La Acebeda, which in 2024, had 68 registered inhabit-ants.

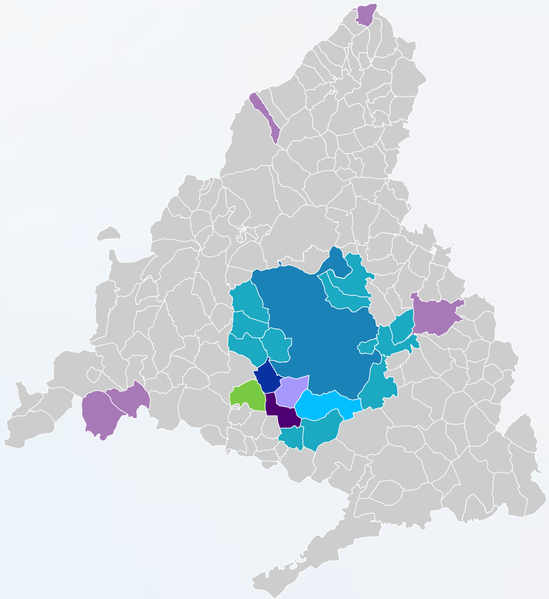
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The population structure of the Community of Madrid means that there is **enormous variability in terms of the population** of the municipalities in which we provide services related to the integral water cycle. Thus, our services range from a city like **Madrid**, with **3.42 million inhabitants**, to a municipality of **68 inhabitants** like **La Acebeda** or municipalities like **Coslada**, with a **population density of 6,724 inhabitants per square kilometre**, or **Puebla de la Sierra**, with a density of **1.67**. The population density of the municipality of **Madrid** is the second highest and reaches **5,640** inhabitants per square kilometre.

At the end of 2024, 81.63% of the population served by Canal in the Community of Madrid lived in the city of **Madrid** (more than 50%) **and in 18 large municipalities** in the metropolitan area. The remaining **18.37%** resided in 155 municipalities in the region.

In addition to the municipalities within the Community of Madrid, by the end of 2024 the Canal system was also providing services to **ten neighbouring municipalities bordering our region**. Of these, eight belong to the autonomous community of **Castilla-La Mancha**—specifically, Pióz, Pozo de Guadalajara, Tamajón, Tortuero, Uceda, Valdepeñas de la Sierra, and Valdesotos in the province of Guadalajara, as well as Ontígola in the province of Toledo. The remaining two are located in the autonomous community of **Castilla y León**, in the province of Ávila: Navahondilla and a supplementary supply service in Sotillo de la Adrada. The population supplied in these municipalities in 2024, was 18,330 inhabitants (630 more than in 2023). In the case of Ontígola (Toledo), we also provide wastewater treatment services to its 4,992 inhabitants.

Percentage distribution of the population served by the Canal supply services in the Region of Madrid (2024)



- **50.44%** Municipality of Madrid (3,416,771 inhabitants)
- **3.16%** Móstoles (214,006 inhabitants)
- **2.87%** Leganés (194,084 inhabitants)
- **2.82%** Fuenlabrada (190,790 inhabitants)
- **2.80%** Getafe (189,906 inhabitants)
- **2.56%** Alcorcón (173,625 inhabitants)
- **16.97%** Other municipalities* of the metropolitan area of Madrid (13 municipalities - 1,149,587 inhabitants)
- **18.37%** Rest of municipalities of the Community of Madrid (155 municipalities - 1,244,558 inhabitants)
- Non-supplied municipalities** (5 municipalities - 211,911 inhabitants)

* Alcobendas, Boadilla del Monte, Coslada, Majadahonda, Parla, Pinto, Pozuelo de Alarcón, Rivas-Vaciamadrid, Las Rozas de Madrid, San Fernando de Henares, San Sebastián de los Reyes, Tres Cantos and Torrejón de Aldoz.

** Alameda del Valle, Alcalá de Henares, Aldea del Fresno, Somosierra and Villa del Prado.

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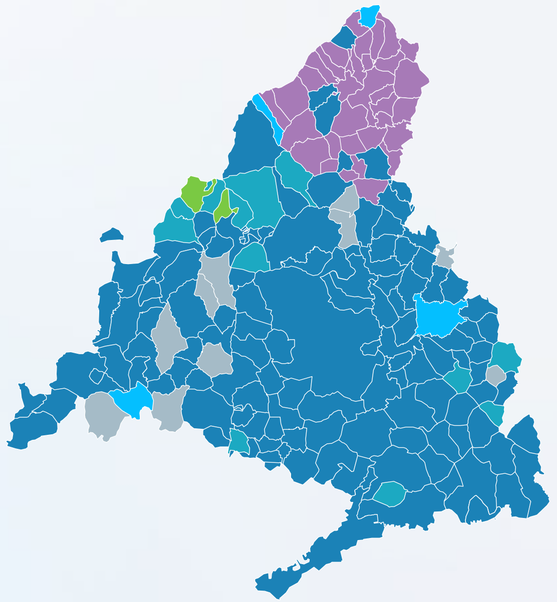
Agreements with municipalities

The provision of services with the municipalities is generally **regulated by means of agreements** signed by the Community of Madrid, Canal and the municipalities. In the case of the municipalities of the Community of Madrid, the most common type of agreement we sign is the **integral management of the supply**. Through this type of agreement, Canal carries out the maintenance, operation and renewal of the distribution network with the assignment of networks to the general supply system of the Community.

There are also other types of agreements, such as **commercial management agreements**, in which Canal carries out such management (contracting, reading, billing and collection management), as well as the adaptation and maintenance of service connections, and **technical-commercial supply** agreements, in which we carry out the maintenance and operation of the municipal distribution network, including the **renewal of distribution networks** charged to a **supplementary distribution fee**, which customers pay.

Apart from the municipal management agreements, Canal also enters into other agreements with municipalities and urbanisations for specific issues.

Types of Canal agreements with municipalities in the Community of Madrid



- Comprehensive distribution agreements – 118
- Comprehensive distribution and sewerage agreements (former pamam) – 35
- Commercial management agreements – 10
- Technical-commercial management agreements – 10
- Adduction reinforcement contract – 2
- Municipalities without an agreement – 4

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ENSURING SEWERAGE AND URBAN DRAINAGE MANAGEMENT

Sanitation management is absolutely vital for the maintenance of **public health** in urban environments, **safety from floods** and river flooding, and to ensure the protection of the environment and the maintenance of the region's water bodies in good condition.

The purpose of urban drainage networks is to collect wastewater, domestic, industrial and runoff water, for subsequent transport to wastewater treatment plants.

Currently, Canal is in charge of maintaining the **municipal networks in the 138 municipalities** with a signed agreement. At the end of 2024 these networks reached **15,428 kilometres** and we also managed **881 kilometres of collectors and supramunicipal outfalls**. We also have **145 wastewater pumping stations (WWPSs)**, which raise the water to allow it to be transported to the WWTPs, and **61 storm tanks and laminators**, whose purpose is to prevent flooding and discharges into watercourses. Thanks to these facilities, **up to 1.39 million cubic metres** of the first rainwater, which is the most polluting, can be retained.

The **maintenance** work **we carry out** consists of **monitoring the networks**, **inspecting** and **cleaning pipes**, cleaning scuppers and occasional spillages, resolving each warning and incident in the network and carrying out the necessary conservation and improvement work on the network. In 2024, **29,436 warnings** were received in Canal (4,138 and 12.33% less than in 2023) and **24,208 incidents** were attended to (2,801 and 10.27% less than in 2023).

In addition to this work, we carry out cartographic updating and the preparation of network diagnostic studies, as well as the processing of technical conformity files for requests for connections or network modifications.

In recent years and given the deficient state of the network in some municipalities, Canal has promoted the preparation of **diagnostic studies of the networks** and the development of **sanitation master plans for these municipalities**. Our objective is to achieve that all municipalities have their master plan. With these actions we will achieve an improvement of the network, a significant reduction of discharges and, in turn, an **improvement of the receiving watercourses**, while reducing the risk of flooding in the municipalities managed.



Regarding the **renewal of sewerage networks**, **a total of** 39.47 km was renewed in 2024, and we have continued to work on an advanced system for the sustainable management of urban drainage.

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ADVANCING THE SANEA PLAN

Towards excellence in sewerage management in the Community of Madrid.

Adequate systems for the collection of wastewater and rainwater from urban areas through efficient **sewerage networks** and urban drainage systems are vital to ensure the quality of life of citizens.

In order to manage sewerage without incidents, avoiding the generation of blockages, odours and other nuisances to citizens, it is necessary to invest in networks that allow adequate sizing and operation, even more so in a scenario in which **climate change will cause extreme weather phenomena** such as torrential rains **with greater frequency and intensity** in the future. However, the current reality is that many of the municipal sewerage networks, which have largely been incorporated into Canal's management in recent years, require major improvement works that, in turn, require a significant technical and investment effort.

In response to these problems, the **2018-2030 Strategic Plan of Canal de Isabel II** included the **SANEA Plan**, an ambitious plan whose main objective is to improve the sewerage networks of the municipalities of the Community of Madrid to make them the most efficient and modern in our country, ensuring **water sanitation sustainably** and **preventing overflows** in the drainage systems.

One of the **objectives of** the SANEA Plan is to provide municipalities with the **most relevant information on the state of conservation of their sewerage networks**, as well as the **measures needed to renovate them**, through the **sewerage master plans**. Likewise, and principally, the SANEA Plan aims to facilitate the advance financing of the renovation works of the hydraulic sewerage infrastructures of the municipalities in which the sewerage service is provided by Canal, as well as the planning and execution of the renovation works of the municipal sewerage networks.

The investment in municipal sewerage networks is based on the actions foreseen in the **33 agreements signed** to date, which amount to 397.37 million euros.

In addition, the execution of these contracts is associated with a series of investments in the collector and outfall systems, including their associated installations, as well as the elements of the network, and which correspond to essential actions for the execution of the municipal sewerage works.

On the other hand, the **Community of Madrid**, through the Public Entity Canal, has **extended the SANEA Plan** to **municipalities with less than 2500 inhabitants** (SANEA 2500 Plan) to improve their sewerage networks. Through a line of subsidies, it **will assume 76% of the cost of the works** to renovate the sewerage hydraulic infrastructures, which will have to be replaced by more efficient ones , while 24% will be recoverable through a supplementary fee. To date, **17 SANEA 2500 agreements** have been signed with an investment of **97.2 million euros**.

In all cases, both for the Sanea and Sanea 2500 agreements, the municipalities will have 30-year financing.

These projects aim to put Madrid at the forefront of sanitation infrastructures, adapting to future climate change scenarios and reducing the environmental impact of extreme phenomena.

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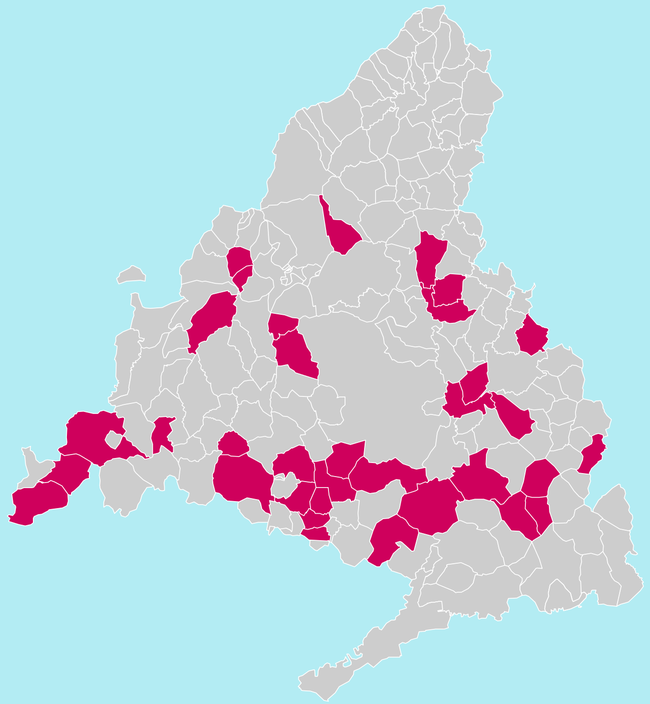
Canal de Isabel II

[GRI 3-3]

Sanea plan

33 municipalities
1,459,490 inhabitants
20.84% of the population Community of Madrid

40.71% without the city of Madrid



Alcorcón
Algete
Alpedrete
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
Sevilla la Nueva
Soto del Real
Tielmes
Torrejón de Ardoz
Torrelodones
Torres de la Alameda
Valdemorillo
Valdilecha

MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 5

Developing cooperation with the municipalities of consumption Madrid

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE5	Town and city council satisfaction rating (on a scale of 0 to 10)	8.34	7	100%
P.Est.5	Degree of execution of the SANEA PLAN – projects at the drafting stage/executed (in millions of Euros, cumulative)	139.62	78	100%
PE 5.1	Management of information on the Municipal Council Portal (No. of docs)	12,625	12,100	100%
PE 5.2	Municipal councils signed up to the Sanea Plan (includes agreements sent and Sanea Plan 2500 agreements) (cumulative no.)	49	49	100%

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2.9. WE ARE COMMITTED TO CULTURE

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 9

PEOPLE

CULTURE AND PATRONAGE

Promote **educational and cultural activities** mainly through our Foundation, through **our Foundation**. To open some of our facilities to the public for **sporting, cultural, social and environmental activities** and to preserve our **historical** business heritage.

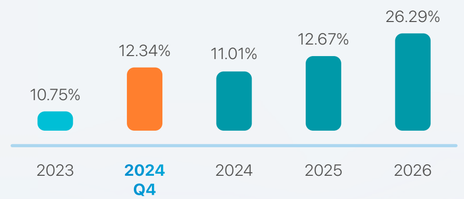
TARGET 2024-2026

Preserving Canal de Isabel II's real estate, movable, documentary, historical, recreational and natural heritage

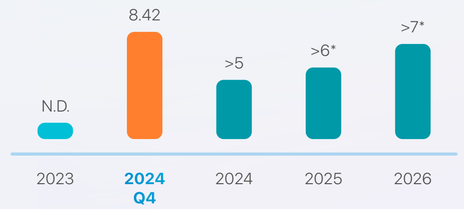
Increase the supply of public space to citizens by more than 25% by 2026.

INDICATORS

Spaces opened up to citizens
(% increase in area opened up to citizens at the end of each year compared with the area opened to them on 1 January 2023)



Users' degree of satisfaction with Canal's sports facilities
(satisfaction rating)



*The objective will be revised depending on the results of the first survey

Annual closing · Quarterly closing · Annual target

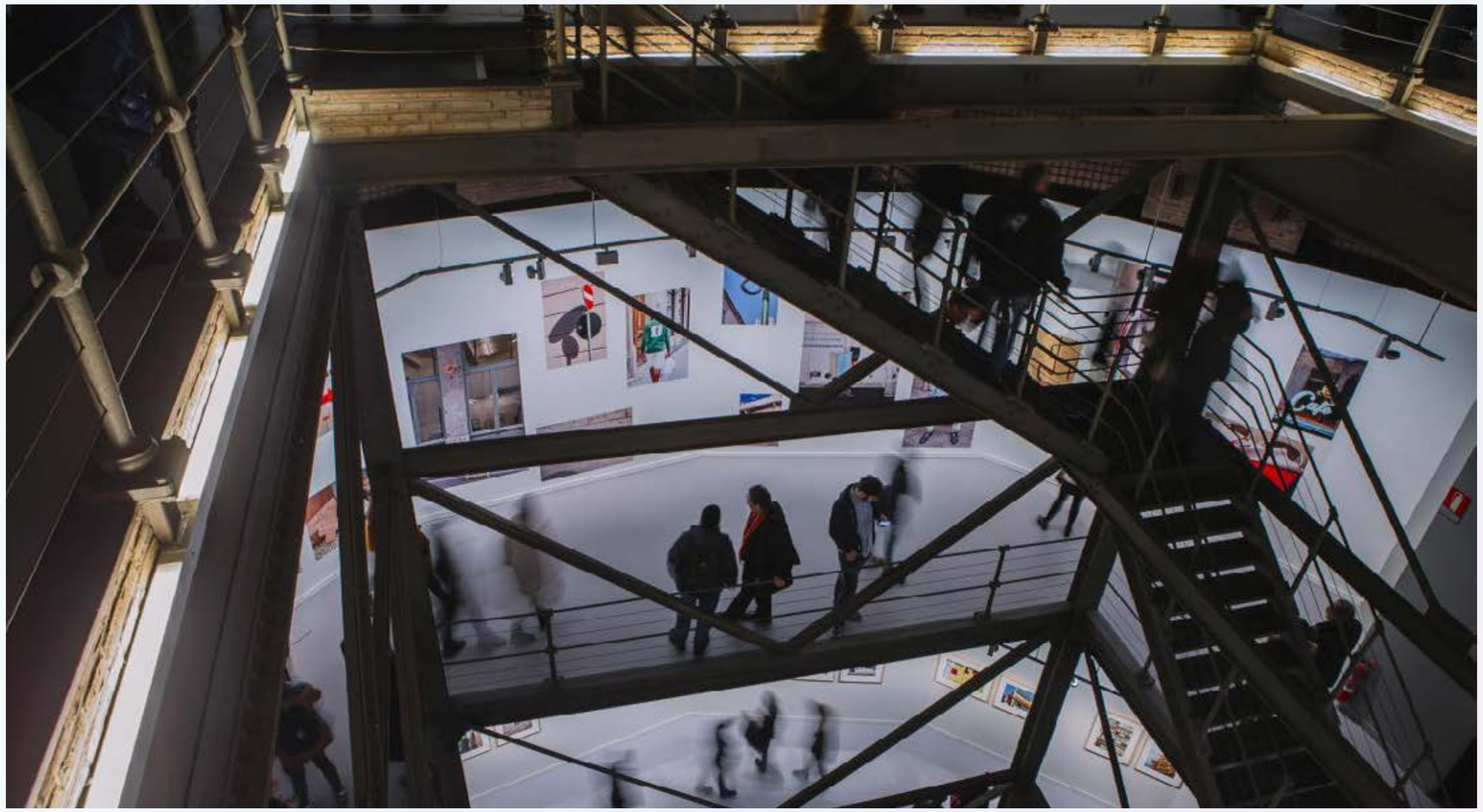
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INDICATORS OUR SUPPORT FOR CULTURE

In the cultural field, our efforts are led by our Foundation. The Canal Foundation started its activities in 2001 on the occasion of the 150th anniversary of Canal de Isabel II. Since then, Canal and the Foundation have been working together for a double mission: to promote knowledge and to foster water care. During this time, we have contributed to give shape to this commitment in more than a thousand activities, in which more than 6 million people have participated. The hallmark of the Canal Foundation in all its activities is to bring quality content to society, presented in an attractive and accessible way.

Throughitsenvironmentalprogrammes, the Foundation contributes to the dissemination of the integral water cycle and solutions to climate change, both mitigation and adaptation, and develops studies and applied research projects in collaboration with Canal and prestigious organisations. In the artistic and cultural sphere, culture is used as a tool to disseminate knowledge, mainly through the work of the great Master of Music and modern and contemporary art. All its activities seek innovation, both in their content and in the formats and processes used to carry them out.



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The Canal Foundation in 2024

Throughout 2024, the Canal Foundation has organised **119** scientific, environmental, social and cultural **activities** of various kinds, with a total of **518,349 participants** (49% *in online* format). In addition, the Foundation's website has had more than **538,000 visits,** and its social networks have more than **136,000 followers**.

Among the most relevant activities, 10 classical music concerts have stood out, including the **Fundación Canal Chamber Music Series,** which, with more than 20 years of life, has established itself as one of the great events for lovers of chamber music in Madrid.

The **exhibitions** organised in 2024, at the Foundation's headquarters in Calle Mateo Inurria 2, Madrid, were **attended** by 97,452 participants, and were as follows:

- Artists and models. stories of passion, creation and destruction: great creators such as Toulouse-Lautrec, Picasso, Dalí, Francis Bacon, Antonio López, Sorolla, Chillida, Man Ray and Robert Capa, and extraordinary artists such as Maruja Mallo, Amparo Segarra, María Moreno, Gerda Taro and Lee Miller, were present in this exhibition, with works that narrated their romantic relationships with their sources of inspiration.

- **Surrealisms.** The Age of the Machine: comprising 125 pieces, including paintings, photographs, prints, drawings, magazines, catalogues and books, sculptures and *ready-made* objects, as well as compilation boxes, presented in four sections: "The New World and "Pure Photography"", "From the Artistic Nude to the Body as Machine", "From Abstraction to the Machine" and "Eros and Machine".

- **Elliott Erwitt.** The Human Comedy: brought together 135 of the photographer's works through three sections comprising three of the iconic areas that were his source of inspiration: people, animals and forms.

- **Matisse Metamorphosis. Sculptures and drawings:** explores a lesser-known facet of the brilliant French artist in a journey that reveals his interest in the study of the human figure and the evolution of its representation through constant and obsessive repetition.

For each of these exhibitions, a conference on its theme, guided tours and family workshops have been organised, and teachers' guides and virtual content have been developed to complement them.

In addition to the exhibition facilities of the Foundation, Canal has the **Arte Canal Exhibition Centre**, located in the Fourth Underground Water Reservoir, with a structure dating from the first half of the 20TH CENTURY and offering a surface area of 2,000 square metres for exhibitions. This hall, located at number 214 Paseo de la Castellana in Madrid, has hosted 14 major thematic exhibitions since 2004, which have been attended by more than 3.5 million visitors, becoming one of the main cultural references of the city in recent years.

Throughout 2024, the exhibition **"The Berlin Wall, a World Divided"**, which opened on 9 November 2023 and will run until 12 January 2025, will be on display in this exhibition space.

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"THE BERLIN WALL" EXHIBITION

On 9 November 2023, the exhibition "**The Berlin Wall. A World Divided"**, organised by the Canal Foundation and Musealia. This exhibition traces the history of this icon born at the height of the Cold War: a global conflict between capitalism and communism that brought the world to the brink of nuclear destruction. An essential exhibition to learn the stories of life, resistance and escape, often punished with death, on each side of the Wall; through more than 300 original objects, including segments of the Wall, archival material and multiple testimonies of direct witnesses of the tragedy it entailed.

Visitors to the exhibition will be able to stand face to face with 20 metres of the Berlin Wall, which is 3.5 metres high and weighs 2.6 tonnes. The Wall divided East Berlin from West Berlin from 1961 to 1989 and is considered one of the most important symbols of the Cold War.

With the aim of bringing knowledge closer to the people

The 2,500 square metres of the Centro de Exposiciones Arte Canal, located at Paseo de la Castellana 214 in Madrid, are divided into five thematic areas, which, in detail, allow us to discover secrets, stories and original objects of this symbol of the division of the twentieth century. Comprehensively, with a vision that surpasses traditional narratives and that impresses by revealing the arduous research and effort behind the exhibition, the tour is nourished by elements such as the section of a tunnel that crossed underground Berlin, a pram used for smuggling or secret *Stasi* files.

- A divided world: in the post-World War II context, you will learn how the United States and the Soviet Union, in their struggle to determine the social and political order, ended up creating what is known as the "Cold War". Before the Wall:
- Berlin's deep crisis and growing insecurity led to the construction of the Wall in 1961, with the aim of preventing the migration of East Bloc citizens to the West.
- Division: this section shows one of the cruellest aspects of the construction of the Wall, the division of society and of the citizens who had to face this barrier.
- Everyday life in a divided Berlin: you can immerse yourself in the reality of the citizens who had to work to survive in a city that gave no respite. Through different testimonies you will hear life stories that give different perspectives of the time.
- Global transformation and the end of the Cold War: in this area you can see how the world takes a radical turn, dictatorships are eliminated, and with that also comes the day of the fall of the Berlin Wall. This event takes place in a peaceful manner, where the images of citizens celebrating and embracing each other are the best reminder of the end of years of division and the beginning of a new era.



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With the aim of bringing knowledge closer to the people

Canal de Isabel II and the Canal Foundation have been working together for more than two decades for a double mission: the generation of knowledge and the promotion of water care. During this time, we have contributed to express this commitment in hundreds of activities in which nearly seven million people have participated.

This exhibition, created through company-foundation collaboration, is the result of this mission and aims to bring quality content presented in an attractive and accessible way, the hallmark of the Canal Foundation in all its activities.



You will find more information about the activities of the Canal Foundation on its website.

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Canal de Isabel II Exhibition Hall (First Raised Warehouse)

Also in the city of Madrid is the **Canal de Isabel II Exhibition Hall (Primer Depósito Elevado)**. Built in 1911, it is currently a unique space that hosts exhibitions of contemporary photographic and audiovisual creation, managed by the Department of Culture of the Community of Madrid. It collaborates annually with the ARCO and PhotoEspaña events. In 2024, it has hosted outstanding exhibitions such as **"Cristina de Middel. Letters to the Director"**, **"Jordi Socías. At the end of the escape"** and **"Gonzalo Juanes. An uncertain light"**.

In addition, until 25 March 2025, the hall is hosting the exhibition **"Caprile Lorenzo"**, a journey through the life and work of the couturier Lorenzo Caprile, through his most iconic dresses, which have become fashion history. This exhibition is **very popular with visitors**, so it is necessary to book tickets in advance through the website: https://entradascaprile.madrid.

Publications by Canal, Canal Public Entity and our Foundation

Canal de Isabel II, Sociedad Anónima, M.P., the **Public Entity Canal de Isabel II** and the **Canal Foundation** have their own **publishing lines**. The Canal Foundation focuses its publications on the publication of exhibition catalogues and other activities, while Sociedad Anónima Canal and the Public Entity have a wider publishing collection, compiled throughout their years of existence and ranging from technical studies to more informative editions, whose central theme is water.



*All the information about the activities of the **Sala Canal de Isabel II** can be found at this link.*

*The publications of **Canal de Isabel II, Sociedad Anónima, M.P.** are available at this link.*

*The publications produced by the **Public Entity Canal de Isabel II** can be consulted at this link.*

*The publications of the **Canal Foundation** are available at this link.*

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Canal de Isabel II

WE PROMOTE SPORT

Canal de Isabel II is an active agent in the promotion of sports activities in the Community of Madrid.

The **sports schools** and **facilities that we** have **managed** since 2007 in the Tercer Depósito de Canal park, located in the Chamberí district of the city of Madrid, stand out in this area. Among these activities, the most popular from the point of view of the number of participants are **football** (two fields) and **paddle tennis** (7 courts), which are carried out on an hourly rental basis, as well as those that are carried out in other **free access areas** of the park, such as **basketball**, **volleyball**, **athletics**, **calisthenics** or **climbing** in our climbing wall.

In 2024, we have **expanded the range of activities on offer** with the launch of two new activities for hire by the hour in **the hockey** and **beach volleyball** fields, as well as the opening of the **roller skating** rink. Currently, thousands of people use our sports facilities and nearly 2,000 students participate in our sports schools.

In addition to the sports activities managed by Canal, all the sports activities available at the **Campo de Guardias Reservoir (Canal de Isabel II sports facilities)**, currently managed by the Community of Madrid, as well as those that take place in the **recreational areas** existing in **two of our reservoirs**, are also included.

Canal also **promotes sport internally**, among its own employees, with competitions that are part of the **Canal Deporte** initiative, and other activities such as the company's team of runners, which participates in multiple sports competitions. But, in the field of sport, if there is one milestone that stands out every year, it is the traditional **Water Race**, which in 2024, celebrated its 41st anniversary.

41st EDITION OF THE WATER RACE

On Sunday 10 March, Canal de Isabel II brought together 3,300 **runners** in the 41st edition of the Water Race, an event organised to raise awareness among the population about the responsible use of this natural resource. The Chairman of the company and Regional Minister for the Environment, Agriculture and the Interior, **Carlos Novillo**, participated in this competition and also presented the trophies to the winners.

As every year, the 2024 race took place in the run-up to **World Water Day**, which is celebrated on **22 March**, to highlight the importance of this scarce and essential resource for life.

The race consists of a **10-kilometre** race, which runs through some of the facilities of Canal de Isabel II in the capital, starting next to **the reservoirs in the Plaza de Castilla**. The race also has a **5-kilometre** modality that starts half an hour before the 10-kilometre race from Padre Damián street. Both routes, approved by the Royal Spanish Athletics Federation, converge at the same finish line, in Paseo Francisco de Sales, next to the **Third** Canal Reservoir.

Along the route, the use of plastic containers is limited, and, in the refreshment areas, the organisation offers water from Canal de Isabel II in recyclable **cardboard cups**. Likewise, the official vehicles of the race, including the timing car, are electric, in order to reduce the carbon footprint of the race.

The Water Race is one of the most traditional popular races in the capital, along with the San Silvestre Vallecana or the Canillejas race, which is why Canal de Isabel II continues to include it in the Madrid sports calendar. Throughout its history, more than **50,000 people** have participated in all its editions. In addition, it has a **favourable profile**, descending in its last four kilometres, which contributes to obtaining good times, as the winners of its 41st edition demonstrated.



All the information about sports activities in the Tercer Depósito park can be found at this link.

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OUR HISTORICAL HERITAGE

Canal de Isabel II's heritage is part of the history, landscape and leisure of Madrid. Since our foundation in 1851, we have carried out the construction of large hydraulic infrastructures that constitute an enormous historical, technical and patrimonial wealth. Among Canal's most emblematic historical facilities we can highlight:

- **El Pontón de la Oliva Dam:** located on the river Lozoya, it is one of the emblematic works of Canal de Isabel II, as it marks the beginning of the water supply to Madrid in the mid-19th century. It was designed by two famous engineers, Juan Rafo and Juan de Ribera, and its technical execution, by the engineer Lucio del Valle, was full of complications. The main problem arose when it was discovered that the dam had been founded on clayey, gypsiferous soil. Despite his many efforts, no remedy was found to solve the problems of seepage and undermining.

- The **El Villar dam: construction began in 1869** and is located in the municipality of Puentes Viejas**.** El Villar was the first gravity arch dam to be built in Europe and the highest in Spain. Its singular construction represents a true milestone, not only in the history of Canal de Isabel II, but also in the panorama of Spanish public works. Its design is the merit of the engineers Elzeario Boix and José Morer. Today, almost a century and a half after its entry into service, the dam **is still in perfect working order**.

- **Historical reservoirs:** the first terminal reservoirs, built between the middle and end of the 19TH CENTURY and located in the city of Madrid, of Roman inspiration and hidden from our eyes, constitute a key element, given that they fulfil the essential function of accommodating the continuous flow of the water supply to the city's consumption, with great daily, weekly and seasonal irregularities. The **Campo de Guardias** reservoir, located in Calle Bravo Murillo, was the first underground reservoir in the Canal. **Its façade is decorated with an ornamental fountain that houses an allegory of the Lozoya River** and was built in **1858** by Sabino de Medina.

- The **First Elevated Reservoir:** built at the **beginning of the 20TH CENTURY** (1911) when the insufficient capacity of the underground reservoirs in the Santa Engracia area, which supplied water by gravity to homes located below 670 metres above sea level, was realised. With its construction, and the pumping of the water buried in the immediate reservoirs, it was possible to **guarantee the supply to the highest floors of the new dwellings in the areas of Salamanca, Chamberí and Cuatro Caminos**. Its façade shows influences of the architecture of the time (neo-Mudejar). In the mid-1980s, the reservoir was restored and refurbished and now houses the Canal de Isabel II Exhibition Hall.

- The **Second Elevated Reservoir** or **Plaza de Castilla Reservoir:** built with concrete, with a very functional structure, it stands out over this square and the Paseo de la Castellana and has become a symbol of Canal de Isabel II and, especially, of **our Foundation**, which has incorporated it **into its brand**. The Canal de Isabel II's Water Reservoir and Pumping Station complex, where the **Canal Foundation is currently located**, was developed by the engineers Francisco Parella, Antonio Renedo Fornos and Álvaro Bielza, and was inaugurated in **July 1952** to facilitate the supply to high-rise housing in the new neighbourhoods built during the expansion towards the north of the city of Madrid.

Our infrastructures combine their function at the service of the public management of the integral water cycle with their availability to the people of Madrid as a space for leisure, sport and culture.

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In the urban area of Madrid, we have 12 hectares located on **the roof of the Tercer Depósito de Agua** dedicated to sports, as well as for leisure and strolling for users. After its recent remodelling, the Tercer Depósito park has more than 55,000 square metres of green areas, more than 1000 trees and 100 shrubs. This park is fully accessible for people with reduced mobility and offers entertainment options for all ages, including a children's play area adapted for children with behavioural disorders or visual and hearing impairments. After its reopening in 2023, a **plaque** was placed in the park in **memory of the workers** who built the depot and "**especially** those who died after the collapse of its roof on 8 April 1905".

Also in the urban area, there are swimming pools and various sports facilities in the **Depósito del Campo de Guardias (Canal de Isabel II sports facilities),** managed by the Community of Madrid.

It is worth mentioning the **Bravo Murillo park**, inaugurated at the end of 2020, which is located in the vicinity of the Central Offices of Canal de Isabel II. It has a children's area adapted for children with different abilities, a sports area, a vertical garden made up of 15 different species with an efficient irrigation system, as well as a walking area with sustainable paving, 50 trees, nearly 1,000 shrubs and landscaped areas with grass and species with low water consumption.

Also next to our Head Offices is the **Ríos Rosas Park**, a 2500 square metre space located in a pleasant setting at the foot of the First Elevated Reservoir (Canal de Isabel II Exhibition Hall). The park has 1,800 square metres of gardens with various shrubs, such as bamboo, rosemary, santolina and lavender, as well as walking areas with benches and drinking fountains. It also has a children's play area adapted for children with disabilities.

These facilities mean that more than **123,000 square metres** of Canal de Isabel II spaces have been made available to the citizens of Madrid for their use and enjoyment, with an investment **of** some 18 million euros. To these should be added the more than 45,000 square metres of the **Cuarto Depósito park** in Plaza de Castilla.

In addition to the facilities located in the urban area of Madrid, we also have **two** other **non-urban recreational areas**, one in the **El Atazar** reservoir, managed by the Cervera de Buitrago Town Council and focused on **sailing, rowing and canoeing**, and the other in the **Riosequillo** reservoir, managed by the Buitrago del Lozoya Town Council, which has one of the largest swimming pools in the Community of Madrid. The **Atazar area** received **12,703 visitors in 2024,** and the **Riosequillo** area received 74,313 visitors. The total number of visitors to the two recreational areas has been reduced by 2.64% compared to 2023, mainly due to the fact that the Riosequillo area was unable to open for a few weeks at the beginning of the summer due to maintenance work.

Both **the recreational areas and urban parks** and the rest of the facilities of Canal and **our Foundation** open to the public **are adapted to meet the accessibility requirements** for people with disabilities established in the current regulations.

Making part of our facilities **available to the public** is one of the **objectives** established in our **Strategic Plan 2018-2030**, in its Strategic Line 7, to strengthen our commitment to society, and is also among the **objectives of** the Sustainability Plan 2024-2026.

The Canal de Isabel II Code of Ethics and Conduct can be consulted at this link.

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2.10. WE ARE INNOVATIVE

CANAL DE ISABEL II SUSTAINABILITY POLICY

PRINCIPLE 10

PROSPERITY

INNOVATION AND SECTORAL KNOWLEDGE

To provide the necessary resources in terms of **technological development** and innovation, in order to position and maintain us among the leaders in our sector. the leaders in our sector

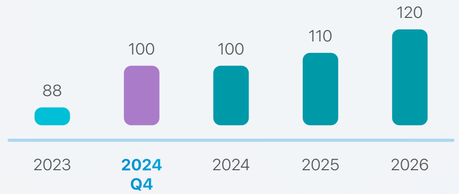
TARGET 2024-2026

Improving business efficiency through innovation and digitisation and digitalisation

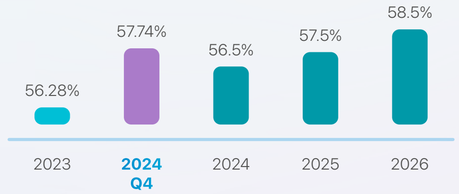
Reach 120 innovative projects developed in 2026 since the start of the Strategic Plan 2018-2030.

INDICATORS

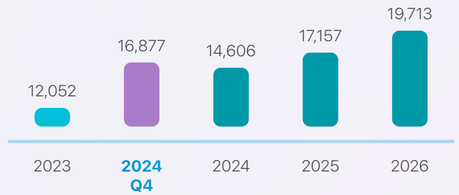
Innovative research projects developed
(cumulative)



Increase digital interactions with customers
(% digital interactions)



Increase efficiency through remote operations
(no. of hours saved)



Annual closing · Quarterly closing · Annual target

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Canal de Isabel II



WE CONTRIBUTE TO THE DEVELOPMENT OF R&D&I IN OUR INDUSTRY

Canal de Isabel II, since its origins, has been a company that has been committed to innovation and technological development to face the challenges posed by the management of the integral water cycle. We were pioneers in many areas, including remote control, communications and information technologies, and we are currently one of the companies in our sector that invests the most in innovation.

Our company's continued innovative efforts in recent years are reflected in the steady growth of our project portfolio, with **30 new R&D and innovation activities** initiated in the course of the 2024 financial year.

The figure used **for** the **R&D&I expenditure budget** in 2024, associated with contracts, agreements and minor expenses amounts to more than 2.98 million euros. Adding the internal costs, derived from the dedication of the Canal staff involved, and the activities and investments of other areas related to the projects, including the implementation of the remote metering of water consumption and the digital transformation of the urban water cycle into an industry 4.0, the total figure allocated to R&D&I projects amounts to **76.10 million euros** (part of which are subsidies received). This figure **is equivalent to 8.15% of our turnover** for the financial year 2024.

The R&D&I projects and agreements that we develop in Canal are framed within the following lines of work:

- Ensuring a balance between water availability and demand.
- Ensuring the strategic continuity of the supply service.
- Strategic infrastructure management.
- Drinking water and health.
- Environmental integration and sustainability.
- Efficiency in management.

Among the novelties in the 2024 R&D&I project portfolio; we highlight the following:

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What's new in the 2024 project portfolio
Continuous dynamic pressure monitoring via flexible IoT system
Improving pressure-related incident management in distribution networks using artificial intelligence techniques
Continuous monitoring of the drinking water distribution network using energy-efficient IoT system
OT cybersecure remote access from external networks for process automation
Teleoperation of processes supported over a temporary tunnel protected with double/triple factor authentication
Horizon Europe on cyber-secure digital technologies and infrastructures
Laboratory tests on the possibility of co-digestion in water treatment plants in small towns (less than 5,000 inhabitants)
Pilot project using artificial intelligence techniques to optimise the operation of the Miraflores de la Sierra supply network
Quantum modelling for the improvement of the biological process in purification
Aluminium migration testing of ductile iron pipe
Study of emerging pollutants at the inlet and outlet of wastewater treatment plants
Study of the effect of nanobubbles on the removal of emerging pollutants in WWTPs

What's new in the 2024 project portfolio
Semi-industrial scale pilot for valorisation of WWTP pretreatment rejects (wipes) by low temperature pyrolysis
Laboratory test of WWTP pretreatment waste fermentation for valorisation as biofuel
Optimal location of chlorinators in Strategic Network and pressure gauges in Distribution Network
Models trained with *machine learning* to calculate inflows to Pinilla reservoir
Characterisation of wastewater as an indicator of substance use
PERTE DREINCAM, intelligent urban drainage management system for the Community of Madrid
LINER, advanced urban drainage asset management through artificial intelligence and evolutionary modelling
Construction of the rainfall simulator at CEIC TDUS
Continuous monitoring of corrosion and structural wear in the El Goloso Reservoir
PERTE for the digitisation of the urban water cycle in the Alberche river basin
Obtaining bathymetry of reservoirs using drone-implemented devices
MELCHOR, validation of grain activated carbons for use in DWTPs
Pilot for the validation of microplastics removal technology in wastewater

We also have the **Canal Innovation Community**, made up of a large group of company employees with an interest in innovation. In 2024, the internal digital platform that supports the Community has been reformed, modernising its structure and content. Any employee of the company with an interest in innovation can belong to this community, in which:

- Information on **innovation** is received, both from within and outside the company.
- Participation in visits to innovative facilities.
- Members are facilitated to attend innovative conferences and forums.
- Priority is given to innovation-related training.
- Subscriptions to innovation-related journals and websites are facilitated.
- Experiences, knowledge and discussions with other innovators are shared.

The best thing about belonging to the community is **having the opportunity to share**, **debate**, **be inspired and collaborate** in order to identify and, why not, implement innovative initiatives and projects.

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Positioning as an innovative company

Throughout 2024, **Canal has participated in the most important events on water management, research, development and innovation in the sector**, as well as on digitalisation and artificial intelligence applied to the different phases of the integral water cycle. It is worth highlighting Canal's presence at the following events:

- UPM WATER Seminar. Madrid: R&D&I Challenges.
- XXXVII AEAS Congress. Castellón: five papers and two publications in the proceedings.
- IWA LET 2024. Essen, Germany: oral presentation accepted.
- SMART GRIDS Innova Madrid: Round table "Digitalisation and innovation in networks".
- University of Navarra. Tudela: "Digitalisation of the urban water cycle".
- UN Department of Economic and Social Affairs. Madrid: Second global symposium on Sustainable water & energy solutions: towards a green economy. Paper.
- Spain Smart Water Summit 2024. Madrid: "PERTE Project, innovation and digitalisation at Canal de Isabel II".
- Canadian Cleantech Innovation Day. Madrid: one paper.
- IAHR Europe Congress. Lisbon: one paper.
- ICUD. Delft: one paper and two posters.
- XXXI Latin American Hydraulics Congress. Medellín: publication in proceedings.
- EFT Zürich: a lecture.
- HIC Beijing: Proceedings.
- InterJIA. Madrid: two presentations and guided tour of the Arroyofresno storm tank.

In addition, the following publications have been promoted this year 2024:

- Innovation note 20. "Vermicomposting of sewage sludge".
- *Revista de Obras Públicas* nº 3648, Mar./Apr. 2024. "Artificial intelligence in the urban water cycle, the experience of Canal de Isabel II".



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Our R&D&I publications

The dissemination of the knowledge generated, and the results of the most relevant research projects have given rise to the publication of titles in the **Cuadernos de I+D+i** collection, bringing the total number of publications to **30 notebooks**.

In R&D&I booklet 30, ***Efficient management of BIM models***[37] ***in the water sector***, we introduce BIM object classification systems and present the pilot project developed at Canal. It is based on the analysis of the applicability and potential of the parameterisation of objects in BIM models.

TECHNOLOGY AT THE SERVICE OF INTERNAL AND EXTERNAL CUSTOMERS

At Canal we apply technologies that promote the efficient use and management of resources, demands and infrastructures in all its processes. In this sense, the application of advanced information and communications systems technologies (ICT) stands out.

Operational actions in the area of technologies focus on advancing technological innovation and enhancing advanced information, communications and remote control systems and technologies. Canal's net ICT expenditure in 2024, amounted **to 27 million euros** (12% more than in 2023), and the investments made amounted to **18.6 million euros** (66% more than in 2023). In 2024, **the most relevant ICT projects** carried out were as follows:

- Implementation of high availability in the IT systems supporting the TETRA emergency communications network.
- Reinforcement of security systems in telecommunications networks with the incorporation of 4 firewalls.
- Evolution towards telephony integrated in collaborative tools (MS Teams).
- Management and billing system for telecommunications assets that are shared with third parties.
- New app for customers, subscription of consumption alerts by customers from the Virtual Office and launch of the #demadridydelgrifo website.
- Implementation of electronic signature of documents with customers.
- Implementation of the new SAP PaPM and EHSM systems for analytical accounting and occupational health and safety, respectively.
- Implementation of the Maximo solution for the maintenance of infrastructures in the South drying plant and electrical networks.
- Implementation of improvements to the Laboratory Management System (LIMS).
- Implementation of the automatic IT asset management tool for software, hardware and servers.
- Implementation of a cloud backup solution for the company's Microsoft 365 environments.
- Renewal of the mainframe of the Commercial Management System.
- Carrying out continuity testing of IT systems.
- Renewal of the user equipment fleet and migration to Windows 11.
- Completion of the Digital Workplace as an evolution of the intranet with Microsoft 365 integration.

All the R&D&I Notebooks published by Canal can be consulted at this link:

37. BIM (*Building Information Modelling*) is a collaborative working methodology used in the construction, engineering and architecture sectors worldwide. Its approach and functionalities make it possible to create, manage and visualise everything that is included in a project, from the management of economic resources to the storage of plans and designs.

    Its most outstanding feature is that it provides a global and very complete vision of all the areas involved in a work or project, as well as facilitating collaboration between professionals through the cloud.

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TELECONTROL AND COMMUNICATIONS: KEY TO MODERN WATER MANAGEMENT

Canal was a pioneer in the development of **remote control systems** for the management of the integral water cycle in 1995. Nowadays, we have a complete remote control system that allows us to know **in real time** the hydraulic situation of the supply and sanitation infrastructures, the state of the water quality, groundwater abstractions and other parameters.

By the end of 2024, the remote control network monitored a total of **2235 remote stations** from our Control Centre (2 more than in 2023) and managed a total of **28,133 measuring instruments** (336 more than in 2023). In addition, we had **179 remote control installations** (19 more than in 2023), from which a large number of manoeuvres are carried out in installations and networks (10,087 in 2024).

Canal's **fibre optic network** grew 58 kilometres in the Community of Madrid in 2024, reaching **1431 kilometres**. In addition, we have **149 radio links spread throughout the region**.

Thanks to these means, since 2021 our company has fully assumed the provision of the integral technical management service of the **TETRA digital *trunking* system**[38] **for emergencies** as the Community of Madrid's own means.

MONITORING OF INDICATORS OF THE STRATEGIC PLAN

STRATEGIC LINE 9

Being at the head of innovation and development

Code	Indicator	Year ended 2024	Target 2024	Fulfilment 2024
PE9	Percentage of turnover allocated to innovation (%)	8.15%	3.0%	100%
P.Est.9 P.9.1	Innovative research projects developed (cumulative)	100	100	100%
PE 9.2	Innovative initiatives recorded throughout the year	58	58	100%
PE 9.3	ICT initiatives and/or solutions driven to achieve improvement in processes (cumulative)	27	27	100%
PE 9.4	Centers of excellence + consultancy packages drafted (cumulative)	10	10	100%

38. Previously, the TETRA service was provided to the Community of Madrid by our subsidiary Canal de Comunicaciones Unidas, S.A.U., which was taken over by Canal.

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2.11. A SOLVENT AND SUSTAINABLE COMPANY

The economic and social sustainability of public organisations is an increasingly relevant aspect of our growth and welfare model.

OUR ECONOMIC PERFORMANCE IN 2024

At Canal de Isabel II, as a 100% public company, **we have to guarantee economic sustainability** to support confidence in the economic recovery and foster economic growth and job creation in the Community of Madrid. We must be an efficient company in all our actions and offer society a social and environmental return.

Context and turnover

In 2024, the **turnover** and the volume of water billed have increased compared to 2023, mainly due to **the tariff revision** and the fact that the increase in consumption has been billed in blocks at a higher tariff.

In 2024, after more than a decade without revising the tariff, we have increased its progressivity with the aim of encouraging water saving and efficient consumption. The size of the consumption blocks has been modified, and an additional consumption block (Block 4) has been created to penalise excessive consumption. In addition, the price of the different blocks has been revised upwards, except for the first block, so as not to penalise saving and efficient water use. This **tariff revision** has only affected the variable part of high domestic consumption and irrigation. The price has been maintained for commercial and industrial uses and for households that do not reach 20 cubic metres per two months, as is the case for more than half of the customers.

The **natural inflows** of water from the rivers that our reservoirs receive, which have **an inverse relationship with demand**, increased **by 22%** in 2024, compared to 2023 due to the rainfall in the first four months of the year, which **is above the average** for the last ten years. However, for the rest of the year they were 52% lower, so that the total **cubic metres consumed increased by 2.2%** in 2024, compared to those consumed in 2023.

Another factor affecting turnover is the **tariff rebates** (social tariff), which in 2024, **have grown by 37.45%**, amounting to **4.73 million euros** (3.44 million euros in 2023).

TURNOVER

934.29

MILLIONS OF EUROS

5.99% decrease compared to 2023 (881.47 M€)

EBITDA

337.15

MILLIONS OF EUROS

11.45% decrease compared to 2023 (302.51 M€)

NET RESULT

159.58

MILLIONS OF EUROS

3.12% increase compared to 2023 (154.75 M€)

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Main economic magnitudes of Canal de Isabel II (2022-2024)

Business figures (million euros)	2022	2023	2024
Turnover	886.13	881.47	934.29
EBITDA	307.40	302.51	337.15
Amortisation	–167.20	–165.44	–177.38
Operating result	142.26	150.02	148.23
Financial result	–14.74	8.25	14.01
Net result	125.39	154.75	159.58

Other financial indicators	2022	2023	2024
Net financial debt (' million)	121.04	240.34	345.97
EBITDA/turnover	35.28%	34.32%	36.09%
Net financial debt/ EBITDA	0.39	0.79	1.03
Average collection period (days)	47.15	49.15	46.16
Average payment period (days)	23.79	24.40	21.67

Operating costs

In 2024, operating expenses, which are higher than EBITDA, **increased by 44 million euros** compared to 2023 as a result of **higher prices** for reagents and materials, **higher** in-house and outsourced **personnel costs** due to salary revisions included in the various applicable collective bargaining agreements, the **increase in own personnel**, the increase in Social Security contributions, tax pressure, the adaptation to new and increasingly demanding regulations, the implementation of new activities and other improvements in the quality of processes, within the framework of the 2018-2030 Strategic Plan.

The **decrease in electricity consumption**, as less pumping from the Alberche river basin is required thanks to the favourable situation of our reservoirs and the moderation of energy prices compared to previous years, has partially mitigated the increase in costs throughout 2024.

EBITDA and results

The **tariff revision** and higher consumption have offset the increase in operating costs, resulting in an increase in **EBITDA** of **EUR 34.64 million** compared to 2023, with **operating profitability** worsening slightly in percentage terms compared to 2022.

The **operating result**, on the other hand, **fell slightly, by EUR 1.79 million**, as 2024 included losses and impairments on fixed assets of EUR 12.0 million, whereas in 2023 there were gains associated with the sale of investment property of EUR 11.9 million. In addition, the increase in depreciation and amortisation and the allocation to the replacement provision had a negative impact on the operating result.

The financial result improved compared to the previous year by **EUR 5.76 million**, thanks to the higher financial return on loans granted to other Group companies, linked to Euribor, and the

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impact of the accounting restatement of financial assets and liabilities that do not involve cash outflows.

The **net result has improved by EUR 4.83 million** compared to 2023 for the reasons mentioned above.

Net financial debt

During the financial year 2024, **financial indebtedness** has continued to be reduced in accordance with its maturities. In addition to the issue of bonds for 500 million euros, the **average debt** in the financial year with financial institutions through the Mirror Debt with Canal de Isabel II was **174 million euros**, **8% lower** than in 2023 (190 million euros).

In 2024**, no new debt has been taken on**, but the **total debt** has been reduced by the amount due for repayment in the year, EUR 14.8 million (EUR 14.8 million in 2023).

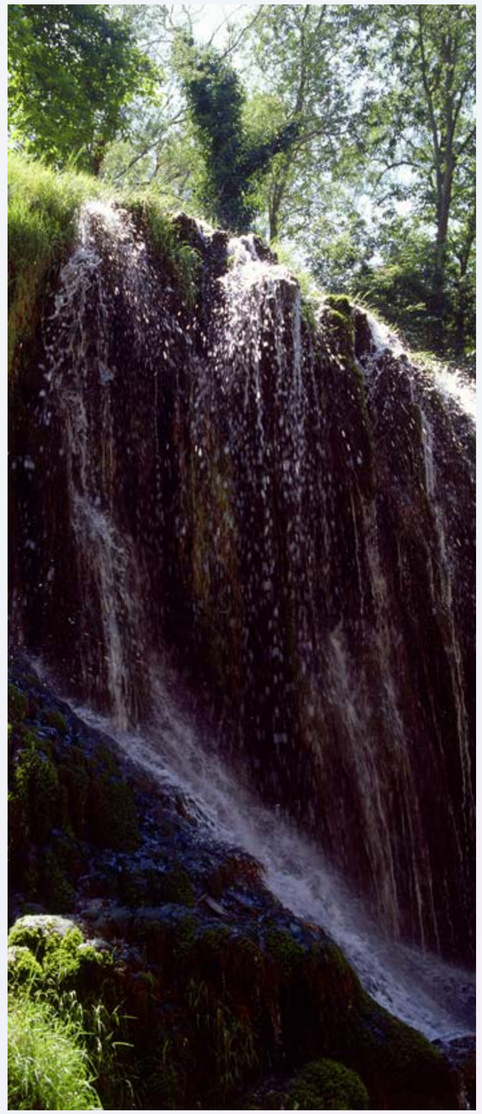
In terms of cash, the **high cash generation capacity** of the business and the **liquidity accumulated in previous years** enabled it to meet all its commitments, **increase the volume of investments** and distribute **dividends** amounting **to 72.7 million euros**, ending the year with a **net financial debt** of **346 million** euros.

Financial risks

Our business is subject to the following financial risks:

- **Interest rates:** following the EUR 500 million bond issue in February 2015, Canal increased the percentage of fixed-rate debt to 100% at the end of 2024, reducing the company's exposure to interest rate risk to zero.

- **Liquidity risk:** Canal has a stable activity and moderate indebtedness; this allows it to have a solid financial position and to reduce its financial indebtedness annually. In order to control liquidity risk, Canal carries out long-term financial planning and constantly monitors and controls its cash flows. In addition, the company has signed credit lines for an amount of 153 million euros maturing in December 2025, which did not need to be drawn down at the end of the year. At the end of 2024 the company has cash in the amount of 321.4 million euros. The bonds issued by Canal mature in February 2025, so the company has been working to obtain long-term financing in the amount of 430 million euros (see note 29 of the *notes to the annual accounts*). In addition, in February 2025, additional credit lines were signed for an amount of 100 million euro, with a term of between three and six months, in order to increase the financial margin while the long-term debt is being formalised.



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At the end of 2024, the Canal de Isabel II Group was rated by the *rating* agencies **Fitch (BBB+, with a stable outlook)** and **Moody's (Baa1, with a positive outlook)**.

- **Price pressure:** another risk factor inherent to Canal's activity is the possible pressure on prices, as it provides a service of prime necessity such as the management of the integral water cycle. Exposure to this risk is evident in the tariff, which remained frozen between 2015 and 2023.

- **Credit risk:** Due to Canal's highly atomised customer population, credit risk is not a significant factor.

Tax information

With regard to the corporate income tax paid by Canal, as well as withholdings, the corresponding information is shown below:

Corporate income tax payments (thousands of euros)	2022	2023	2024
Total payments in instalments and withholdings Canal de Isabel II Group	5,987	6,999	5,850
Total payments associated with Canal de Isabel II S.A., M.P.	2,793	1,465	3,857
Final amount of tax declared Canal de Isabel II Group	3,099	5,186	N.D.
Final quota Canal de Isabel II S.A., M.P.	2,166	4,916	N.D.



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[GRI 207-4]

CORPORATE TAX POLICY OF CANAL AND ITS CORPORATE GROUP

Since September 2023 Canal has a **Corporate Tax Policy**, which sets out the Canal Group's tax guidelines and its commitment to the application of existing best tax practices. Among the best practices followed in this policy are the following:

- Prevent all conduct likely to generate tax risks by establishing an adequate tax risk management and control system.
- Do not use opaque structures or shell companies that seek to conceal the company's activity in order to optimise the tax impact.
- Do not incorporate or acquire companies domiciled in "tax havens".
- Collaborate with the Tax Administrations of the countries in which the Company operates, providing any information of fiscal relevance or importance and facilitating their inspection work.
- Detect and seek remedies in respect of fraudulent tax practices of which the Company becomes aware.
- Ensure the timely filing of all tax returns required by the tax regulations in each country.
- Request the services of independent, reputable tax experts to review the tax criteria applied and verify compliance with all tax obligations.
- Adopt adequate control mechanisms to ensure compliance with tax regulations.
- Establish a procedure for dealing with investments with special tax implications, which must be submitted for the express approval of the Board of Directors.



The full text of our Fiscal Policy is available here:

Other financial information

Treasury shares: During the year ended 31 December 2024 there were no acquisitions of treasury shares by the company.

Financial instruments: During the year, the Company did not use any financial instruments that are relevant to the measurement of its assets, liabilities, financial position and results.

Subsequent events: Subsequent events are shown in note 29 of the *notes to the financial statements*.

You can find more financial information about Canal and our audited annual accounts at the following link:

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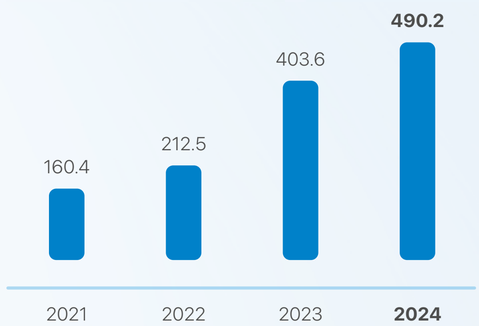
[GRI 207-1]

OUR INVESTMENTS

Maintaining an adequate rate of investment is vital to guarantee the quality of service provision. For this reason, the cash flows generated in operating activities have been largely earmarked to cover the **volume of investment executed during 2024**, which **amounts to 437.1 million euros** in works and projects, **24.31% more** than the 348.8 million euros invested in 2023.

It should be noted that **this figure includes investments** that have been considered **replacement investments** in accordance with the standard for the adaptation of the General Accounting Plan to public infrastructure concession companies and which, in application of this standard, have not been capitalised by the Company as an increase in the value of fixed assets. The company has made investments of this type **amounting to 228.4 million euros** (173.4 million euros in 2023). In addition, Canal carries out **renovation and improvement works** in the distribution and sewerage networks **owned by the municipalities**. The amount associated with these works is generally recovered through a supplementary charge on users' bills, and therefore they are classified as a financial asset. During 2024, works of this type amounting **to 53.1 million euros** (54.8 million euros in 2023) have been carried out.

Total investments[39] implemented in the Community of Madrid (2021-2024) (EUR million)



The most important investments carried out **respond to the** aforementioned **objectives** of guaranteeing a satisfactory level **of operation of the operation**, maintaining the levels of productive efficiency and competitiveness, the **expansion of the automation and remote control** of its installations, the **extension and improvement of the distribution** and **sanitation networks** and storage capacity, the adaptation and **modernisation of the purification system**, as well as the expansion of the reuse infrastructures. The following table shows the volume of investment in each of the different categories:

Investment by category (' million	2022	2023	2024
Guarantee of supply	87.47	169.43	228.28
Quality assurance	6.49	9.24	24.04
Environmental commitment	54.51	83.98	109.18
Technological innovation	18.72	24.85	36.29
Adequacy of Canal's general services	7.30	10.34	14.13
Other investments	10.09	8.45	24.99
Price revision *R.D.* 3/2022 Canal ownership	–	42.51	0.20
TOTAL	**184.57**	**348.81**	**437.11**
Works on distribution and sewerage networks owned by third parties	27.89	45.47	55.47
Revision of prices R.D. 3/2022 ownership of third parties	–	9.29	2.37
TOTAL INVESTMENTS AND WORKS OWNED BY THIRD PARTIES	**212.46**	**403.57**	**490.22**

39. The figures include renovation and improvement investments in municipally owned distribution and sewerage networks, which are financed by supplementary contributions.

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[GRI 201-1]
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The Canal Strategic Plan launched in 2018 **requires a significant investment effort**, and in 2023 and 2024 we can already see the result of the measures undertaken by the company to carry it out. Our **investment volume** has **increased by 21.5%** compared to 2023 and by 130.7% compared to 2022, reaching a **record figure for the year**.

Throughout 2023 and 2024 we have reviewed our 2018-2030 Strategic Plan, which has resulted in the new 2025-2030 Strategic Plan, which will be associated with maintaining a high volume of investment in the coming years, with an estimated investment of close to **2026 million euros over the next six years**. Among the strategic actions in terms of the **volume of investment required,** the following stand out:

- The **SANEA Plan**, for the modernisation and improvement of municipal sewerage networks in the Community of Madrid.

- The **RED Plan**, to standardise the materials used in the distribution networks and thus improve water quality through actions for the renewal of supply networks.

- The ***Smart-Region* Plan**, whose objective is to achieve the generalisation of remote reading of consumption so that by the end of 2026, 100% of the meters installed will be smart.

- The **Solar Plan**, which focuses mainly on the creation of new photovoltaic plants in the company's infrastructures to promote the generation and self-consumption of clean energy.

Within the investments made in 2024, aimed at guaranteeing supply, the investments aimed at renewing the distribution network and the deployment of remote metering stand out. In the case of those aimed at environmental commitment, the most significant investments are related to the "Plan for the adaptation of the purification system and the extension of the reusable water supply".

In addition, *Royal Decree 3/2022* allows for an extraordinary review of the prices of public sector works contracts that meet certain conditions. It has led to a higher cost of the investments made since 2021 associated with several contracts and, therefore, a higher amount of the investment for the year. The impact recorded includes the net between the amount provisioned in 2024, and the amounts claimed by suppliers during the year, which have already been allocated to their respective captions as they are an actual cost.



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Investments completed in 2024

Among the most significant additions to the investment registered as of December 2024 are the following:

- The **RED Plan** works to renew up to 347 kilometres of networks in the pipelines of different municipalities in the Community of Madrid, replacing obsolete materials with more technologically advanced ones, to guarantee quality and increase the efficiency of the distribution network; as well as with the installation of metering devices and connections of the Plan to implement and integrate water meters in the remote reading system.

- In **adduction**, the consolidation and drainage network at the El Vado dam; new ozone-generating reactors at the Valmayor DWTP, and the installation of lamellar decanting modules at the Majadahonda and La Jarosa DWTPs.

- In **water supply**, the waterproofing of the roofs of tank number 2 of the Hortaleza Reservoir and tank number 1 of the Getafe Reservoir; the new Sevilla la Nueva Reservoir with its adduction artery, pumping station and independent impulsions and the new artery to the Pino Alto Reservoir in Valdemorillo from the Villalba-Valdemorillo pipeline.

- In **wastewater treatment**, work on pre-treatment and decanting at the Hoyo Manzanares WWTP; improvements in biological treatment at the Cuenca Media-Alta and Cuenca Baja del Arroyo Culebro, Galapagar and Alcalá Este WWTPs, as well as other improvements at the Guadalix, Aldea del Fresno, Santillana and Arroyofresno WWTPs.

- In the **network of collectors and outfalls** of the Community of Madrid, the new WWPS and storm tank at Patones with pumping to the Torremocha de Jarama wastewater treatment plant; the reinforcement of the Fuente el Saz de Jarama outfall and the South collector; improvements to the storm tanks at Butarque and Abroñigales, as well as those derived from the SANEA Plan with the renewal of municipal sewerage networks in the Community of Madrid.

- In **reclaimed water**, the tertiary treatment works at the Fuente el Saz de Jarama WWTP and the improvements to the La China WWTP tank in Madrid are particularly noteworthy.

- The **automation** of processes and integration in the remote control and remote control system of the reclaimed water, chlorination, drinking water pumping stations and remote installations has also continued.

- In **IT systems**, investments in infrastructure to support operational technology and fibre optic cables to improve the telecommunications network are noteworthy.

- Finally, within the framework of the **Solar Plan**, it is worth highlighting the commissioning of the self-consumption photovoltaic plants at the Soto II and Miraflores reservoirs and the Nuevo Baztán 2 lift.



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Ongoing investments

Canal will continue in 2025 with the actions in the sewerage networks associated with the **SANEA Plan**, the actions to renew the supply network associated with the **RED Plan**, the deployment of remote metering and the new photovoltaic energy installations associated with the development of the **Solar Plan**.

In addition, the most relevant specific actions that were underway at the end of 2024 are the following works:

- Repair of the structure of the La China WWTP storm tank in Madrid.
- Improvements to the Galapagar-Torrelodones WWTP.
- Section 5 of the second drinking water distribution ring in Monte de Boadilla.
- Branch 3 of the second drinking water distribution ring.
- The improvement of the Majadahonda DWTP.
- The improvement of the Pinilla DWTP.
- The construction of the new Buitrago de Lozoya reservoir.

Investments in R&D&I

Canal actively contributes to research and innovation studies in order to increase scientific and technical knowledge in the sector. Investment in 2024, amounted to **76.1 million euros**, 8.1% of turnover. Investment in R&D&I increased significantly, mainly due to the implementation of remote reading and automation of the company's infrastructure.

The information on the R&D&I activities carried out by Canal in 2024, is expanded in section 2.10 of this report ("We are innovators").



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EUROPEAN FUNDS AND CANAL

The financing of our investments through **European Union funds** has traditionally been a tool used by Canal. Thus, **since 2000,** our company has obtained **more than 200 million euros** in European subsidies through the Cohesion Fund and, fundamentally, through the ERDF.

Additionally, in the aftermath of the COVID-19 pandemic, the European Union created the Next GenerationEU funds as a time-limited, one-off emergency instrument used as a response and recovery measure to help repair the economic and social damage caused by the pandemic. At Canal, since 2021, we are managing several support programmes with these funds through its **two main funding instruments**: Recovery and Resilience Mechanism (RRM) and REACT-EU.

FEDER 2021-2027

These European funds are programmed in multi-year periods of seven years, the last being the 2014-2020 period (ending on 31 December 2023) and the current 2021-2027 programme. In 2023, Canal was granted, through the ERDF Programme 2021-2027, an investment of **345.7 million euros**, to be implemented by 31 December 2029, under **the "Policy Objective 2:** Greener, Low Carbon Europe". These projects have an aid rate of **40%**, which represents **138.3 million euros** of funding, accounting **for more than 28%** of the total **funds allocated to our region** within the ERDF 2021-2027 Programme.

With these grants we will finance actions in our RED Plan, for the modernisation of the distribution network, the start-up of our **green hydrogen plant** at the Arroyo Culebro Cuenta Media-Alta WWTP, considered a **project of strategic importance** within the FEDER 2021-2027 Programme of the Community of Madrid, as well as a series of actions to continue with our **renewable energy generation** plans: our **Solar Plan** and other projects in the development of **hydroelectric** or biogas.

The specific objectives of the Programme, the planned actions, the investment and the planned support are presented in the following table:

Specific objective	Planned actions	Investment	Amount funded
2.1 Energy efficiency	In selection process	10,000,000	4,000,000
2.2 Renewable energies	SOLAR PLAN		
	GREEN HYDROGEN	42,000,000	16,800,000
	CO-GENERATION		
2.5 Sustainable water management	NETWORK PLAN	303,669,295	121,467,718
TOTAL		**355,669,295**	**142,267,718**

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NEXT GENERATION EU FUNDS

The Resilience and Recovery Mechanism

The cornerstone of the Next Generation funds is the Recovery and Resilience Mechanism (RRM), which accounts for **80% of the budget**. It aims to support investment and reforms for sustainable and resilient recovery, while advancing climate and digital priorities. The mechanisms by which Canal has accessed these funds are implemented through sectoral conferences and the Strategic Projects for Economic Recovery and Transformation (**PERTE**) for the **digitisation of the urban water cycle**.

Through the **Sectoral Conference on the Environment**, a cooperation body made up of the Ministry for Ecological Transition and the Demographic Challenge (MITECO) and the Environment Departments of the Autonomous Communities, we are managing funds for two initiatives:

- The **improvement and reduction of losses in the** drinking water distribution networks in **3 municipalities** of the Community of Madrid with less than 15,000 inhabitants (Villaconejos, Miraflores de la Sierra and Orusco de Tajuña), with which the corresponding distribution agreements have been signed. The **amount of aid allocated is 2,901,139 euros** (equivalent to **3,626,423 euros of eligible cost** with **80%** financing), and the **deadline is 1 June 2025**.

- **Digitisation of the water cycle in small municipalities**. In a first distribution of this aid, we will digitalise the water cycle in up to 50 municipalities with less than 20,000 inhabitants with actions aimed at automation and remote control of operations and installation of meters with remote reading. **The amount of aid allocated is 3,002,940 euros**, the planned investment is more than 6,000,000 euros and the execution period is **until 1 June 2026**.



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In a second phase of distribution, we managed an **allocated aid of 3,001,800 euros**, for a planned investment of more than 4 million euros. In this case, the action focuses on the installation **of meters with remote reading** for the control of drinking water consumed, for **15 small municipalities** in the south-east of the Community of Madrid with less than 20,000 inhabitants, with the same execution period, i.e. **until 1 June 2026**.

Within the framework of the **PERTE for the digitisation of the urban water cycle**, Canal has submitted projects in **competitive concurrence** to the first and second calls for proposals:

- **First competitive call**, funding line of 200 million euros for the improvement of digitalisation in urban water usage, financing projects ranging from 3 to 10 million euros, with a completion deadline of 31 December 2025.

We have been granted a subsidy of 3.5 million euros for **the Project for the digitalisation of the water cycle in the Alberche basin**, which consists of digitalising 14 municipalities and 36,622 inhabitants, with a maximum budget of 5 million euros to carry out the following actions:

– The digitisation of distribution and process control, with emphasis on sensorisation and instrumentation, involving the installation of sensors at different stages of the water cycle.

– The characterisation, adequacy and monitoring of spillways in sanitation.

– The integration and processing of this information, together with other telecontrol data, to be made available to the Ministry.

- **Second call in competitive concurrence**, a line of aid of another 200 million euros for the improvement of the digitalisation of urban water uses, with which projects of between 0.5 and 10 million euros are financed, with an execution period until June 2026.

In this second call, the **DREINCAM Project (Intelligent urban drainage management system for the Community of Madrid) has been selected**.

The DREINCAM megaproject aims to create a centralised and digitised urban drainage control system based on modelling and managed by Canal, which will provide greater guarantees against urban flooding and protect rivers from polluted discharges in rainy weather when the sewerage network exceeds its capacity.

It has a budget of 25.8 million euros and a grant of almost 10 million euros and will affect 164 municipalities (all except Madrid capital and municipalities in the Alberche basin already included in other projects) and almost 3.5 million inhabitants.

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REACT-EU

The Next Generation funds included the REACT-EU programme to assist territories following the impact of the COVID-19 pandemic.

In the Community of Madrid these additional resources were articulated through the Operational Programme (OP) ERDF 2014-2020, but with an exceptional funding rate of 100%.

As of 31 December 2023, the end date of the 2014-2020 ERDF period, we have been funded under the REACT Programme a total of **12.36 million euros** for the Torrelaguna, Arroyo Culebro Cuenca Media Alta, Soto del Real reservoir and Phase I of our Solar Plan photovoltaic installations.

Schematic of EU funds managed by Canal

FEDER
Fondo Europeo de Desarrollo Regional

Período de Programación 2014-2020 — 100% aid

- **Solar plan** (33M € investment) → until 31 Dec 23 – **REACT EU**

Período de Programación 2021-2027 — 40% aid

- **SOLAR PLAN II** (11,670,823 € investment)
- **Hydrogen** (18.329.177 € investment)
- **PLAN RED** – 161 municipalities (303.669.295 € investment)
- **Renewable energy generation** (12M € investment)
- **Energy efficiency** (10M € investment)

NextGenEU

Recovery and resilience mechanism → Plan de Recuperación, Transformación y Resiliencia

PERTE de Digitalización del ciclo del Agua.

FIRST SECTORAL CONFERENCE ON DIGITALIZATION — 100% funded

Canal has been granted funding of €3,002,940 for digitalizing the urban water cycle in 45 municipalities in the Community of Madrid (CM)

SECOND SECTORAL CONFERENCE ON DIGITALIZATION — 100% funded

Canal has been granted funding of €3,001,800 for digitalizing the urban water cycle in 15 municipalities in the CM

FIRST CALL OF A COMPETITIVE TENDER

The contract for the digitalization project of the Alberche basin was awarded, with total grant funding of €3,507,699.05

SECOND CALL OF A COMPETITIVE TENDER

The contract for the DREINCAM project (Smart Drainage of the Community of Madrid) was awarded, with grant funding of €9,997,039.79

SECTORAL CONFERENCE ON REDUCING LOSSES — 80% grant funded

Canal was granted funding of €2,901,139 for renovation work in three municipalities of the CM

We manage funds for two aid programmes distributed at a Sectoral Conference to the Community of Madrid. These funds were initially transferred to the Public Entity Canal de Isabel II (which is the instrumental organ of the Community of Madrid), which in turn transferred them to Canal de Isabel II, Sociedad Anónima, M.P., as these are actions to be carried out by our company.

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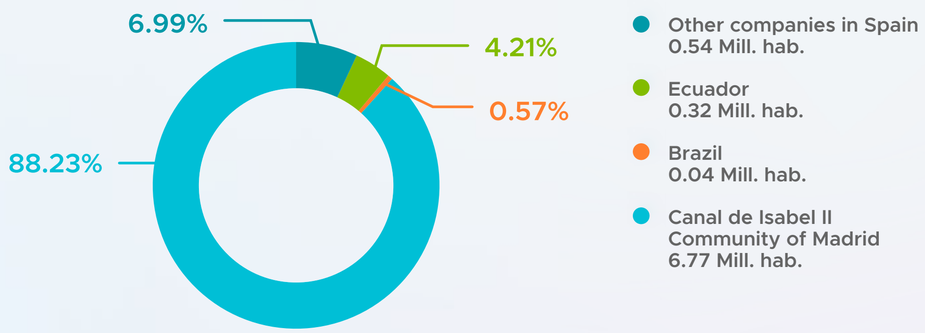
Our accumulated experience of more than 170 years has allowed us to contribute to the improvement of urban water services in other regions and countries through the integration of investee companies. As a result, Canal Group currently provides services in five Spanish regions[40] and four Latin American countries.[41]

Since the 1960s, Canal has integrated a set of investee companies that, together with the parent company Canal de Isabel II, Sociedad Anónima, M.P., currently constitute the **Canal de Isabel II Business Group**.

In 2024, the companies of the Canal Group supplied water to a total of 7.67 million people (**7.30** in Spain and **0.37** in Latin America) and employed **3,799 workers**, as well as generating more than **5,768 indirect jobs**. Likewise, in 2024, we supplied a total of **579.85 million cubic metres of water** (554.48 in Spain and 25.47 in Latin America) and managed **43,975 kilometres** of supply, sewerage and reclaimed water networks.

At the end of the year, we had nearly **1.96 million** supply contracts (**83%** of which were domestic) in almost two hundred municipalities (198), with a supply coverage rate of **99.28%.**

Population supplied by country in 2024, (millions of inhabitants and % of total)



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40. In addition to the Community of Madrid, in Castilla y León, in Castilla-La Mancha, in Extremadura and in the Canary Islands.
41. Colombia, Ecuador, Dominican Republic and Brazil.

3.1. CANAL GROUP: ACTIVITIES AND GEOGRAPHICAL LOCATION

The Canal de Isabel II Business Group engages in three main activities:

- **Management of the integral water cycle** in five Spanish autonomous communities, in Ecuador and in Brazil.

- **Support services for the management of the integral cycle**, such as sectorial advice and consultancy, civil engineering, works and installation of connections and meters, commercial management of supply and sanitation or management of *call centres*. For the development of these activities, Canal Group has companies in Spain, Colombia, Dominican Republic and Brazil.

- **Other synergistic activities related to the management of the integral cycle**, such as electricity generation, telecommunications or information technologies. These activities are carried out by Group companies located in Spain and Colombia.

At the end of 2024, the **shareholding of the parent company** Canal de Isabel II, Sociedad Anónima, M.P. in the Group's **main** active companies was as follows:

Companies	Countries	% part.
Aguas de Alcalá UTE*	Spain	50.00%
Canal Gestión Lanzarote, S.A.U.	Spain	100.00%
GSS Venture, S.L.	Spain	25.00%
Canal Extensia, S.A.U.**	Spain	100.00%
Canal Extensia America, S.A.	Colombia	81.84%
Amerika Information Technologies, S.A.S.	Colombia	81.84%
AAA Ecuador Agacase, S.A.**	Ecuador	82.02%
Aguas de Samborondón Amagua C.E.M.	Ecuador	57.41%
Soluciones Andinas de Agua, S.R.L.**	Uruguay	90.92%
Emissão, S.A.	Brazil	68.19%
Fontes da Serra Sanitation of Guapimirim Ltda.	Brazil	66.83%
AAA Dominicana, S.A.	Dominican Republic	53.20%

* Aguas de Alcalá is a temporary joint venture (UTE) between Canal and the company Aqualia.

** Shareholding companies.

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[GRI 2-1]
[GRI 2-6]
[GRI 3-3]

COMPANIES OF THE CANAL GROUP

As of 31 December 2024
(not including holding companies).



SPAIN

Canal de Isabel II www.canaldeisabelsegunda.es	● ●
Delegación de Canal en Cáceres www.canaldeisabelsegunda.es	●
Aguas de Alcalá UTE www.aguasdealcala.es	●
Canal Gestión Lanzarote www.canalgestionlanzarote.es	●
GSS Venture www.grupogss.es	●
Canal Extensia www.canaldeisabelsegunda.es	●

COLOMBIA

Canal Extensia América www.canalextensiamaerica.com	●
Amerika TI www.amerikati.com	●

DOMINICAN REPUBLIC

AAA DOMINICANA www.aaa.com.do	●

ECUADOR

AMAGUA www.amagua.com	●

BRAZIL

Fontes da Serra www.fontesdaserra.com.br	●
Emissão www.emissao.com.br	●

● Management of the integral water cycle ● Electric power generation ● Support services for the management of the integral water cycle ● Telecommunication and information technologies ● Other activities

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Some of the Group's key figures at the end of 2024 were as follows:



7.67
million inhabitants served supply services

7.51
million inhabitants served in sanitation

21,526
kilometres of supply networks

579.85
hm^3 captured for consumption

520.46
hm^3 purified in WWTPS and discharged into rivers

22
hm^3 of regenerated water for reuse

97
hm^3 of regenerated water poured into riverbeds

1,003.2
million euros of income

439.8
million euros of investments

22,449
km of sanitation and reuse networks

3,799
employees

(3,542 in Spain
and 257 in Ibero-America)

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3.2. CANAL GROUP: POPULATION SERVED AND CAPACITIES IN THE FULL WATER CYCLE



In 2024, for the provision of this type of services, our Group had five companies, and a temporary joint venture (UTE) located in Spain (2 companies and 1 UTE), Ecuador (1) and Brazil (1). These companies and joint ventures are:

- **Canal de Isabel II, Sociedad Anónima, M.P.** is the parent company of the Group and is responsible for **the management of the integral water cycle** in the Community of Madrid (179 municipalities), eight municipalities in Castilla-La Mancha, two in Castilla y León and through our delegation in Cáceres (**Canal Cáceres**) in that city and three municipalities near that city.
- **Aguas de Alcalá UTE** is a joint venture between Canal (50% of the shares) and the company **Aqualia**. It is responsible for the **supply** and management of **the sewerage** networks in the city of Alcalá de Henares (Madrid).
- **Canal Gestión Lanzarote, S.A.U.**, is responsible for **the management of the integral** water **cycle** on the islands of Lanzarote and La Graciosa, in the autonomous community of the Canary Islands (Spain). It serves the population of seven municipalities.
- **Aguas de Samborondón Amagua C.E.M.**'s objective is to **provide drinking water distribution**, **sewerage** management, wastewater **treatment** and **reuse** of reclaimed wastewater in Samborondón and Daule, towns near Guayaquil (Ecuador).
- **Fontes da Serra, Saneamento de Guapimirim Ltda.** is a company belonging to our subsidiary Emissão, which joined the Group in 2013. Fontes de Serra **supplies water** to the inhabitants of the town of Guapimirim, in the state of Rio de Janeiro (Brazil).

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[GRI 2-6]

POPULATION AND MUNICIPALITIES SERVED

Population and municipalities served in Spain

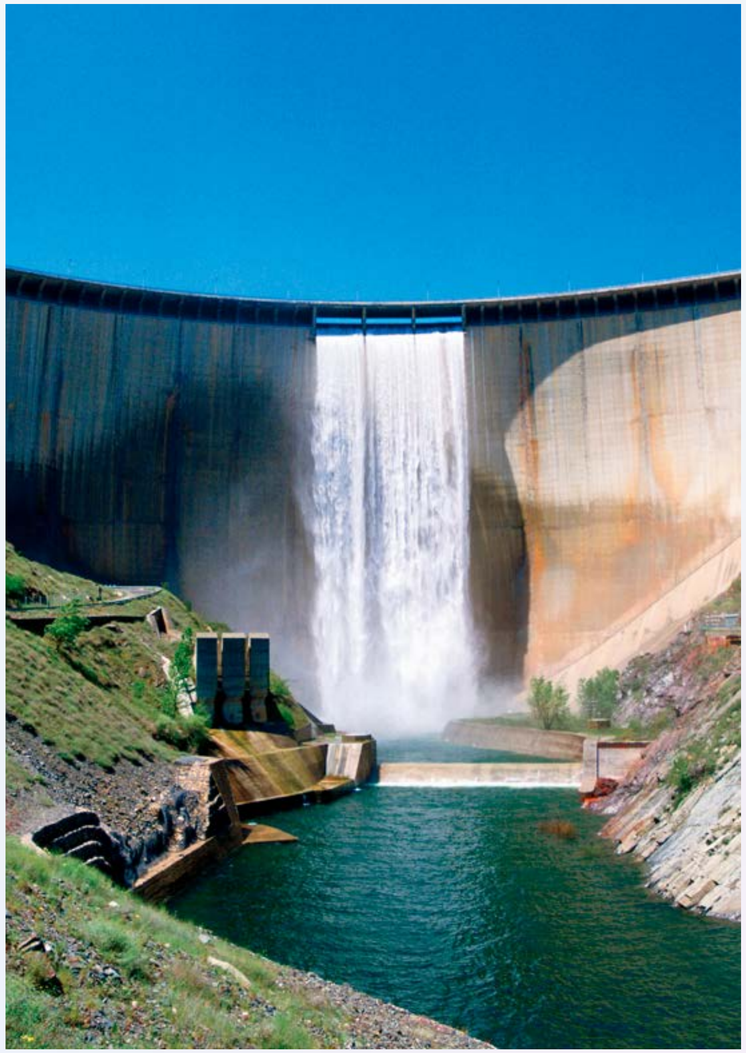
	Supply		Sewerage		Waste water treatment	
	Municipalities*	Population served**	Municipalities	Population served	Municipalities	Population served
Community of Madrid	174	6,766,899	138	5,994,901	178	6,992,709
Castilla-La Mancha	8	15,476			1	4,992
Castilla y León	2	2,854				
Province of Cáceres	4	103,411	2	97,325	2	97,235
Alcalá de Henares (Madrid)	1	200,702	1	200,702		
Lanzarote and La Graciosa (Canary Islands)	7	214,055	7	151,773	7	151,773
TOTAL SPAIN	**196**	**7,303,397**	**148**	**6,444,701**	**188**	**7,246,799**

Population and municipalities served in Latin America

	Supply		Sewerage		Waste water treatment	
	Municipalities	Population served	Municipalities	Population served	Municipalities	Population served
Ecuador: Samborondón y Daule	2	322,986	2	264,629	2	264,629
Brasil: Guapimirim	1	43,460				
TOTAL LATIN AMERICA	**3**	**366,446**	**2**	**264,629**	**2**	**264,629**
SUMA CANAL GROUP	**199**	**7,669,843**	**150**	**6,709,330**	**190**	**7,511,563**

* Municipalities with some supply service.

** Population supplied with water (adduction service).



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TECHNICAL INFORMATION AT THE END OF 2024

Supply	Spain	Latin America	Total Group
Number of reservoirs or catchments in rivers	18	1	**19**
Number of operating wells	79	-	**79**
Number of seawater catchments	6	-	**6**
Sum of funds under management	103	1	**104**
Number of DWTPs and desalination plants	20	1	**21**
Treatment capacity (hm^3/day)	4.70	0.009	**4.71**
Kilometres of supply networks	20,492	1,034	**21,526**
Drinking water quality (% samples complying)	98.0	99.3	**98.6**

Sanitation	Spain	Latin America	Total Group
Kilometres of sewerage networks	20,405	984	**21,389**
Number of pumping stations (WWPSs)	155	130	**331**
Number of wastewater treatment plants (WWTPs)	166	116	**282**
WWTP design flow rate (hm^3/day)	2.21	0.06	**2.27**

Reclamation	Spain	Latin America	Total Group
Number of wastewater reclamation plants	38	21	**59**
Kilometres of reclaimed water networks	1,060	-	**1,060**

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3.3. CANAL GROUP: COMPANIES WITH OTHER ACTIVITIES

COMPANIES PROVIDING WATER MANAGEMENT SUPPORT SERVICES

This category includes the Group companies that carry out activities related to the management of the integral water cycle, such as engineering and sectorial consultancy, works and installation of connections and meters, commercial management of supply and sanitation, management of *call centres* or collection of taxes.



To carry out these activities, at the end of 2024 the Group had companies in Spain, Colombia, the Dominican Republic and Brazil. These companies are:

- **Canal Extensia América, S.A.**, acquired in December 2001 under the name Sociedad Interamericana de Aguas y Servicios, S.A. (INASSA), was incorporated in 1996 as a company to provide services related to the integral water cycle in Colombia and other Latin American countries. Canal Extensia America offers consultancy in public services processes and comprehensive and innovative IT solutions to public water and sanitation utilities in Latin America.

- **AAA Dominicana, S.A.**, which began operating in the Dominican Republic with the contract for the commercial management and installation of meters in the western area of the city of Santo Domingo. It is currently responsible for the commercial management of drinking water supply and distribution services provided by Corporación de Acueductos y Alcantarillados de Puerto Plata (CORAAPPLATA), including the supply and installation of meters, customer service and bill collection, among other services provided in the province of Puerto Plata.

- **GSS Venture, S.L.** is a company in which Canal de Isabel II holds a minority stake (25%). Its corporate purpose is the provision of telemarketing and customer care services, developed through the telephone network or any other telematic means.

- **Emissão, S.A.**, headquartered in Rio de Janeiro, provided commercial management services for supply services and carried out consultancy and engineering work. It currently operates the supply to the municipality of Guapimirim (state of Rio de Janeiro) through the company Fontes da Serra.

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[GRI 2-6]

COMPANIES WITH ACTIVITIES THAT ARE SYNERGISTIC WITH THE FULL WATER CYCLE

Apart from the activities directly related to the management of the integral water cycle or with support activities for the management of said cycle, the Canal de Isabel II Group carries out **synergic activities with the management of the integral water cycle** with five of its companies. These activities are hydroelectric power generation and information and communication technologies. These activities are carried out by Group companies located in Spain, Colombia and Brazil.

• ELECTRICITY GENERATION

In 2022, following the merger by absorption of our former subsidiary Hidráulica Santillana, **Canal de Isabel II, Sociedad Anónima, M.P.**, took over the operation of the hydroelectric plants managed by said subsidiary. With this incorporation, the installed capacity for the production of electricity in synergic processes with the water management of the Group's parent company has grown in 2024, to 112.92 megawatts installed (1.46 more than at the end of 2023), having generated a total of 371.23 million kilowatt hours during the year, of which 139.04 million were self-consumed at Canal's facilities and 232.18 million were sold to the electricity grid.

• INFORMATION AND COMMUNICATION TECHNOLOGIES

Amerika Tecnologías de la Information, S.A.S. is dedicated to the development and marketing of **Amerika software**, a product that provides a definitive and comprehensive solution to public utilities, designed from the water sector and covering with its different modules commercial management, technical management, administrative and financial management and management control.

In Spain, following the merger by absorption in 2021 of our former subsidiary Canal de Comunicaciones Unidas, **Canal de Isabel II, Sociedad Anónima, M.P.**, is responsible for the operation of its own telecommunications network, with which, in addition to supporting our operations, we provide digital *trunking* service (**TETRA**) as the **Community of Madrid's own medium** to the emergency services operating in our region (fire brigades, local police, health vehicles or forestry agents, among others).



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GROUP COMPANIES WITH OTHER ACTIVITIES

In addition to the above companies, the Canal Group has three other companies that are mainly shareholding companies.

- **Canal Extensia, S.A.U.**, incorporated in 2001 and located in Spain, holds the shares of all the Latin American companies of the Canal Group. Canal de Isabel II, Sociedad Anónima, M.P.'s shareholding in this company is 100%.
- **Soluciones Andinas de Aguas, S.R.L.**, located in Uruguay, was incorporated in 2013 to hold 75% of the shares held by the Canal Group in Emissão. Canal de Isabel II, Sociedad Anónima, M.P.'s stake in this company is 90.92%.
- **AAA Ecuador Agacase, S.A.**, located in Ecuador, holds 70% of the shares of the company Amagua. Canal de Isabel II, Sociedad Anónima, M.P.'s stake in this company is 82.02%.



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MAIN CHANGES IN THE STRUCTURE OF THE CANAL GROUP IN 2024

There were no significant changes in the structure of the Canal Group during 2024.

Regarding **Sociedad de Acueducto, Alcantarillado y Aseo de Barranquilla, S.A. E.S.P.**, known as **Triple A Barranquilla** and responsible for the management of the integral water cycle in Barranquilla and 14 other municipalities in the department of Atlántico, on 3 October 2018, the Colombian attorney general's office adopted an agreement ordering the suspension of the dispositive power, **seizure and sequestration of Canal Extensia América's shares** in said company. The shares of Canal Extensia América constituted 82% of its share capital and were delivered for safekeeping to the Sociedad de Activos Especiales de Colombia (SAE). The Canal Group has appealed this agreement before the relevant judicial bodies, and to date there has been no ruling on the matter.

On 26 December 2022, Canal de Isabel II, through our subsidiary Canal Extensia, filed a **request for investment arbitration** against the Republic of Colombia before the **International Centre for Settlement of Investment Disputes (ICSID)**, part of the World Bank. The request for arbitration showed that the Colombian administrations, through various state actions, including the early sale of Triple A, **have not respected the provisions of the Agreement between the Kingdom of Spain and Colombia** for the **Promotion and Reciprocal Protection of Investments (APRI**), signed by the parties in 2005.

The arbitration seeks to obtain as compensation the value of Canal Extensia's participation, through Canal Extensia América in Triple A; the value of the income lost due to the cancellation of the Technical Assistance Contract between Canal Extensia América and Triple A, and the corresponding interest.

On 13 January 2023, ICSID registered the request for arbitration submitted, initiating the international investment arbitration proceedings. From January until 29 November of the same year, the parties completed all the formalities required for the appointment of the arbitrators forming the Tribunal. Once the president was appointed, negotiations began between the parties and ICSID in order to establish the dates for the first sessions of the process. The first of the dates agreed was 19 February 2024.

Following a series of rulings by the Tribunal and other proceedings by the parties, on 2 December 2024, the Tribunal issued a procedural order setting the relevant dates for the proceedings, with the next significant milestone in April 2025, when Colombia files its Statement of Defence to the claim. The arbitration hearing is scheduled for June 2026, with the Tribunal expected to render its final award in the third quarter of 2027.



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[GRI 2-2]
[GRI 2-6]
[GRI 205-3]

3.4. STAFF OF THE CANAL GROUP COMPANIES

Canal de Isabel II data includes our delegation in Cáceres

At the end of the 2024 financial year, the aggregate workforce of all the Group's active **companies** amounted to 3,799 people in five countries. Of these, **3,542** worked in Spain and **257** in Latin America. The workforce of the Group's parent company (Canal de Isabel II, Sociedad Anónima, M.P.) accounts for **85.63%** of the total.



SPANISH COMPANIES	Employees at the end of 2023	Employees at the end of 2024
Canal de Isabel II*	3,190	3,253
Aguas de Alcalá UTE	79	82
Canal Gestión Lanzarote	221	205
Canal Extensia	2	2
TOTAL SPAIN	**3,492**	**3,542**

LATIN AMERICAN COMPANIES	Employees at the end of 2023	Employees at the end of 2024
Canal Extensia America (Colombia)	14	15
Amerika TI (Colombia)	34	33
Amagua (Ecuador)	91	89
AAA Dominicana (Dominican Republic)	82	84
Emissão and Fontes da Serra (Brazil)	33	36
TOTAL LATIN AMERICA	**254**	**257**
TOTAL GROUP EMPLOYEES	**3,746**	**3,799**

* Includes the employees of Canal de Isabel II, Sociedad Anónima, M.P. in the Community of Madrid and in our delegation in the city of Cáceres.

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[GRI 2-7]

GROUP STAFF BY FUNCTION (PERSONS)

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Senior management	136	16	17	**169**
Management support staff	374	1	12	**387**
Graduates	330	7	54	**391**
Diploma-level graduates	160	6	15	**181**
Middle management	173	11	6	**190**
Technicians	305	17	29	**351**
Administrative and auxiliary staff	653	37	75	**765**
Officials	1,122	194	49	**1,365**
TOTAL	**3,253**	**289**	**257**	**3,799**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Senior management	135	17	17	**169**
Management support staff	364	1	11	**376**
Graduates	336	4	50	**390**
Diploma-level graduates	148	7	13	**168**
Middle management	172	6	6	**184**
Technicians	293	19	30	**342**
Administrative and auxiliary staff	633	47	82	**762**
Officials	1,109	201	45	**1,355**
TOTAL	**3,190**	**302**	**254**	**3,746**

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CANAL GROUP WORKFORCE BY CONTRACT, GENDER AND AGE

	YEAR 2023			YEAR 2024		
	Canal de Isabel II	Other investees Spain	Investees Latin America	Canal de Isabel II	Other investees Spain	Investees Latin America
Total number of own employees	3,190	302	254	3,253	289	257
Trainees and interns (external)	19	1	2	29		4
According to type of working day						
Full time	3,076	302	248	3,151	278	249
Reduced working hours	114	11	6	102	11	8
According to type of contract						
Indefinite	2,755	256	250	2,782	250	253
Temporary	435	46	4	471	33	4
According to gender						
Women	1,013	51	103	1,065	49	114
Men	2,177	251	151	2,188	240	143
Disability						
Workers with some degree of disability	86	2	2	86	2	2
External						
No. of external workers[42]	5,062	177	282	5,289	192	295

42. Estimated number of employees of the main suppliers and contractors of works and services working for the Canal Group companies. There are no hourly contract workers (GRI 2-7 iii).

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[GRI 2-8]
[GRI 405-1]

	YEAR 2023			YEAR 2024		
	Canal de Isabel II	Other investees Spain	Investees Latin America	Canal de Isabel II	Other investees Spain	Investees Latin America
Breakdown INDEFINITE STAFF						
Gender						
Men	1,897	215	150	1,887	208	153
Women	858	41	100	895	42	100
Age						
Under 30s	148	1	70	112	1	61
Between 30 and 50 years old	1,567	124	164	1,582	130	175
Over 50 years old	1,040	131	16	1,088	119	17
Breakdown TEMPORARY STAFF						
Gender						
Men	280	37	1	301	29	2
Women	155	9	3	170	7	2
Age						
Under 30s	130	8	0	181	6	3
Between 30 and 50 years old	265	26	3	255	24	1
Over 50 years old	40	8	0	35	3	

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CANAL GROUP REMUNERATION BY COUNTRY, GENDER, POSITION AND SENIORITY (EUROS)

YEAR 2024

	Spain	Brazil	Colombia	Ecuador	Dominican Republic
Starting annual salary without seniority of lower grade	20,528	3,292	4,858	5,101	4,265
Annual minimum wage in the country	15,876	2,905	3,538	5,101	4,265
Starting annual salary / minimum wage (%)	129	113	137	100	100
Average annual remuneration by gender and classification					
Women					
Directives	88,785	9,544	38,919	39,384	
Management Support	57,213		25,465	15,026	
Graduates	41,265	4,247	14,571	9,506	
Diploma-level graduates	36,643	3,388		6,831	
Middle management	34,172				7,414
Techniques	32,339			15,359	
Administrative and auxiliary	29,526	2,606	7,952	6,497	4,394
Officials	28,723				

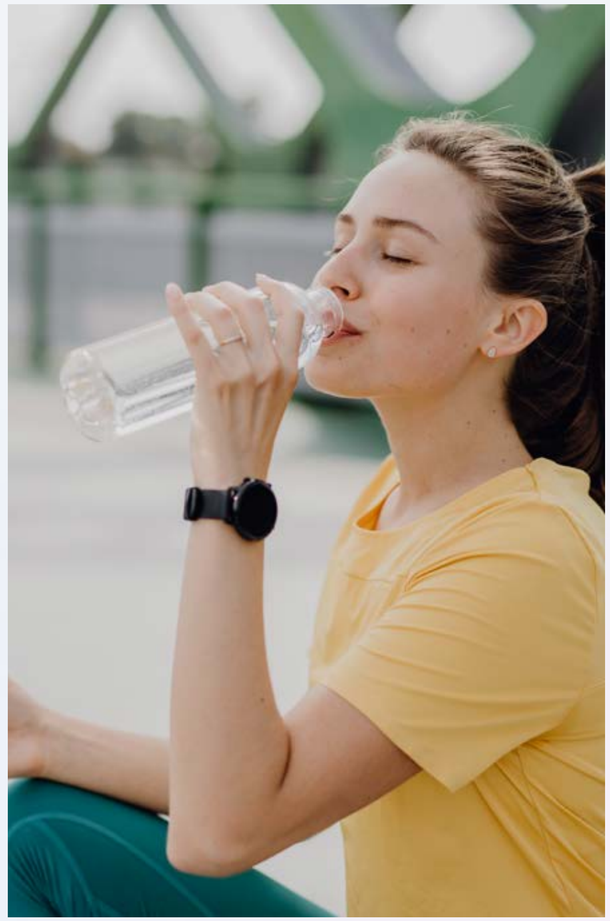
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[GRI 2-21]
[GRI 202-1]
[GRI 405-2]

YEAR 2024

	Spain	Brazil	Colombia	Ecuador	Dominican Republic
Average annual remuneration by gender and job classification					
Men					
Executives	94,232	20,380	35,512	36,523	50,497
Management Support	57,191	5,941	23,573		
Graduates	41,739	4,354	10,557	10,893	
Diploma-level graduates	36,946	4,134		6,543	27,523
Middle management	34,850	4,666			14,827
Technicians	33,540	3,06	5,413	12,154	
Administrative and auxiliary staff	30,351			6,363	4,169
Officials	29,778			6,318	4,169
Average annual remuneration by age bracket					
Under 30s	26,160	2,691	7,352	6,937	4,425
Between 30 and 50 years old	33,342	5,143	22,293	11,240	5,470
Over 50 years old	39,573	3,059	20,608	10,169	4,225

The fixed remuneration of the highest paid person in the organisation (CEO) in 2024, was **3.7 times** that of the lowest paid person in Spain and **41** times that of the lowest paid person in the Group (in Brazil).



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YEAR 2023

	Spain	Brazil	Colombia	Ecuador	Dominican Republic
Starting annual salary without seniority of lower grade	19,992	3,332	3,941	4,993	4,374
Annual minimum wage in the country	15,120	2,932	2,975	4,993	4,374
Starting annual salary / minimum wage (%)	132	114	132	100	100
Average annual remuneration by gender and job classification					
Women					
Directives	79,561	7,090	35,950	38,254	
Management Support	49,980		25,085	14,562	
Graduates	32,411	3,519	13,206	10,414	
Diploma-level graduates	29,110	1,999		7,766	
Middle management	26,930				8,942
Techniques	27,381			15,089	
Administrative and auxiliary	23,377	3,155	7,495	6,387	3,976
Officials	23,032				

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YEAR 2023

	Spain	Brazil	Colombia	Ecuador	Dominican Republic
Average annual remuneration by gender and job classification					
Men					
Executives	86,357	10,620	32,492	35,475	50,497
Management Support	51,284	4,693	13,036		
Graduates	31,843	3,386	10,017	11,428	
Diploma-level graduates	29,099	3,448		6,657	21,732
Middle management	28,253	4,589			13,121
Technicians	28,464	3,144	5,597	11,785	
Administrative and auxiliary staff	23,300			6,244	3,499
Officials	24,149			7,605	3,499
Average annual remuneration by age bracket					
Under 30s	21,050	3,083	6,140	6,473	5,263
Between 30 and 50 years old	28,603	4,028	19,688	11,242	6,580
Over 50 years old	34,151	3,061	18,643	9,320	11,046

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COLLECTIVE AGREEMENTS AND TRADE UNION REPRESENTATION

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Staff with company's collective bargaining agreement	3,102	0	0	**3,102**
Staff with sectoral collective bargaining agreement	101	286	36	**423**
Other agreements	13	2	0	**15**
Staff not covered by collective bargaining agreement	37	1	221	**258**
TOTAL	**3,253**	**289**	**257**	**3,799**
Workers affiliated to trade unions	731	101	0	**832**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Staff with company's collective bargaining agreement	3,016	0	0	**3,016**
Staff with sectoral collective bargaining agreement	105	300	33	**438**
Other agreements	34	2	0	**36**
Staff not covered by collective bargaining agreement	35		221	**256**
TOTAL	**3,190**	**302**	**254**	**3,746**
Workers affiliated to trade unions	69	105	0	**798**



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[GRI 2-30]

TURNOVER OF CANAL GROUP STAFF BY AGE AND GENDER

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Total additions	**654**	**7**	**53**	**714**
Men	408	4	34	**446**
Women	246	3	19	**268**
Under 30s	278	2	30	**310**
Between 30 and 50 years old	329	4	22	**355**
Over 50 years old	47	1	1	**49**
Total withdrawals	**442**	**13**	**39**	**494**
Men	287	5	23	**315**
Women	155	8	16	**179**
Under 30s	179	1	27	**207**
Between 30 and 50 years old	223	6	12	**241**
Over 50 years old	40	6		**46**
Voluntary departures	**35**		**25**	**60**
Men	25		15	**40**
Women	10		10	**20**
Under 30s	11		15	**26**
Between 30 and 50 years old	22		9	**31**
Over 50 years old	2			**2**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Total additions	**835**	**17**	**37**	**889**
Men	465	13	20	**498**
Women	370	4	17	**391**
Under 30s	267	5	14	**286**
Between 30 and 50 years old	503	12	19	**534**
Over 50 years old	65	-	0	**65**
Total withdrawals	**704**	**27**	**34**	**765**
Men	402	18	21	**441**
Women	302	9	13	**324**
Under 30s	223	7	8	**238**
Between 30 and 50 years old	384	14	24	**422**
Over 50 years old	97	6	2	**105**
Voluntary departures	**50**	**12**	**19**	**81**
Men	30	8	10	**48**
Women	20	4	9	**33**
Under 30s	9	6	7	**22**
Between 30 and 50 years old	35	6	12	**53**
Over 50 years old	6			**6**

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[GRI 401-1]

AVERAGE HOURS OF TRAINING BY FUNCTION AND GENDER

	Canal de Isabel II		Other investees Spain		Investees Latin America		Group	
Senior management	2023	2024	2023	2024	2023	2024	2023	2024
Men	44	24			21	25	**43**	**24**
Women	46	19	2		15	34	**40**	**20**
Total	44	22	2		17	30	**42**	**23**
Management Support	2023	2024	2023	2024	2023	2024	2023	2024
Men	38	30			31	791	**38**	**33**
Women	42	40		376	134	21	**45**	**41**
Total	40	34		376	95	107	**41**	**36**
Graduates	2023	2024	2023	2024	2023	2024	2023	2024
Men	36	42	2	1	30	2	**35**	**35**
Women	43	36	2		107	58	**48**	**38**
Total	39	38	2	1	61	25	41	**37**
Diploma-level graduates	2023	2024	2023	2024	2023	2024	2023	2024
Men	44	31		28	39	8	**44**	**31**
Women	44	30	4	1	24	21	**42**	**32**
Total	44	31	4	15	35	16	**43**	**31**

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[GRI 404-1]

	Canal de Isabel II		Other investees Spain		Investees Latin America		Group	
Middle management	2023	2024	2023	2024	2023	2024	2023	2024
Men	18	37	6	10			**17**	**36**
Women	18	26					**18**	**24**
Total	18	35	6	10			**17**	**34**
Technicians	2023	2024	2023	2024	2023	2024	2023	2024
Men	36	38		10	31	42	**36**	**37**
Women	21	39			49	11	**22**	**38**
Total	31	38		10	33	37	**31**	**38**
Administrative and auxiliary staff	2023	2024	2023	2024	2023	2024	2023	2024
Men	22	23	8	1	24	68	**22**	**25**
Women	29	24	5	2	23	52	**28**	**25**
Total	27	24	6	1	23	57	**26**	**25**
Officials	2023	2024	2023	2024	2023	2024	2023	2024
Men	21	36	4	16	37	35	**20**	**35**
Women	36	43		2			**36**	**40**
Total	21	36	4	15	37	35	**21**	**35**

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INFORMATION ON OCCUPATIONAL RISK PREVENTION OF THE CANAL GROUP

YEAR 2024

	Canal de Isabel II		Investees Latin America		Other investees Spain	
	Men	Women	Men	Women	Men	Women
Occupational accidents and diseases						
Workers exposed to occupational hazards	2,121	1,047	143	114	237	51
Accidents at work *in labore* (excluding *in itinere*)	82	20	155	102	27	2
Accidents with sick leave (excluding *in itinere*)	46	7			15	2
Average duration (days)	9	4			10	8
Lost days	738	76			263	15
Lost-time accident frequency rate	13	4			38	24
Total accident frequency rate (excluding *in itinere*)	24	12			69	24
Severity index	0,21	0,04			0,67	0,18
Incidence rate of accidents with sick leave	2,168.96	668.87			6,329.11	3,921.57
Fatalities						
Number of cases of occupational diseases						
Occupational disease rate						

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	Canal de Isabel II		Investees Latin America		Other investees Spain	
	Men	Women	Men	Women	Men	Women
Hours worked						
Hours worked	3.441.391	1.700.463	340.920	239.400	393.277	83.084
Hours worked by employees with permanent contracts	2.953.698	1.423.562	340.920	239.400	349.568	72.130
Hours worked by employees on temporary contracts	487.693	276.901			43.709	10.955
Absenteeism						
Hours lost due to absenteeism of permanent employees	232,648	108,515	2,532	1,124	87,629	21,878
Hours lost due to absenteeism of temporary employees	17,698	18,589			4,199	901
Total absenteeism	7	7	1	0	23	27
Absenteeism of employees with permanent contracts	7.88	7.62	0.74	0.47	25.07	30.33
Absenteeism of employees with temporary contracts	4	7			10	8

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YEAR 2023

	Canal de Isabel II		Investees Latin America		Other investees Spain	
	Men	Women	Men	Women	Men	Women
Occupational accidents and diseases						
Workers exposed to occupational hazards	2,082	975	154	103	251	51
Accidents at work *in labore* (excluding *in itinere*)	85	19			24	2
Accidents with sick leave (excluding *in itinere*)	42	9			12	2
Average duration (days)	8	6			28	22
Lost days	703	112			675	44
Lost-time accident frequency rate	12	6			28	23
Total accident frequency rate (excluding *in itinere*)	25	12			57	23
Severity index	0.21	0.07			1.60	0.51
Incidence rate of accidents with sick leave	2,017.37	923.29			4,819.28	3,921.57
Fatalities	0	0			0	0
Number of cases of occupational diseases	0	0			0	0
Occupational disease rate	0	0			0	0

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	Canal de Isabel II		Investees Latin America		Other investees Spain	
	Men	Women	Men	Women	Men	Women
Hours worked						
Hours worked	3,368,028	1,550,545	219,960	154,440	421,607	85,778
Hours worked by employees with permanent contracts	2,910,739	1,240,308	219,960	154,440	364,814	70,222
Hours worked by employees on temporary contracts	457,288	310,237			56,793	15,556
Absenteeism						
Hours lost due to absenteeism of permanent employees	195,711	104,604	1,584	2,824	74,629	16,689
Hours lost due to absenteeism of temporary employees	175,327	89,854	1,584	2,824	69,963	13,819
Total absenteeism	20,384	14,750			4,666	2,870
Absenteeism of employees with permanent contracts	6	7	1	2	18	19
Absenteeism of employees with temporary contracts	6.02	7.24	0.72	1.83	19.18	19.68

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3.5. CANAL GROUP OPERATIONAL DATA

CANAL DE ISABEL II INCLUDES ITS DELEGATION IN CÁCERES

SUPPLY

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Surface catchments				
Number of reservoirs or surface catchments from the river or the sea	15	6	1	**25**
Reservoir and/or surface catchment capacity (hm^3)	965.40	1.89	-	**967.29**
Number of weirs	6	1	-	**7**
Underground catchments				
Number of operational groundwater abstractions	79	-	-	**79**
Capacity of groundwater abstraction (hm^3)	93	-	-	**93**
Water derived for consumption				
Water derived for consumption (hm^3 per year)	506.71	47.67	25.47	**579.85**
Treatment				
Volume entering ETAP (hm^3)	500.64	71.55	3.21	**575.4**

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SUPPLY

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Volume of treated water (hm^3)	500.64	32.35	3.15	**536.14**
Number of drinking water treatment plants	15	5	1	**21**
Treatment capacity (hm^3/day)	4.60	0.10	0.009	**4.71**
Number of re-rollers or re-rollers	76	1	-	**77**
Distribution				
Kilometres of supply networks (including adduction)	18,431	2,061	1,034	**21,526**
Number of large regulating reservoirs	34	2	-	**36**
Storage capacity large reservoirs (hm^3)	3.29	0.03	-	**3.32**
Number of smaller deposits	299	67	2	**368**
Storage capacity of smaller reservoirs (hm^3)	0.55	0.11	1,5	**2.16**
Number of large pumping plants	25	4	-	**29**
Number of minor pumping plants	111	26	3	**140**

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SEWERAGE

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Kilometres of sewerage networks	18,371	2,034	984	**21,389**
Number of WWPSs	155	6	130	**331**
Number of rolling mills and storm tanks managed	61	4	0	**77**
Capacity of managed storm tanks (hm^3)	1.390	0.002	0	**1.425**

TREATMENT

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Number of sewage treatment plants	158	8	116	**282**
Total volume treated in WWTP (hm^3)	492.72	5.47	22.27	**520.46**
Volume purified compared to volume derived for consumption (%)	97	18	83	**92**
Design flow rate (hm^3/day)	2.19	0.02	0.06	**2.27**



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RE-USE

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Kilometres of reuse networks	744	316	-	**1,060**
Number of reclaimed water plants in service	33	5	21	**59**
Number of reuse tanks in service	64	4	-	**68**
Volume of water reused (hm^3)	15	2	5	**22**
Total irrigated area (ha)	2,956	347	-	**3,303**
Reclaimed water discharged to watercourse (hm^3)	96	1	-	**97**



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EFFICIENCY IN THE SUPPLY NETWORK

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Water metered at end users (%)	87	81	89	**87**
Estimated actual network losses (%)	4	19	11	**5**
Hidden losses distribution network (%)	2	10	11	**3**
Percentage of self-consumption	0.74	1.58	0.74	**0.77**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Water metered at end users (%)	87	57	92	**87**
Estimated actual network losses (%)	4	42	8	**7**
Hidden losses distribution network (%)	3	10	8	**4**
Percentage of self-consumption	0.92	0.40	0.61	**0.87**

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BREAKS IN THE SUPPLY NETWORK

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Breakage rate per 1,000 km	84.15	3,367.36	1,041.19	**440.20**
Burst rate per 1,000 service connections	7.72	23.97	39.49	**11.94**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Breakage rate per 1,000 km	97.98	3,735.95	755.83	**472.17**
Burst rate per 1,000 service connections	7.72	25.43	39.43	**12.01**



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ELECTRICITY CONSUMPTION AND PRODUCTION

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Total electricity consumption (kWh)	**513,819,720**	**104,215,594**	**11,708,758**	**115,924,352**
Supply	196,892,108	98,645,346	1,202,611	**296,740,065**
Drainage (including reuse and sludge drying)	286,682,810	5,470,993	10,218,533	**302,372,336**
Other areas	30,244,801	99,253	334,304	**30,678,358**
Consumption per derived water	0.389	1.378	0.382	**0.516**
Total electricity production (kWh)	**371,831,804**			**371,831,804**
Self-consumption	139,650,238			**139,650,238**
Sale to the electricity grid	232,181,566			**232,181,566**



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YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Total electricity consumption (kWh)	**552,492,449**	**99,694,181**	**12,152,545**	**664,339,172**
Supply	249,676,166	93,759,003	1,066,037	**344,501,206**
Drainage (including reuse and sludge drying)	287,569,636	5,844,472	10,671,383	**304,085,491**
Other areas	15,246,646	90,704	415,125	**15,752,475**
Consumption per derived water	0.499	1.379	0.332	**0.623**
Total electricity production (kWh)	**226,131,880**			**226,131,880**
Self-consumption	130,883,126			**130,883,126**
Sale to the electricity grid	95,248,754			**95,248,754**



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FOSSIL FUEL CONSUMPTION

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Heating fuel consumption: buildings and installations				
Natural gas in boilers in buildings (m^3)	65,552			**65,552**
Diesel fuel in boilers in buildings (litres)	65,000			**65,000**
Fuel consumption in processes				
Diesel fuel for generating sets (litres)	25,818			**25,818**
Natural gas in cogeneration (MWh) PCS	526,261			
Automotive fuel consumption				
Diesel consumption in vehicles and machines (litres)	546,219	49,061	74,142	**669,422**
Vehicle fuel consumption (litres)	172,914	16,720	56,512	**246,146**
LPG consumption in vehicles (litres)	26,088	4,879		**30,967**
Compressed natural gas consumption in vehicles (kg)	1,697			**1,697**

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YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Heating fuel consumption: buildings and installations				
Natural gas in boilers in buildings (m^3)	56,700			**56,700**
Diesel fuel in boilers in buildings (litres)	88,500			**88,500**
Fuel consumption in processes				
Diesel fuel for generating sets (litres)	11,289			**11,289**
Natural gas in cogeneration (MWh) PCS	161,209			**161,209**
Automotive fuel consumption				
Diesel consumption in vehicles and machines (litres)	541,584	52,128	74,163	**667,876**
Vehicle fuel consumption (litres)	158,359	11,210	57,206	**226,775**
LPG consumption in vehicles (litres)	26,441	6,151		**32,592**
Compressed natural gas consumption in vehicles (kg)	2,002			**2,002**

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REAGENT CONSUMPTION (TONNES)

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Drinking water supply reagents	34,860	1,813	72	**36,745**
Waste water purification reagents	32,206	899	147	**33,252**
TOTAL	**67,066**	**2,712**	**219**	**69,997**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Drinking water supply reagents	30,880	1,889		**32,769**
Waste water purification reagents	31,792	953	125	**32,870**
TOTAL	**62,673**	**2,842**	**125**	**65,639**



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WASTE PRODUCTION (TONNES)

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
WWTP sludge and DWTP sludge (non-hazardous)	471,901	7,294	313	**479,508**
Other non-hazardous waste	35,959	2,600	282	**38,841**
Hazardous waste	484	6	8	**498**
TOTAL	**508,344**	**9,900**	**603**	**518,847**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
WWTP sludge and DWTP sludge (non-hazardous)	460,941	8,571	308	**469,820**
Other non-hazardous waste	38,363	1,793	280	**40,436**
Hazardous waste	493	3	8	**503**
TOTAL	**499,797**	**10,367**	**596**	**510,760**

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PAPER CONSUMPTION (KILOGRAMS)

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Internal paper consumption	**13,128**	**1,944**	**8,364**	**23,436**
Administrative and management activities	12,085	1,914	3,517	**17,516**
White paper (virgin fibre)	5,123	8	3,517	**8,648**
Recycled paper	6,963	1,906		**8,868**
Commercial and other activities	**1,043**	**30**	**4,846**	**5,919**
Envelopes	16	30	71	**117**
White paper (virgin fibre)	752		4,775	**5,527**
Recycled paper	275			**275**
External paper consumption	**63,096**	**2,988**	**4,110**	**70,193**
Envelopes	33,702	1,804		**35,505**
White paper	29,394	826	4,110	**34,330**
Recycled paper	-	358		**358**

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YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Internal paper consumption	**13,662**	**1,962**	**2,926**	**18,550**
Administrative and management activities	12,135	1,932	1,907	**15,974**
White paper (virgin fibre)	5,024		1,907	**6,931**
Recycled paper	7,111	1,932		**9,043**
Commercial and other activities	**1,527**	**30**	**1,019**	**2,576**
Envelopes	5	30	127	**162**
White paper (virgin fibre)	1,133		892	**2,025**
Recycled paper	389			**389**
External paper consumption	**67,684**	**2,418**	**4**	**70,106**
Envelopes	36,462	1,717	1	**38,180**
White paper	31,222	701	3	**31,926**
Recycled paper	-	358		**358**

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SPENDING ON CSR (EUROS)

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Clients	4,725,474	162,138	998,712	**5,886,324**
Employees	801,519	28,284	1,005,380	**1,835,183**
Culture/society	3,352,817		48,678	**3,401,495**
Maintenance of social infrastructures	8,317,722			**8,317,722**
TOTAL	**17,197,532**	**190,422**	**2,052,770**	**19,440,724**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Clients	3,435,079	169,283	931,466	**4,535,828**
Employees	801,345	25,981	1,077,433	**1,904,759**
Culture/society	3,463,250		47,761	**3,511,011**
Maintenance of social infrastructures	8,317,722			**8,317,722**
TOTAL	**16,017,396**	**195,264**	**2,056,660**	**18,269,320**

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INVOICE CLAIMS

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Number of invoices issued	9,759,000	806,612	900,437	**11,466,049**
Percentage of complaints received over invoices issued	0.39	0.19	0.10	**0.36**
Percentage of complaints in favour of the client	53	75	82	**54**

YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Number of invoices issued	9,645,139	799,115	860,073	**11,304,327**
Percentage of complaints received over invoices issued	0.29	0.22	0.09	**0.27**
Percentage of complaints in favour of the client	64	68	70	**64**

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COMPLAINTS RECEIVED AND RESOLVED

YEAR 2024

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Complaints received	10,026	188	21,192	**31,406**
Complaints resolved (and cause of complaint)				
Accessibility and usability (virtual office)	281			**281**
Information	304	4		**308**
Customer/citizen service	90	5		**95**
Administrative procedures	3,880	4		**3,884**
Economic dissatisfaction	416	9		**425**
Service provided	3,945	69	4,652	**8,666**
Water quality	230		106	**336**
Environmental, health and safety and other	14	33	2,359	**2,406**
Cancelled	1,185	1		**1,186**

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YEAR 2023

	Canal de Isabel II	Other investees Spain	Investees Latin America	Group
Complaints received	12,242	236	23,081	**35,559**
Complaints resolved (and cause of complaint)				
Accessibility and usability (virtual office)	208			**208**
Information	296	7		**303**
Customer/citizen service	61	19	11	**91**
Administrative procedures	5,240			**5,240**
Economic dissatisfaction	503	13		**516**
Service provided	3,815	127	4,239	**8,181**
Water quality	399	2	130	**531**
Environmental, health and safety and other				
Cancelled	2	23	2,573	**2,598**



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3.6. CONSOLIDATED FINANCIAL RESULTS OF THE GROUP IN 2024

ORDINARY INCOME

1,003.22

MILLIONS OF EUROS

6.10% increase compared to 2023 (945.52 M€)

EBITDA

344.19

MILLIONS OF EUROS

14.51% increase compared to 2023 (300.58 M€)

NET RESULT

128.59

MILLIONS OF EUROS

1.98% decrease compared to 2023 (131.19 M€)

KEY FINANCIAL FIGURES FOR THE GROUP IN 2024

Changes in the **average exchange rate** between the currencies in which the Group operates and the euro affect the value of revenues and operating costs of activities carried out in foreign currencies. In 2024, the euro remained constant against the dollar, the main foreign currency in which the Group operates, which, together with the low weight of these activities in the Group, means that the impact of exchange rates on the consolidated figures is not significant.

The Group's consolidated **ordinary revenues have increased by 6.10%** compared to 2023 as sales in **Canal de Isabel II**, **Canal Gestión Lanzarote (CGL)** and **Amagua** have increased.

The **revenues** contributed by **Canal de Isabel II**, which account for **93.1%** of the consolidated revenues of the Group, have increased with respect to the previous year by **6.0%**, and so has the billed consumption by 2.2%. The increase is associated to the **tariff revision** and to the fact that the increase in consumption is billed in blocks with a higher tariff.

In 2024, **Canal de Isabel II has revised its tariffs** after more than ten years and we have increased their progressivity with the aim of encouraging saving and efficient water consumption. The size of the consumption blocks has been modified, and an additional consumption block (Block 4) has been created to penalise excessive consumption. In addition, the price of the different blocks has been revised upwards, except for the first block, so as not to penalise saving and efficient water use. This **tariff revision** has only affected the variable part of high domestic consumption and irrigation. The price has been maintained for commercial and

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[GRI 201-1]

industrial uses and for households that do not reach 20 cubic metres per two months, as is the case for more than half of the customers.

Another factor affecting **Canal de Isabel II's turnover** is the **rebates on tariffs** (social tariff), which in 2024, **have grown by 37.45%**, amounting to **4.73 million euros** (3.44 million euros in 2023).

The **revenues** of **Canal Gestión Lanzarote** (CGL), which represent **3.8%** of the consolidated revenues of the Group, have continued with their upward trend of recent years. The increase in the **volume of water billed** was **2.6%** in 2024, thanks to the higher tourist/industrial consumption, which is also the consumption block that has a higher average tariff. As a result, CGL's **revenue** growth for the year was **6.9%**. It is important to note that **CGL's tariffs have not been updated** since the **start of the concession** in 2013.

Amagua's revenues in Ecuador, which account for **2.8%** of consolidated revenues, have **increased by 8.6%** compared to 2023, thanks to the increase in population and the annual revision of its tariffs.

Consolidated operating expenses above EBITDA **grow by 5.7%** compared to 2023.

The **costs of Canal de Isabel II**, 90% of the total costs of the Group, have increased as a result of the increase in the prices of reagents and materials, the increase in the costs of own and subcontracted personnel due to the salary revisions included in the different applicable collective bargaining agreements, the increase in own personnel, the tax pressure, the adaptation to new and increasingly demanding regulations, the implementation of new activities and other improvements in the quality of the processes, within the framework of the 2018-2030 Strategic Plan. The impact of these increases has only been slightly mitigated by the fall in the prices of the Spanish electricity market, which has allowed for a decrease in the expenses for this item in the parent company and in Canal Gestión Lanzarote.

Lastly, the **companies of the Canal Extensia group** have been reducing their volume of activity in recent years and have borne the costs of adapting their structure to this new reality. In 2024, as their structure is now correctly sized and efforts have been made to recover previously provisioned receivables, the impact on consolidated operating costs is positive compared to 2023.

CONSOLIDATED FINANCIAL FIGURES OF THE CANAL GROUP (millions of euros)

Business figures (million euros)	2022	2023	2024
Ordinary income	947.73	945.52	1,003.22
EBITDA	307.44	300.58	344.19
Amortisation	–131.83	–134.09	–137.63
Operating result	131.28	137.05	144.63
Financial result	–8.07	–1.90	–10.82
Consolidated net result	120.22	131.19	128.59
Other financial indicators	**2022**	**2023**	**2024**
EBITDA/turnover	36.68%	32.44%	31.79%
Average collection period Canal de Isabel II (days)	48.59	46.82	49.15
Average payment period Canal de Isabel II (days)	25.49	23.79	24.40

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Consolidated EBITDA increases by EUR 43.61 million compared to 2023, with operating profitability in percentage terms rising to 34.31% in 2024, compared to 31.79% in 2023. Consolidated **operating profit** has increased to a lesser extent by **EUR 7.58 million**, as Canal included losses and impairments on fixed assets of EUR 12 million, whereas 2023 included gains associated with the sale of investment property of EUR 11.9 million. In addition, the increase in depreciation and amortisation and the provision for replacement had a negative impact on operating income.

As for the **financial result**, it has worsened with respect to the previous year by 8.92 million euros, as negative exchange differences of 9.8 million euros have been recorded due to the devaluation of the Brazilian real and the Uruguayan peso against the dollar by 22% and 11%, respectively, while in 2023 they were positive (1 million euros). The positive impact of the accounting restatement of financial assets and liabilities that do not involve cash outflows offset this decrease.

The **net result falls by EUR 2.60 million** compared to 2023 for the reasons mentioned above.

Segmented economic information of the Group

The contribution of **Canal de Isabel II accounts for 93.1% of total consolidated revenues**, **99.4% of EBITDA** and **126.5% of the result**, with a greater weight in the consolidated result as the rest of the Group contributes losses.

The absorption by Canal de Isabel II of the Group companies that operated in the Community of Madrid has reduced the Spanish investees to Canal Gestión Lanzarote and GSS Venture.

Their contribution to the consolidated result is negative due to the fact that the water tariff in the islands of Lanzarote and La Graciosa has not been revised since the start of the concession in 2013.

Lastly, the **Canal Extensia Group** also contributed losses to the result. The contribution is more negative than in the previous year, due to the negative impact of exchange rate differences.

SEGMENTED ECONOMIC INFORMATION OF THE GROUP (millions of euros)

	2023			2024		
	Canal de Isabel II	Spanish subsidiaries	Canal Extensia Group (Investees Latin America)	Canal de Isabel II	Spanish subsidiaries	Canal Extensia Group (Investees Latin America)
Ordinary income	881.47	35.47	28.59	934.29	37.91	31.02
EBITDA	307.87	1.16	6.13	342.02	3.11	0.94
CONSOLIDATED RESULT	**158.02**	**13.52**	**13.31**	**162.53**	**10.99**	**22.94**

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Group net financial debt

In the analysis of the **net financial debt**, it should be taken into account that practically all of the financial debt corresponds to the parent company's indebtedness (99.9% in 2023). In addition to **the bond issue for 500 million euros**, the average debt of the parent company with financial institutions through the mirror debt with Canal de Isabel II was 174 million euros, 8% lower than in 2023 (190 million euros).

During the financial year 2024, **financial debt** has continued to be reduced in accordance with its maturities, with financial debt falling from 682 million euros in 2023 to 667 million euros at the end of 2024.

With regard to **cash**, the Group's high cash generation capacity, as well as the replanning of certain investment projects envisaged in the Strategic Plan, enabled it to meet all its commitments during the year and pay out dividends of EUR 72.7 million, ending the year with a balance sheet balance of EUR 326 million and a net financial debt of EUR 341.4 million.

	2022	2023	2024
Net financial debt (million euros)	115.77	236.31	341.41
Net financial debt/EBITDA	0.38	0.79	0.99



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Financial risks

The business of our corporate group is subject to the following financial risks:

- **Interest rates.** Following the issue of simple unsubordinated bonds for an amount of €500 million in February 2015, Canal increased the percentage of fixed-rate debt to 100% at year-end 2024, reducing the Company's exposure to interest rate risk to zero.

- **Liquidity risk.** The Group has a stable activity and moderate indebtedness; this allows it to have a solid financial position and to reduce its financial indebtedness on an annual basis. In order to control liquidity risk, the Group carries out long-term financial planning and constantly monitors and controls its cash flows. In addition, the parent company has signed credit lines amounting to 153 million euros maturing in December 2025, which did not need to be drawn down at year-end. At the end of 2024, the Group had cash of 326 million euros.

The bonds issued by the parent company mature in February 2025, for which reason work has been underway to obtain long-term financing in the amount of 430 million euro (see note 32 of the *notes to the annual accounts*). In addition, in February 2025, additional credit lines were signed for an amount of 100 million euro, with a term of between three and six months, in order to increase the financial margin while the long-term debt is being formalised.

At the end of 2024, the Canal de Isabel II Group was rated by the rating agencies **Fitch** (BBB+, with a stable outlook) and **Moody's** (Baa1, with a positive outlook).

On the other hand, in recent years the Group's Latin American companies have had difficulties in renewing their financial indebtedness with credit institutions, as well as their collectability, generating liquidity tensions in some of the Group's companies. As a result, debts with credit institutions of the subsidiaries have been reduced and the financing between Group companies has been extended, using the cash surpluses available to Canal Extensia, in a first phase, and providing financing by Canal through Canal Extensia, once exhausted.

- **Price pressure.** Another risk factor inherent to the Group's activity is the possible pressure on prices, as it provides a service of prime necessity such as the management of the integral water cycle. Exposure to this risk is evidenced by the fact that the tariff associated with the services provided by the parent company remained frozen between 2015 and 2023.

The rest of the Group companies that provide these services mitigate the price risk through the indexation of their tariffs to variations in the CPI or the price of water. However, despite being included in the tariff review formula in the concession contract, Canal Gestión Lanzarote has been forced to claim the application of this formula or the receipt of compensation for the same amount (further information is provided in note 10 of the *Notes to the consolidated annual accounts* of the Group).

- **Credit risk.** Credit risk does not constitute a significant factor at global level, due to the fact that most of the Group companies have a very fragmented customer population. However, given the economic situation in some of the regions in which the Group operates and the fact that the main activity of the companies is the integral management of water, a basic service that must continue to be provided, the Group has opted for efficiency in the provision of its services and the dynamisation of collection management in order to reduce the risk of non-payment by its customers.

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In addition, those Group companies that had a high concentration of customers, and therefore a greater exposure to credit risk, such as AAA Dominicana, Emissão and Canal Extensia Amerika (Panama branch), have significantly reduced or even ceased their activity, reducing the Group's exposure to this type of risk.

- **Exchange rate risk.** The Group does not have a significant exposure to exchange rate risk as there is a natural hedge, since most of its companies' debts, excluding intercompany financing, are denominated in the same currency as their revenues and in which they make most of their purchases.

On the other hand, the aforementioned change in the Group companies' debt policy, increasing financing between them, has led to an increase in exposure to exchange rate risk from an individual point of view. The subsidiaries have borrowed in a currency other than the one in which they operate, and from a Group point of view their investment in foreign currency has increased. However, the amount of the Group's foreign currency assets is insignificant.

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Group tax information

The tax information, both on corporate income tax payments and withholdings, at parent company and Group level, is shown below:

CONSOLIDATED TAX INFORMATION

Corporate income tax (thousands of euros)	2022	2023	2024
Total payments in instalments and withholdings Canal de Isabel II Group	5,987	6,999	5,850
Total payments associated to Canal de Isabel II, S.A., M.P.	4,867	3,108	6,059
Final amount of tax declared Canal de Isabel II Group	3,099	5,186	N.A.
Final quota Canal de Isabel II, S.A., M.P.	2,366	4,358	N.A.

Group tax information by country

CORPORATE INCOME TAX
Payments associated with Canal de Isabel II Group (thousands of euros per year)

Países	2023	2024
Colombia	–66	0
Brazil	28	75
Dominican Republic	75	64
Ecuador	507	530

TAX INFORMATION BY COUNTRY[43] (thousands of euros per year)

		2023	2024
Spain	Profit obtained	105,559.66	130,718.12
	Public subsidies received	4,585.17	13,364.66
Colombia	Profit obtained	–10,885.02	–20,428.81
	Public subsidies received	0	0
Brazil	Profit obtained	–9,177.45	–21,437.65
	Public subsidies received	0	0
Dominican Republic	Profit obtained	–5,474.41	–814.95
	Public subsidies received	0	0
Ecuador	Profit obtained	3,243.39	3,176.37
	Public subsidies received	0	0

43. For further details, please refer to the consolidated annual accounts for 2024 of Canal de Isabel II, Sociedad Anónima, M.P. and subsidiaries.

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[GRI 207-4]
[GRI 201-4]

Other financial information

- **Treasury shares.** During the year ended 31 December 2024 there were no acquisitions of treasury shares by Group companies.

- **Financial instruments.** During the year the Group companies did not use financial instruments that are relevant for the valuation of their assets, liabilities, financial position and results.

- **Subsequent events.** Subsequent events are shown in note 32 of the *Notes to the consolidated annual accounts* of the Canal Group.



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CANAL GROUP INVESTMENTS IN 2024

The **cash flows** generated from operating activities have largely been used to **cover the investment volume** executed during 2024, which amounts to **EUR 439.8 million** in works and projects (compared to EUR 354.8 million in 2023).

It should be noted that this figure includes investments that have been considered as replacement investments in accordance with international accounting standards (IFRS) and which, in application of these standards, have not been capitalised by the parent company as an increase in the value of fixed assets. Canal has made investments of this type amounting **to 228.4 million euros** (173.4 million euros in 2023). However, this investment figure does not include the additions to the Group's fixed assets associated with the application of IFRS 16, as they are associated with leases made by the Group, nor the purchases of CO_2 emission rights.

Inversiones de Canal de Isabel II, Sociedad Anónima, M.P.

Canal, the parent company, has made investments, taking into account replacement investments, amounting to 437.1 million euros, which represents 99.4% of the Group's total investments (compared to 348.8 million in 2023). It is possible to observe an **acceleration** in the investment volume that is estimated to be maintained in the coming years in order to achieve Canal's strategic objectives.

In addition, Canal carries out **renovation and improvement** works on the distribution and sewerage networks owned by the municipality. The amount associated with these works is generally recovered through a supplementary charge on users' bills, and therefore they are classified as a financial asset. In 2024, works of this type amounting to 53.1 million euros (54.8 million euros in 2023) have been carried out.

The most important investments carried out respond to the aforementioned objectives of guaranteeing a satisfactory level of operation of the operation, maintaining the levels of productive efficiency and competitiveness; to the expansion of the automation and remote control of its installations; to the extension and improvement of the distribution and sanitation networks and storage capacity; to the adaptation and modernisation of the treatment system, as well as to the expansion of the reuse infrastructures. The following table shows the volume of investment in each of the various categories:

Investment by category (' million)	2022	2023	2024
Guarantee of supply	87.47	169.43	228.28
Quality assurance	6.49	9.24	24.04
Environmental commitment	54.51	83.98	109.18
Technological innovation	18.72	24.85	36.29
Adequacy of the general services of Canal de Isabel II	7.30	10.34	14.13
Other investments	10.09	8.45	24.99
Price revision *R.D.* 3/2022 Canal ownership	-	42.51	0.20
TOTAL	**184.57**	**348.81**	**437.11**
Works on distribution and sewerage networks owned by third parties	27.89	45.47	55.47
Revision of prices *R.D.* 3/2022 ownership of third parties	-	9.29	2.37
TOTAL INVESTMENTS AND WORKS OWNED BY THIRD PARTIES	**212.46**	**403.57**	**490.22**

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[GRI 201-1]
[GRI 203-1]

The Canal Strategic Plan launched in 2018 **requires a significant investment effort**, and in 2023 and 2024 we can already see the result of the measures undertaken by the company to carry it out. Our **investment volume** has **increased by 21.5%** compared to 2023 and by 130.7% compared to 2022, reaching a **record figure for the year**.

Throughout 2023 and 2024 we have reviewed our 2018-2030 Strategic Plan, resulting in the new 2025-2030 Strategic Plan, which will be associated with maintaining a high volume of investment in the coming years, with an estimated investment of close to **2,026 million euros over the next six years.** Among the strategic actions in terms of the **volume of investment required,** the following stand out:

- The **SANEA Plan**, for the modernisation and improvement of municipal sewerage networks in the Community of Madrid.
- The **RED Plan**, to standardise the materials used in the distribution networks and thus improve water quality through actions for the renewal of supply networks.
- The ***Smart-Region* Plan**, whose objective is to achieve the generalisation of remote reading of consumption so that by the end of 2026, 100% of the meters installed will be smart.
- The **Solar Plan**, which focuses mainly on the creation of new photovoltaic plants in the company's infrastructures to promote the generation and self-consumption of clean energy.

Within the investments made in 2024, aimed at guaranteeing supply, the investments aimed at renewing the distribution network and the deployment of remote metering stand out. In the case of those aimed at environmental commitment, the most significant investments are related to the "Plan for the adaptation of the purification system and the extension of the reusable water supply".

In addition, *Royal Decree 3/2022* allows for an extraordinary review of the prices of public sector works contracts that meet certain conditions. It has led to a higher cost of the investments made since 2021 associated with several contracts and, therefore, a higher amount of the investment for the year. The impact recorded includes the net between the amount provisioned in 2024, and the amounts claimed by suppliers during the year, which have already been allocated to their respective captions as they are an actual cost.

Investments completed in 2024

Among the most significant additions to the investment recorded as of December 2024 are the following:

- The **RED Plan** works to renew up to 347 kilometres of networks in the pipelines of different municipalities in the Community of Madrid, replacing obsolete materials with more technologically advanced ones, to guarantee quality and increase the efficiency of the distribution network; as well as with the installation of metering devices and connections of the Plan to implement and integrate water meters in the remote reading system.
- In **adduction**, the consolidation and drainage network at the El Vado dam; new ozone-generating reactors at the Valmayor DWTP, and the installation of lamellar decanting modules at the Majadahonda and La Jarosa DWTPs.
- In **water supply**, the waterproofing of the roofs of tank number 2 of the Hortaleza Reservoir and tank number 1 of the Getafe Reservoir; the new Sevilla la Nueva Reservoir with its adduction artery, pumping station and independent impulsions and the new artery to the Pino Alto Reservoir in Valdemorillo from the Villalba-Valdemorillo pipeline.
- In **wastewater treatment**, work on pre-treatment and decanting at the Hoyo Manzanares WWTP; improvements in biological treatment at the Cuenca Media-Alta and Cuenca Baja del Arroyo Culebro, Galapagar and Alcalá Este WWTPs, as well as other improvements at the Guadalix, Aldea del Fresno, Santillana and Arroyofresno WWTPs.
- In the **network of collectors and outfalls** of the Community of Madrid, the

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new WWPS and storm tank at Patones with pumping to the Torremocha de Jarama wastewater treatment plant; the reinforcement of the Fuente el Saz de Jarama outfall and the South collector; improvements to the storm tanks at Butarque and Abroñigales, as well as those derived from the SANEA Plan with the renewal of municipal sewerage networks in the Community of Madrid.

- In **reclaimed water**, the tertiary treatment works at the Fuente el Saz de Jarama WWTP and the improvements to the La China WWTP tank in Madrid are particularly noteworthy.

- The **automation** of processes and integration in the remote control and remote control system of the reclaimed water, chlorination, drinking water pumping stations and remote installations has also continued.

- In **IT systems**, investments in infrastructure to support operational technology and fibre optic cables to improve the telecommunications network are noteworthy.

- Finally, within the framework of the **Solar Plan**, it is worth highlighting the commissioning of the self-consumption photovoltaic plants at the Soto II and Miraflores reservoirs and the Nuevo Baztán 2 lift.

Ongoing investments

Canal will continue in 2025 with the actions in the sewerage networks associated with the **SANEA Plan**, the actions to renew the supply network associated with the **RED Plan**, the deployment of remote metering and the new photovoltaic energy installations associated with the development of the **Solar Plan**.

In addition, the most relevant specific actions that were underway at the end of 2024 are the following works:

- Repair of the structure of the La China WWTP storm tank in Madrid.

- Improvements to the Galapagar-Torrelodones WWTP.

- Section 5 of the second drinking water distribution ring in Monte de Boadilla.

- Branch 3 of the second drinking water distribution ring.

- The improvement of the Majadahonda DWTP.

- The improvement of the Pinilla DWTP.

- The construction of the new Buitrago de Lozoya reservoir.



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Investments in other Group companies

The investment volume of the other companies, due to their size and business model, is not significant.

It should be noted that **Amagua** has made investments amounting **to 2 million euros** (1.1 million euros in 2023), 0.5% of consolidated investments, such as a new reservoir (still in progress at year-end), the Buijo Center Sanitation Pumping Station, drinking water and sewage pipes and pumps and treatment equipment.



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Investments in R&D&I in the Canal de Isabel II Group

The Canal Group, through the parent company, actively contributes to research and innovation studies in order to increase scientific and technical knowledge in the sector.

Investment in 2024, amounted to **76.1 million euros**, 8.1% of turnover. Investment in R&D&I increased significantly, mainly due to the implementation of **remote reading** and **automation** of the company's infrastructure.

The information on the R&D&I activities carried out by the parent company in 2024, is expanded in section 2.10 of this report ("We are innovative").



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3.7. TAXONOMY OF THE EUROPEAN UNION

REGULATORY ENVIRONMENT

Canal de Isabel II, Sociedad Anónima, M.P. is subject to ***Regulation (EU) 2020/852* of the EU Taxonomy**[44], which implies a series of **disclosure obligations** related to **"environmentally sustainable" activities**. From fiscal year 2021 onwards, Canal has been reporting information in accordance with this regulation, which has been expanding its scope with the **publication of several delegated Regulations**[45], including the Climate Delegated Regulation**,** the Disclosure Delegated Regulation and the Environmental Delegated Regulation.

This latest Regulation, adopted by the **European Commission** in 2023, introduces new activities with their corresponding technical criteria of **contribution to environmental objectives**[46], thus broadening the scope beyond climate change mitigation and adaptation. In addition, this delegated Regulation is complemented by seven annexes setting out technical selection criteria for specific sectors and activities.

The Taxonomy is a regulation that continues to be developed, which means that companies must make interpretation decisions and carry out a continuous analysis exercise to ensure that the information provided adequately responds to the established requirements in accordance with the information that becomes available.

In 2021 Canal disclosed, in accordance with the requirements established by the current regulatory framework, the percentage of eligible activities **over revenues**, **investments in fixed assets (CapEx**[47]**)** and **operating expenses (OpEx**[48]**)** linked to activities covered by the taxonomy for their potential substantial contribution to climate change mitigation and adaptation.

This past year we published the eligibility and alignment according to the six environmental objectives listed in the Taxonomy, while last year we only published the eligibility and alignment for the climate objectives defined in the Climate RD and RD 2022/1214, as well as the eligibility for the activities of RD 2023/2485 and the Environmental RD.



44. *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.*
45. The EU Taxonomy is structured through Regulation (EU) 2020/852 and complemented by five delegated acts: Delegated Regulation (EU) 2021/2139 (Climate RD); Delegated Regulation (EU) 2021/2178 (Disclosure RD), which specifies the content, presentation and methodology for the disclosure of information that companies must make regarding sustainable economic activities; Delegated Regulation (EU) 2022/1213, which introduces activities referring to nuclear energy and fossil gas; Delegated Regulation (EU) 2023/2485, which introduces amendments to the Climate RD and adds new activities to the Climate RD; Delegated Regulation (EU) 2023/2486 (Environmental RD), which establishes the technical screening criteria for determining compliance with the Taxonomy and introduces changes to the Disclosure RD.
46. Sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and conservation and protection of biodiversity and ecosystems.
47. CapEx (*Capital Expenditures*) are the investments a company makes to purchase, maintain or improve its fixed assets such as production plants, machinery or vehicles.
48. OpEx (*Operational Expenditures*) is the sum of all expenses that a company incurs in order to carry out its activity, for example, to pay payroll, to purchase raw materials or to pay for energy.

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[GRI 201-1]
[GRI 203-2]

SCOPE AND ASSESSMENT OF CANAL ACTIVITIES

The scope of application of the European Taxonomy Regulation includes the activity of Canal de Isabel II, Sociedad Anónima, M.P. and all the subsidiaries that make up the Canal Group (fully consolidated companies).



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ELIGIBILITY OF CANAL ACTIVITIES WITH TAXONOMY

Within this perimeter, Canal has analysed its accounting information to determine which of its activities are associated with the activities described in the Taxonomy, identifying those eligible under the climate change mitigation objective as well as the objective of sustainable use and protection of water and marine resources. Despite having carried out a physical climate risk analysis, Canal has no climate change adaptation measures that can be considered eligible.

The current understanding of the descriptions and technical criteria in the Taxonomy informs this analysis. The economic activities that have been deemed **eligible** under the taxonomy for the Canal Group's activities during 2024 are presented below.



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Type of activity	Name of the taxonomic activity	Description of Canal's activity	Taxonomic objective
Management of water collection, treatment and supply systems	5.1. Construction, extension and operation of water collection, treatment and distribution systems.	This activity comprises the supply part of the integral water cycle, which includes the collection, treatment and distribution of drinking water.	✓ Climate Change Mitigation
	5.2. Renovation of water collection, treatment and distribution systems.	This activity at Canal includes all tasks for the renovation and improvement of the supply system.	✓ Climate Change Mitigation
	2.1 Water supply	It covers the construction, extension, operation and renovation of systems for the collection, treatment and supply of water for human consumption based on the extraction of natural water resources from surface or groundwater sources.	✓ Sustainable use and protection of water and marine resources
	4.1. Provision of data-driven IT/OT solutions	Canal has implemented an integrated remote control system in its drinking water supply system (collection, treatment and supply).	✓ Sustainable use and protection of water and marine resources ✓ Circular economy
Urban wastewater infrastructure management	5.3. Construction, extension and operation of wastewater collection and treatment systems	This activity comprises the sanitation part of the integral water cycle, which includes wastewater treatment and sewerage.	✓ Climate Change Mitigation
	5.4. Renewal of wastewater collection and treatment	Refers to the activities that the company undertakes for the renovation and upgrading of wastewater treatment plants.	✓ Climate Change Mitigation
	2.2 Urban wastewater treatment	Construction, extension, upgrading, operation and renewal of urban wastewater infrastructure: treatment plants, sewerage networks, stormwater management structures, connections to wastewater infrastructure, decentralised wastewater treatment facilities, such as individual systems and other appropriate systems, as well as treated effluent discharge structures. The activity includes innovative and advanced treatments, including the removal of micro-pollutants.	✓ Sustainable use and protection of water and marine resources
	2.2 Production of alternative water resources for purposes other than human consumption	The Canal Group carries out tertiary wastewater treatment, i.e. the production of reclaimed water from wastewater for subsequent reuse.	✓ Circular economy

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Type of activity	Name of the taxonomic activity	Description of Canal's activity	Taxonomic objective
Renewable energy generation	7.6. Electricity generation by solar photovoltaic technology*	Includes the production of renewable energy from solar sources.	✓ Climate Change Mitigation
	4.5. Electricity generation from hydropower	Refers to the activity of power generation through mini-hydroelectric power plants.	✓ Climate Change Mitigation
	4.30. High-efficiency cogeneration of heat/cold and electricity from fossil fuels	Canal has 2 natural gas cogeneration plants with an installed capacity of 44.70 MW. These are the South WWTP and the Loeches TLU.	✓ Climate Change Mitigation
	3.10 Hydrogen generation	Canal is finalising the construction and commissioning of the first green hydrogen plant in Spain to be located at the Arroyo Culebro Cuenca Media Alta WWTP.	✓ Climate Change Mitigation

* Activity 4.1 has been reclassified to activity 7.6 within the water activities as self-consumption is the main destination of the solar energy generation, thus taking advantage of this energy for the operation of the plant itself as another part of its operation.

It has been the proportion of **eligible economic activities** according to the taxonomy during 2024 for the Canal Group:

- **Turnover: 98.57%** eligible
- **OpEx: 94.46%** eligible
- **CapEx: 99.67%** eligible

Compared to the previous year's figures, turnover in 2024, has increased slightly from 98.39% last year. OpEx has increased from 92.50% in 2023. Finally, CapEx has also increased compared to 97.86% eligible in 2023.

In line with the above, although the generation of renewable energy contributes directly to the environmental objective of mitigating climate change, in the case of sludge drying, as it consumes gas in its activity, it cannot be considered an eligible activity for the climate change mitigation objective. It is true that this activity, in addition to generating electricity, contributes to promoting the circular economy by reusing the waste from its main production activity (sludge generated in the purification activity) to generate fertiliser.

In addition to the economic activities mentioned above, which are directly linked to environmental objectives, the parent company has made significant investments to reduce the carbon footprint of its transport fleet, making long-term leases of electric vehicles and reducing the weight of combustion vehicles which, although not considered in the taxonomy of the European Union, contribute to reducing the impact of Canal's activity on the carbon footprint.

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ALIGNMENT OF CANAL ACTIVITIES TO TAXONOMY

With regard to the alignment, Canal has assessed all the activities of the Group, including in the perimeter the companies **Canal Gestión Lanzarote** and **Amagua**, for the six objectives contemplated in the taxonomy. In this regard, work is still underway to determine with the necessary precision the proportion of taxonomic activities that have a significant impact on the objective of adaptation to climate change.

The above-mentioned criteria for eligibility have been equally observed for alignment. Additionally, the assessment of compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the technical selection criteria included in the delegated acts relating to climate change mitigation and adaptation objectives is different and varies for each of the activities identified.

In general terms, the evaluations carried out have consisted of one of the following activities: observing that the activity analysed conforms to the description given in the technical criteria, assessing that the operational parameters of the activity are within the established limits, confirming the existence of internal procedures or tools to ensure compliance with requirements, confirming the compliance of the activity evaluated with the law.

Therefore, in order to obtain the percentage of alignment of the Canal Group figures, compliance with the **technical criteria** detailed below has been assessed for each of the eligible activities. Therefore, the eligible and aligned activities are those indicated in the following table:



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Taxonomic activity ALIGNED	Technical criterion(s)	Compliance with the technical criteria for substantial contribution by the Canal Group
5.1. Construction, extension and operation of water collection, treatment and distribution systems	The supply system meets one of the following requirements: (a) the average net energy consumption for the abstraction and treatment of drinking water is 0,5 kWh per metre or less cubic metre of water supplied; (b) the level of leakage is calculated using either the structural leakage index (SLI) classification method (205) and the threshold value is equal to or less than 1,5, or another appropriate method	The companies of the Canal Group that comply with the first requirement, since the specific net energy consumption for the supply activity in 2024, has been less than 0.5 kWh/m^3 are Canal de Isabel II and Amagua. It is not the case for Canal Gestión Lanzarote. This value is obtained by dividing the net energy consumption linked to the supply activity by the volume of water derived for consumption.
5.2. Renovation of water collection, treatment and distribution systems	The activity reduces by at least 20% the difference between the current three-year average leakage level, calculated using the structural leakage index (SIL) rating method, and a SILI of 1,5, or between the current three-year average leakage level, calculated using another appropriate method, and the threshold value set in accordance with Article 4 of Directive (EU) 2020/2184. The current level of leakage averaged over three years is calculated over the entire extent of the affected and identified part of the water supply (distribution) network where the works are carried out, i.e. in the case of the renewed water supply (distribution) network, at the level of hydrometric district(s) (DMA) or pressure management area(s) (PMA).	Since 2018, Canal de Isabel II, thanks to the implementation of its RED Plan, has been carrying out a massive renovation of its supply network. Thanks to this ambitious plan, with the largest hydraulic investment ever carried out in Spain, an improvement in the efficiency of the distribution network is being achieved by reducing losses. At the sector level, the accumulated volume recovered in 2024, was 1,132,766 m^3. At the sector level, 20% of the sectors have been renovated. With this criterion, proportionally the total losses in these sectors would have been 1,530,893 m^3. With these values, the reduction in losses was 37.62%.
5.3. Construction, extension and operation of wastewater collection and treatment systems	The net energy consumption of the wastewater treatment plant is equal to or less than: (a) 35 kWh per population equivalent (p.e.) per year in case the capacity of the treatment plant is less than 10 000 p.e; (b) 25 kWh per person population equivalent (p.e.) per year in case the capacity of the treatment plant is between 10 000 and 100 000 p.e; (c) 20 kWh per population equivalent (p.e.) per year in case the capacity of the treatment plant is more than 100 000 p.e.	This technical requirement in 2024, is met by 69 of Canal's 155 WWTPs. In the case of Canal Gestión Lanzarote only the Arrecife WWTP, and in Amagua 23 WWTPs. However, given that the capacity and size varies greatly between the different facilities, compliance with the technical criterion has been weighted according to the volume of water treated, resulting in an alignment percentage of 76% for Canal, 51% for Lanzarote and 52% for Amagua. In order to obtain this value, each of the 156 facilities has been discriminated by size/design in equivalent inhabitants in accordance with the net energy consumption data established by the standard. It is worth noting from the results of this analysis that the WWTPs with the largest volume of treated water are precisely those with the highest proportion of compliance with technical criterion c).
2.1. Water supply	This activity refers to three technical criteria depending on whether it concerns: 1. The operation of an existing water supply system that provides consumers with a sufficient and healthy water supply of sufficient quality and contributes to the efficiency of water resources. 2. In the case of operation of an existing water supply system that provides consumers with a supply of water of sufficient and wholesome quality and contributes to water resource efficiency. 3. In the case of renovation of existing water supply systems. As appropriate, these three points refer to the fulfilment of various criteria which in general refer to achieving efficiencies in network operation such as a reduction of leakage of 20% averaged over the last three years and/or threshold values referenced to the ILI methodology (IFE) below 2 or below 1.5.	The supply system complies with the established standard. Furthermore, according to the latest available data for Canal, the ILI would be below the limit established to comply with the technical criterion. It is not the case for Lanzarote and Amagua. Finally, the system also has metering at the consumer level where water is supplied to a contractual delivery point in the users' drinking water distribution system. Furthermore, the reduction of leakages in the sectors where the network has been renovated shows a reduction of more than 20% on average in recent years.

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Name of the taxonomic activity	Description of Canal's activity	Taxonomic objective
2.2. Wastewater treatment	Three criteria are established: 1. The wastewater treatment system does not lead to a deterioration of the good ecological status and potential of any of the affected water bodies and contributes significantly to the achievement of good status and potential of the affected water bodies, in accordance with Directive 2000/60/EC (6). 2. The wastewater treatment system has a collecting system and secondary treatment. The wastewater treatment system complies with the relevant and specific volume requirements for discharges from urban wastewater treatment plants set out in Directive 91/271/EEC, in particular Articles 3 to 8 and 13 and Annex I of that Directive. 3. When the waste water treatment plant has a minimum capacity of 100 000 population equivalent (p.e.) (7), or a daily input of a five-day biochemical oxygen demand (BOD 5) greater than 6 000 kg, it uses sludge treatment such as anaerobic digestion or a technology with the same or lower net energy demand (taking into account both energy generation and consumption), to stabilise the sludge.	In the case of the Canal Group, the Canal Group companies comply with the current regulations on wastewater treatment.
7.6. Electricity generation using solar photovoltaic technology	The activity generates electricity using solar photovoltaic technology.	Canal has 35 solar energy installations in operation. A total of 5.68 MW of installed capacity that have generated 4.92 GWh in 2024. Of these installations, 4 of them are part of the aforementioned Solar Plan that is currently underway. See chapter 2.4 *Caring for your environment*.
3.10. Hydrogen production	A 73.4% reduction in greenhouse gas emissions over the life cycle in the case of hydrogen [resulting in life cycle GHG emissions of less than 3 tCO_2e/tH_2], and a 70% reduction in the case of synthetic fuels derived from hydrogen, compared with a reference fossil fuel emitting 94 g CO_2e/MJ, in line with the approach set out in Article 25(2) and Annex V of Directive (EU) 2018/2001.	This green hydrogen generation facility produces 0 CO_2 emissions as it uses renewable energy sources (solar photovoltaic and biogas cogeneration from wastewater) located at the Arroyo Culebro Cuenca Media Alta wastewater treatment plant.
4.1. Provision of data-driven IT/OT solutions for leakage reduction	For remote monitoring and predictive maintenance systems, at least two of the following specified capabilities in terms of alerting and making recommendations. For tracking and tracing software and IT/OT systems, they are fulfilled throughout their scope by facilitating the identification, tracking and tracing of materials, products and assets through value chains in order to make structured data accessible and support the optimisation and intensification of product use through circular business models, such as the provision of products as a service or peer-to-peer exchange.	In the case of Canal, thanks to its Telecontrol system, this activity is aligned with the technical criteria established by this activity, as the system allows the detection and monitoring of leaks in the supply network. It also allows the formulation of measures in the distribution network and recommendations to act in favour of an optimal operation. In the case of Canal, the Telecontrol activity is aligned with these technical criteria as the system allows the identification, monitoring and formulation of measures and recommendations to act in favour of an optimal operation.

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COMPLIANCE WITH THE TECHNICAL CRITERIA OF NO SIGNIFICANT HARM (DNSH)

No Significant Harm to Climate Change Adaptation

Canal de Isabel II has been using its own risk management model in its daily work with several objectives, among which the adaptation to climate change stands out in order to face the extreme weather phenomena to which the company is exposed due to its activity: droughts, floods, variations in available resources or deviations in demand, among others.

This management model allows Canal to use all possible means to guarantee the supply of water to the population following the principle of efficient management of the resource in situations of shortage or problems related to floods. The company also has a model to perform probabilistic analyses with the results obtained to help forecast the evolution of the reservoir reserves in a given time horizon. These models are valuable tools for the company in terms of adapting to climate change to minimise the negative socio-economic, environmental, etc. effects that are usually associated with it.

Do Not Cause Significant Harm to the sustainable use and protection of water and marine resources

At Canal we carry out the actions required in the National Water Quality Plan —PNCA-, by which the treatment plants must have the necessary processes to eliminate phosphorus and nitrogen. This obligation involves making a series of investments with the aim of equipping treatment plants with advanced treatments for the elimination of nutrients, actions included in the National Water Quality Plan, whereby, in order to comply with Framework Directive 2000/60/EC, which establishes a Community framework for action in the field of water policy and requires treatment plants to have the necessary processes to eliminate phosphorous and nitrogen. This obligation entails making a series of investments with the aim of equipping treatment plants with advanced treatments for the elimination of nutrients.

Do No Significant Harm towards a circular economy

The control of waste management at Canal's production centres and grouping points is based on the correct separation of waste at source and is complemented with the monitoring of collection routes, scheduled fortnightly and carried out by authorised waste managers, ensuring compliance with current legislation. In recent years, we have actively worked on the proper management of non-hazardous waste with the aim of increasing the amount destined for reuse or recovery.

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No Significant Harm to Biodiversity

The location of our reservoirs in the middle and upper basins of rivers and in places that were originally little frequented has boosted the local ecosystems associated with water and has welcomed, in terms of birdlife, the emigration of species that have been displaced by the progressive pressure on wetlands.

Since the origins of our company, peculiar and very interesting ecosystems have developed in and around our reservoirs, which have coexisted with the agricultural and livestock farming activities of the Sierra de Guadarrama. These ecosystems play an important role in the modulation of climatic conditions and in the hydrological cycle, without forgetting their landscape and socio-cultural value.

In the surroundings of these facilities, Canal carries out a series of works and actions to conserve and maintain these areas in perfect condition, respecting the protected species and the plant and animal heritage that inhabit these ecosystems. When necessary, the appropriate environmental impact assessments and studies are carried out.

Minimum Social Safeguards

To be considered environmentally sustainable, an economic activity must be conducted in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Canal de Isabel II respects and promotes human rights throughout its value chain. Therefore, it has a due diligence system consisting of policies, periodic procedures for assessing adverse impacts, management measures to prevent and mitigate the possible impacts identified, monitoring and communication procedures, and complaint and remedy mechanisms. It also has policies and procedures on competition, anti-corruption, responsible business, conflicts of interest and fiscal responsibility, among others, to reinforce the Group's commitment to social rights and sustainable growth. More information in the section "Corporate Governance at Canal de Isabel II" included in this report.

In this regard, all Group companies are committed to respecting human rights and strictly comply with the labour regulations in force in each of the countries where they are present. The Group's companies have established as an obligatory premise to contract only and exclusively with companies that support and respect the protection of human rights, as can be found in the corresponding chapter.

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PERCENTAGE ALIGNMENT OF CANAL ACTIVITIES

Taking this information into account, the **percentage of alignment** with the taxonomy on the total revenues (turnover), CapEx and OpEx of the Canal activities during 2024 was as follows:

- **Turnover: 92.94%** of total turnover.
- **OpEx: 90.48%** alignment over the total number.
- **CapEx: 98.53%** alignment on the total figure.

As for the activities that **are ELIGIBLE, but not ALIGNED** to the Taxonomy in 2024, because they do not meet the established technical criteria, they are:

5.4. Renewal of wastewater collection and treatment

4.5. Electricity generation from hydropower

4.30. High-efficiency cogeneration of heat/cooling and electricity from gaseous fossil fuels

These activities are considered **non-aligned because they do not meet the technical criteria**. In the case of 5.4, the improvement in energy efficiency at the wastewater treatment plants is not fulfilled. Regarding activity 4.5 of electricity generation from hydroelectric power, it has not been considered aligned either because it does not meet any of the established criteria: a) the electricity generation facility is a flowing water hydroelectric plant and does not have an artificial reservoir; b) the power density of the electricity generation facility is greater than 5 W/m_2, c) the GHG emissions during the life cycle of the electricity generation from hydroelectric power are less than 100 g CO_2 e/kWh. Finally, as for activity 4.30, Canal's CHP plants are not aligned as they do not meet any of the established technical criteria.



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OBTAINING THE INFORMATION

In order to determine the proportions presented, based on the company's financial statements report, the identification by type of activity has been carried out by selecting the figures corresponding to each ratio, to activities identifiable with categories present in the annexes of the EU Delegated Regulation 2021/2139 and the new regulation 2023/2486, which define the technical criteria to determine when an economic activity is considered to contribute substantially to climate change mitigation or adaptation, as well as to determine whether that activity does not cause significant damage to any of the other environmental objectives. For the analysis of sustainable economic activities in Canal, turnover, CapEx and OpEx figures have been analysed at cost centre level, considering in all cases the natures set out in the Taxonomy Regulation. Once the eligible figures were consolidated, they were divided by the total figures.

To obtain the amounts associated with the eligible activities according to the taxonomy of the indicators included in the table above, the information loaded into the Group's corporate consolidation application was used to determine the contribution to the consolidated total turnover, OpEx and CapEx of each company.

Where the same activity is eligible, in whole or in part, for several environmental objectives, this has been taken into account to avoid double counting in the different indicators.

Turnover

Canal's main activity is the **management of the integral water cycle**, which includes the collection, purification and distribution of water and the collection and treatment of wastewater, being these activities its main sources of income. Both activities are included in the Taxonomy.



The Group has been committed for years to the **sustainable use of water resources**. Therefore, it works continuously on improving its infrastructure to reduce losses, optimising the management of reservoirs, the use of groundwater, the extension of reclaimed water and the development of awareness campaigns that motivate water saving. On the other hand, the Canal Group produces electricity through mini hydroelectric plants, hydraulic microtur-

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bines, engines and turbines powered by the biogas from the WWTP, solar photovoltaic plants and high efficiency cogeneration plants for the thermal drying of sludge produced in the urban wastewater treatment process.

It is important to note that in addition to selling electricity to the market, the Group has **generated electricity** for self-consumption for the activities of the company's various facilities (74% of the electricity generated).

The main Group companies have implemented **cost control tools** in their ERP (enterprise resource planning) software, which allow them to divide revenues and expenses by cost centre and therefore allocate them to their various activities. Once the amount attributable to each indicator under its individual accounting has been determined, consolidation adjustments have been taken into account so that the total amount coincides with the contribution to the consolidated accounts of each subsidiary.

Therefore, the calculation of the KPI indicator associated with Turnover results in **98.57%** of activities conforming to the description established in the taxonomy. This percentage has been obtained taking into account the following key indicators:

For the Denominator: This includes the amount resulting from the sale of products and provision of services, after deduction of sales rebates, as well as value added tax and other taxes directly linked to turnover (Article 2(5) Directive 2013/34/EU).

It is based on the total consolidated income in the consolidated income statement and deducts those revenues that do not meet the above definition, such as the allocation of subsidies or financial income.

For the Numerator: Eligibility has taken into account the share of net turnover derived from products or services, including intangibles, associated with economic activities that conform to the taxonomy.

The main companies of the Group have implemented cost control tools in their ERP (enterprise resource planning) software, which allow revenues and expenses to be split by cost centre and allocated to the different activities of the Group. Once the amount attributable to each eligible taxonomic activity has been determined under its individual accounting, consolidation adjustments have been taken into account so that the total amount matches the consolidated amount._

With regard to **alignment**, the amount of turnover considered represents **92.94%** of the total volume and corresponds to the water activities 5.1/2.1., 5.2/2.1., 5.3/2.2. and 2.2. circular economy (see alignment table).

Compared to the figures published for 2023, the percentage of eligibility has slightly increased. In terms of eligible and aligned activities the configuration is similar to last year, although in 2024, the alignment of activities linked to the water objective compared to the previous year has led to a strong increase in the alignment figure over the eligible figure from 75% to 93%.

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CapEx (capital expenditure / investments)

In total, the Canal Group's eligible CapEx figure in 2024, is **447.52** million euros.

In the case of CapEx, it is important to note that the parent company, in order to increase its renewable energy generation, is implementing the Solar Plan, which involves the installation of new solar photovoltaic plants on the company's infrastructures, with the aim of reducing its costs and promoting the generation and self-consumption of clean energy, information that is shown in more detail in the section on energy generation in this report. At the same time, the company's investment in what will be the first green hydrogen plant in Spain, which by the end of 2024 is nearing completion, should also be highlighted, in addition to the rest of the investment plans related to activities related to the integral water cycle.

The KPI indicator associated with CapEx results in **99.67%** of activities meeting the criteria of the standard to comply with the taxonomy. This percentage has been obtained taking into account the following:

For the Denominator: Additions to tangible and intangible assets during the reporting period before depreciation, amortisation and any revaluations taking into account International Financial Reporting Standards (IFRS) (paragraph 1.1.2.1 of Annex I to Delegated Regulation (EU) 2021/2178) are included.

The denominator includes all additions to property, plant and equipment, intangible assets and investment property (notes 7, 8 and 10 to the consolidated financial statements) as well as the application of the provision for replacement and major repairs as these are also infrastructure investments (note 23 to the consolidated financial statements).

Excluded from the denominator are the movements associated with the provision recorded to cover the impact of Royal Decree 3/2022, which allows the revision of prices of certain contracts, as it is an estimated amount that is not yet real.

For the Numerator: The parent company, which has made 99% of the Group's investments, lists all its investment projects in its ERP system under different categories, one of which is the destination of the investment.

Based on this categorisation and the allocation drivers of the cost control system, the investment volume of each activity is determined. In the rest of the Group companies, as they have a much lower investment volume, the investment projects carried out in 2024, have been analysed individually in order to allocate them to the different activities of the Group. By using the above procedure, any duplication in the amounts included as eligible activities in the aforementioned indicators has been avoided.

With regard to **alignment**, CapEx amounts have been included for activities 5.1, 2.1, 5.2, 5.3, 2.2, 5.4, 7.6 and 3.10 aligned mostly by the water objective. In total, **442** million euros are aligned, representing **98.53%** of the total CapEx for the year 2024.

It means that more than **5 million** has been considered eligible but not aligned and corresponds to activities 4.30, 4.5, and that, together with the corresponding part of activity 5.1 in Lanzarote which is not aligned. In total, they account for 1.15% of the total CapEx.

Comparing these figures with those of 2023, the increase in the eligible figure is significantly notable, with **supply-related** activities (construction and refurbishment) accounting for the largest share of the total eligible figure. Also significant is the higher weight of solar and hydropower generation activities in the 2023 eligibility percentage.

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OpEx (operating expenses)

According to the definition provided by the Taxonomy for this indicator, it has been considered that the percentage of eligible OpEx of the Canal Group for the financial year 2024 is **94.46%.** Unlike what happens for the turnover, in this case, the most influential activity is the *Construction, expansion and operation of water collection, treatment and distribution systems*, which includes the actions carried out regarding the renewal of sewerage and treatment networks. The OpEx result eligible but not aligned according to the definition is approximately 4% and corresponds mainly to the cogeneration or hydroelectric activity, among others.

The KPI indicator associated with OPEX has been derived taking into account the following:

For the Denominator: Included are non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of tangible fixed assets by the company or a third party or subcontracted activity and that are necessary to ensure the continued effective operation of such assets (paragraph 1.1.3.1 of Annex I of Delegated Regulation (EU) 2021/2178).

The consolidated income statement has been used as a starting point and the expense items that meet the above definition have been taken into account: subcontracted work associated with maintenance, materials, spare parts and other consumables, in-house personnel expenses associated with maintenance, R&D expenses, lease expenses and repair and maintenance accounts (note 26 of the consolidated annual report). It is reduced by the work carried out by the Group on non-current assets, as these amounts are included in the CapEx indicator.

For the Numerator: As in the case of the turnover indicator, we have started from the breakdown of costs by activity carried out with the individual IT tools and taken into account the consolidation adjustments to arrive at the consolidated information. Taking into account the expense accounts that make up the denominator, the OpEx associated with each of the Group's eligible activities was calculated to determine the amount of the numerator.

Alignment has been detected on the basis of compliance with the technical criteria of activities 5.1/2.1 and 5.3/2.2, in addition to 4.1. water and circular economy. The percentage of alignment shows a value of **90.48%.**

If we compare these figures with the year 2023, the data is significantly more positive, although the eligible figure is similar, the alignment is higher, influenced by higher spending on construction, extension and renovation linked to sanitation.

The following pages show the eligibility and alignment results of Canal's activities with the taxonomy. Their formats correspond to those of the templates for key performance indicators for non-financial companies in Annex II of the Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021. The absolute OpEx and CapEx figures presented below are based on specific definitions observed under Annex I of Delegated Regulation (EU) 2021/2178 and may therefore differ from those presented under the same heading in the company's financial statements.

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TAXONOMY TABLES (SPANISH ONLY)

TURNOVER RATIO

	Ejercicio financiero 2024	2024			Criterios de Contribución Sustancial						Criterios de ausencia de perjuicio significativo («No causa un perjuicio significativo»)									
	Actividades económicas (1)*	Código(s) (2)	Volumen de negocios (3)	Proporción del volumen de negocios, 2024 (4)	Climate Change Mitigation (5)	Adaptación al Cambio Climático (6)	Agua (7)	Contaminación (8)	Circular economy (9)	Biodiversidad (10)	Climate Change Mitigation (11)	Adaptación al Cambio Climático (12)	Agua (13)	Contaminación (14)	Circular economy (15)	Biodiversidad (16)	Garantías mínimas (17)	Proporción del volumen de negocios que se ajusta a la taxonomía (A.1) o elegible según la taxonomía (A.2), 2023 (18)	Categoría actividad facilitadora (19)	Categoría actividad de transición (20)
			euros	%	S; N; N/EL	S; N; N/EL	S; N; N/EL	S; N; N/EL	S; N; N/EL	S; N; N/EL	S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	F	T
Alineamiento	**A. ACTIVIDADES ELEGIBLES SEGÚN LA TAXONOMÍA**																			
	A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)																			
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1 / WTR 2.1	410.898.420	39,42%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	21.363.283	2,05%	S	N/EL	N	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	22.633.095	2,17%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
	Renovación de sistemas de captación, depuración y distribución de agua	CCM 5.2 / WTR 2.1	161.216.028	15,47%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
	Renovación de sistemas de captación, depuración y distribución de agua	CCM 5.2	8.571.246	0,82%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
	Renovación de la recogida y el tratamiento de aguas residuales	CCM 5.3 / WTR 2.2	236.884.880	22,73%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
	Tratamiento de aguas residuales urbanas	WTR 2.2	103.667.315	9,95%	N	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
	Producción de recursos hídricos alternativos para fines distintos del consumo humano	CE 2.2	3.464.851	0,33%	N/EL	N/EL	N/EL	N/EL	S	N/EL	S	S	S	S	S	S	S	**		
	Volumen de negocios de las actividades medioambientalmente sostenibles (Alineadas a la taxonomía) (A.1)		968.699.117	92,94%	82,67%	0,0%	87,57%	0,0%	0,33%	0,0%	S	S	S	S	S	S	S	79,11%		
	De las cuales: facilitadoras		0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	S	S	S	S	S	S	S	0,0%	F	
	De las cuales: de transición		0	0,0%	0,0%						S	S	S	S	S	S	S	0,0%		T
Elgibilidad	**A.2 Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)**																			
					EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
	Renovación de sistemas de captación, depuración y distribución de agua	CCM 5.1 / WTR 2.1	17.564.672	1,69%	EL	N/EL	EL	N/EL	N/EL	N/EL								**		
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	13.889.420	1,33%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**		
	Cogeneración de alta eficiencia de calor/frío y electricidad a partir de combustibles fósiles gaseosos	CCM 4.30	24.062.317	2,31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2,33%		
	Generación de electricidad a partir de energía hidroeléctrica	CCM 4.5	3.103.866	0,30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,69%		
	Volumen de negocios de las actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía) (A.2)		58.620.274	5,62%	5,62%	0,0%	1,69%	0,0%	0,0%	0,0%								13,8%		
	A. Volumen de negocios de las actividades elegibles según la taxonomía (A.1+A.2)		**1.027.319.391**	**98,57%**	**88,29%**	**0,0%**	**89,25%**	**0,0%**	**0,33%**	**0,0%**								**92,92%**		
	B. ACTIVIDADES NO ELEGIBLES SEGÚN LA TAXONOMÍA																			
	Volumen de negocios de las actividades no elegibles según la taxonomía		14.915.670	1,43%																
	Total		**1.042.235.061**	**100%**																

Proporción del volumen de negocios/volumen de negocios total		
	que se ajusta a la taxonomía por objetivo	elegible según la taxonomía por objetivo
CCM	82,7%	88,3%
CCA	0%	0%
WTR	87,6%	89,3%
CE	0,3%	0,3%
PPC	0%	0%
BIO	0%	0%

* En algunas filas, el desglose de actividades se debe a que las descripciones para varios objetivos, aunque , no son completamente idéntica. Un ejemplo de ello es la actividad 2.1 de WTR, que incluye la construcción, ampliación, explotación y renovación de los sistemas de recogida, tratamiento y suministro de agua, pero no recoge el riego y la captación de recursos hídricos para su posterior desalinización.

** Como se ha expuesto anteriormente, este es el primer ejercicio en el que se alinea las actividades a los objetivos medioambientales recogidos en el RD Ambiental. Por este motivo, no es posible ofrecer, en algunas filas, el porcentaje con respecto a 2023.

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CapEx ratio (capital expenditure / investments)

	Ejercicio financiero 2024	2024			Criterios de Contribución Sustancial						Criterios de ausencia de perjuicio significativo («No causa un perjuicio significativo»)									
	Actividades económicas (1)*	Código(s) (2)	CapEx (3)	Proporción del CapEx, 2024 (4)	Climate Change Mitigation (5)	Adaptación al Cambio Climático (6)	Agua (7)	Contaminación (8)	Circular economy (9)	Biodiversidad (10)	Climate Change Mitigation (11)	Adaptación al Cambio Climático (12)	Agua (13)	Contaminación (14)	Circular economy (15)	Biodiversidad (16)	Garantías mínimas (17)	Proporción del CapEx que se ajusta a la taxonomía (A.1) o elegible según la taxonomía (A.2), 2023 (18)	Categoría actividad facilitadora (19)	Categoría actividad de transición (20)
			euros	%	S; N; N/EL	S; N; N/EL	S; N; N/EL	S; N; N/EL	S; N; N/EL	S; N; N/EL	S/N	S/N	S/N	S/N	S/N	S/N	S/N	%	F	T
Alineamiento	**A. ACTIVIDADES ELEGIBLES SEGÚN LA TAXONOMÍA**																			
	A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)																			
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	**CCM 5.1** / WTR 2.1	103.598.292	23,07%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	***		
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	1.110.896	0,25%	S	N/EL	N	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	***		
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	5.699.133	1,27%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	***		
	Renovación de sistemas de captación, depuración y distribución de agua	**CCM 5.2** / WTR 2.1	164.105.175	36,55%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	***		
	Renovación de sistemas de captación, depuración y distribución de agua	CCM 5.2	8.956.124	1,99%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	***		
	Renovación de la recogida y el tratamiento de aguas residuales	CCM 5.3 / **WTR 2.2**	65.992.553	14,70%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	***		
	Tratamiento de aguas residuales urbanas	WTR 2.2	62.414.543	13,90%	N	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	***		
	Producción de recursos hídricos alternativos para fines distintos del consumo humano	CE 2.2	1.571.686	0,35%	N/EL	N/EL	N/EL	N/EL	S	N/EL	S	S	S	S	S	S	S	***		
	Instalación, mantenimiento y reparación de tecnologías de energía renovable **	CCM 7.6	13.242.443	2,95%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	3,94%	F	
	Suministro de soluciones de TI/TO basadas en datos	WTR 4.1 / **CE 4.1**	14.587.288	3,25%	N/EL	N/EL	S	N/EL	**S**	N/EL	S	S	S	S	S	S	S	0,0%		
	Fabricación de hidrógeno	CCM 3.10	1.090.828	0,24%	S	N/EL	N/EL	N/EL	N/EL	N/EL										
	CapEx de las actividades medioambientalmente sostenibles (Alineadas a la taxonomía) (A.1)		442.368.961	98,53%	80,78%	0,0%	91,47%	0,0%	3,60%	0,0%	S	S	S	S	S	S	S	46,97%		
	De las cuales: facilitadoras		13.242.443	2,95%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	S	S	S	S	S	S	S	3,94%	F	
	De las cuales: de transición		0	0,0%	0,0%						S	S	S	S	S	S	S	0,0%		T
Elegibilidad	**A.2 Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)**																			
					EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	**CCM 5.1** / WTR 2.1	231.580	0,05%	EL	N/EL	EL	N/EL	N/EL	N/EL								***		
	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	154.495	0,03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								***		
	Cogeneración de alta eficiencia de calor/frío y electricidad a partir de combustibles fósiles gaseosos	CCM 4.30	4.719.396	1,05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
	Generación de electricidad a partir de energía hidroeléctrica	CCM 4.5	44.497	0,01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
	CapEx de las actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía) (A.2)		5.149.968	1,15%	1,15%	0%	0,05%	0%	0%	0%								45,6%		
	A. CapEx de las actividades elegibles según la taxonomía (A.1+A.2)		**447.518.929**	**99,7%**	**81,93%**	**0,0%**	**91,53%**	**0,0%**	**3,60%**	**0,0%**								**92,57%**		
	B. ACTIVIDADES NO ELEGIBLES SEGÚN LA TAXONOMÍA																			
	CapEx de las actividades no elegibles según la taxonomía		1.461.333	0,33%																
	Total		**448.980.262**	**100%**																

*La actividad 4.1 se ha reclasificado a la 7.6

Proporción del CapEx/Total CapEx		
	que se ajusta a la taxonomía por objetivo	elegible según la taxonomía por objetivo
CCM	80,8%	81,9%
CCA	0%	0%
WTR	91,5%	91,5%
CE	3,6%	3,6%
PPC	0%	0%
BIO	0%	0%

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** Como se ha comentado anteriormente, la actividad 4.1 de CCM se ha reclasificado a la 7.6 de CCM. Para ela cifra comparativa de 2023, se ha utilizado el porcentaje de 4.1 de ese mismo año.

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OpEx ratio (operating expenses)

Ejercicio financiero 2024		2024		Criterios de Contribución Sustancial						Criterios de ausencia de perjuicio significativo («No causa un perjuicio significativo»)									
Actividades económicas (1)*	Código(s) (2)	OpEx (3) euros	Proporción del OpEx, 2024 (4) %	Climate Change Mitigation (5) S; N; N/EL	Adaptación al Cambio Climático (6) S; N; N/EL	Agua (7) S; N; N/EL	Contaminación (8) S; N; N/EL	Circular economy (9) S; N; N/EL	Biodiversidad (10) S; N; N/EL	Climate Change Mitigation (11) S/N	Adaptación al Cambio Climático (12) S/N	Agua (13) S/N	Contaminación (14) S/N	Circular economy (15) S/N	Biodiversidad (16) S/N	Garantías mínimas (17) S/N	Proporción del OpEx que se ajusta a la taxonomía (A.1) o elegible según la taxonomía (A.2), 2023 (18) %	Categoría actividad facilitadora (19) F	Categoría actividad de transición (20) T
A. ACTIVIDADES ELEGIBLES SEGÚN LA TAXONOMÍA																			
A.1. Actividades medioambientalmente sostenibles (que se ajustan a la taxonomía)																			
Alineamiento	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	**CCM 5.1 / WTR 2.1**	82.971.546	34,70%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
Alineamiento	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	6.065.233	2,54%	S	N/EL	N	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
Alineamiento	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	4.645.509	1,94%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
Alineamiento	Renovación de la recogida y el tratamiento de aguas residuales	CCM 5.3 / **WTR 2.2**	87.757.079	36,71%	S	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
Alineamiento	Tratamiento de aguas residuales urbanas	WTR 2.2	29.092.625	12,17%	N	N/EL	S	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	**		
Alineamiento	Producción de recursos hídricos alternativos para fines distintos del consumo humano	CE 2.2	865.910	0,36%	N/EL	N/EL	N/EL	N/EL	S	N/EL	S	S	S	S	S	S	S	**		
Alineamiento	Suministro de soluciones de TI/TO basadas en datos	WTR 4.1 / **CE 4.1**	4.912.009	2,05%	N/EL	N/EL	S	N/EL	**S**	N/EL	S	S	S	S	S	S	S	0,0%		
Alineamiento	OpEx de las actividades medioambientalmente sostenibles (Alineadas a la taxonomía) (A.1)		216.309.910	90,48%	75,89%	0,00%	85,63%	0,00%	2,42%	0,0%	S	S	S	S	S	S	S	83,03%		
Alineamiento	De las cuales: facilitadoras		0	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	S	S	S	S	S	S	S	0,0%	F	
Alineamiento	De las cuales: de transición		0	0,0%	0,0%						S	S	S	S	S	S	S	0,0%		T
A.2 Actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Eligibilidad	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	**CCM 5.1** / WTR 2.1	2.015.776	0,84%	EL	N/EL	EL	N/EL	N/EL	N/EL								**		
Eligibilidad	Construcción, ampliación y explotación de sistemas de captación, depuración y distribución de agua	CCM 5.1	2.167.580	0,91%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**		
Eligibilidad	Cogeneración de alta eficiencia de calor/frío y electricidad a partir de combustibles fósiles gaseosos	CCM 4.30	5.234.446	2,19%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2,47%		
Eligibilidad	Generación de electricidad a partir de energía hidroeléctrica	CCM 4.5	103.032	0,0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,04%		
Eligibilidad	OpEx de las actividades elegibles según la taxonomía pero no medioambientalmente sostenibles (actividades que no se ajustan a la taxonomía) (A.2)		9.520.834	3,98%	3,98%	0,0%	0,84%	0,0%	0,0%	0,0%								9,20%		
A. OpEx de las actividades elegibles según la taxonomía (A.1+A.2)		**225.830.745**	**94,46%**	**79,87%**	**0,0%**	**86,48%**	**0,0%**	**2,42%**	**0,0%**								**92,23%**		
B. ACTIVIDADES NO ELEGIBLES SEGÚN LA TAXONOMÍA																			
OpEx de las actividades no elegibles según la taxonomía		13.246.701	5,54%																
Total		**239.077.446**	**100%**																

Proporción del OpEx/Total OpEx		
	que se ajusta a la taxonomía por objetivo	elegible según la taxonomía por objetivo
CCM	75,9%	79,9%
CCA	0%	0%
WTR	85,6%	86,5%
CE	2,4%	2,4%
PPC	0%	0%
BIO	0%	0%

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FOSSIL GAS AND NUCLEAR ENERGY ACTIVITIES

Fila	Actividades relacionadas con la energía nuclear	
1.	La empresa lleva a cabo, financia o tiene exposiciones a la investigación, el desarrollo, la demostración y la implantación de instalaciones innovadoras de generación de electricidad que producen energía a partir de procesos nucleares con un mínimo de residuos del ciclo de combustible.	NO
2.	La empresa lleva a cabo, financia o tiene exposiciones a la construcción y la explotación segura de nuevas instalaciones nucleares para producir electricidad o calor de proceso, incluido para fines de calefacción urbana o procesos industriales como la producción de hidrógeno, así como sus mejoras de seguridad, utilizando las mejores tecnologías disponibles.	NO
3.	La empresa lleva a cabo, financia o tiene exposiciones a la explotación segura de instalaciones nucleares existentes que producen electricidad o calor de proceso, incluido para fines de calefacción urbana o procesos industriales como la producción de hidrógeno a partir de energía nuclear, así como sus mejoras de seguridad.	NO

Fila	Actividades relacionadas con el gas fósil	
4.	La empresa lleva a cabo, financia o tiene exposiciones a la construcción o explotación de instalaciones de generación de electricidad que producen electricidad a partir de combustibles fósiles gaseosos.	NO
5.	La empresa lleva a cabo, financia o tiene exposiciones a la construcción, la renovación y la explotación de instalaciones de generación combinada de calor/frío y electricidad que utilicen combustibles fósiles gaseosos.	SÍ
6.	La empresa lleva a cabo, financia o tiene exposiciones a la construcción, la renovación y la explotación de instalaciones de generación de calor que producen calor/frío a partir de combustibles fósiles gaseosos.	NO



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VOLUMEN DE NEGOCIOS

Plantilla 2. Actividades económicas que se ajustan a la taxonomía (denominador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a la que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del volumen de negocios	24.062.317	2,31%	24.062.317	2,31%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía no mencionadas en las filas 1 a 6 en el denominador del volumen de negocios	896.124.909	85,98%	896.124.909	85,98%	0	0,0%
8.	Total volumen de negocios	1.042.235.061	100%	1.042.235.061	100%	0	0,0%

*Se entienden por aquellas actividades elegibles, tanto alineadas como no alineadas, aal objetivo de CCM.

Plantilla 3. Actividades económicas que se ajustan a la taxonomía (numerador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el numerador del volumen de negocios	0	0,0%	0	0,00%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía a las que no se hace referencia en las filas 1 a 6 precedentes en el numerador del volumen de negocios	861.566.952	82,67%	861.566.952	82,67%	0	0,0%
8.	Importe total y proporción de las actividades económicas que se ajustan a la taxonomía en el numerador del volumen de negocios	861.566.952	82,67%	861.566.952	82,67%	0	0,0%

Plantilla 4. Actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica elegible según la taxonomía pero que no se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del volumen de negocios	24.062.317	2,31%	24.062.317	2,31%	0	0,0%
7.	Importe y proporción de otras actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del volumen de negocios	34.557.958	3,31%	34.557.958	3,31%	0	0,0%
8.	Importe y proporción de las actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía en el denominador del volumen de negocios	58.620.274	5,62%	58.620.274	5,62%	0	0,0%

Plantilla 5. Actividades económicas no elegibles según la taxonomía

Filas	Actividades	Importe	%
7.	Importe y proporción de otras actividades económicas no elegibles según la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del volumen de negocios	14.915.670	1,43%
8.	Importe total y proporción de las actividades económicas no elegibles según la taxonomía en el denominador del volumen de negocios	14.915.670	1,43%

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VOLUMEN DE NEGOCIOS

Plantilla 2. Actividades económicas que se ajustan a la taxonomía (denominador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a la que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del volumen de negocios	24.062.317	2,31%	24.062.317	2,31%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía no mencionadas en las filas 1 a 6 en el denominador del volumen de negocios	896.124.909	85,98%	896.124.909	85,98%	0	0,0%
8.	Total volumen de negocios	1.042.235.061	100%	1.042.235.061	100%	0	0,0%

*Se entienden por aquellas actividades elegibles, tanto alineadas como no alineadas, aal objetivo de CCM.

Plantilla 3. Actividades económicas que se ajustan a la taxonomía (numerador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el numerador del volumen de negocios	0	0,0%	0	0,00%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía a las que no se hace referencia en las filas 1 a 6 precedentes en el numerador del volumen de negocios	861.566.952	82,67%	861.566.952	82,67%	0	0,0%
8.	Importe total y proporción de las actividades económicas que se ajustan a la taxonomía en el numerador del volumen de negocios	861.566.952	82,67%	861.566.952	82,67%	0	0,0%

Plantilla 4. Actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica elegible según la taxonomía pero que no se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del volumen de negocios	24.062.317	2,31%	24.062.317	2,31%	0	0,0%
7.	Importe y proporción de otras actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del volumen de negocios	34.557.958	3,31%	34.557.958	3,31%	0	0,0%
8.	Importe y proporción de las actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía en el denominador del volumen de negocios	58.620.274	5,62%	58.620.274	5,62%	0	0,0%

Plantilla 5. Actividades económicas no elegibles según la taxonomía

Filas	Actividades	Importe	%
7.	Importe y proporción de otras actividades económicas no elegibles según la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del volumen de negocios	14.915.670	1,43%
8.	Importe total y proporción de las actividades económicas no elegibles según la taxonomía en el denominador del volumen de negocios	14.915.670	1,43%

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CAPEX

Plantilla 2. Actividades económicas que se ajustan a la taxonomía (denominador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a la que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del CapEx	4.719.396	1,05%	4.719.396	1,05%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía no mencionadas en las filas 1 a 6 en el denominador del CapEx	426.640.559	96,08%	426.640.559	96,08%	0	0,0%
8.	Total CapEx	448.980.262	100%	448.980.262	100%	0	0,0%

*Se entienden por aquellas actividades elegibles, tanto alineadas como no alineadas, aal objetivo de CCM.

Plantilla 3. Actividades económicas que se ajustan a la taxonomía (numerador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el numerador del CapEx	0	0,0%	0	0,0%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía a las que no se hace referencia en las filas 1 a 6 precedentes en el numerador del CapEx	363.795.444	80,78%	363.795.444	80,78%	0	0,0%
8.	Importe total y proporción de las actividades económicas que se ajustan a la taxonomía en el numerador del CapEx	363.795.444	80,78%	363.795.444	80,78%	0	0,0%

Plantilla 4. Actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica elegible según la taxonomía pero que no se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del CapEx	4.719.396	1,05%	4.719.396	1,05%	0	0,0%
7.	Importe y proporción de otras actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del CapEx	430.572	0,10%	430.572	0,10%	0	0,0%
8.	Importe y proporción de las actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía en el denominador del CapEx	5.149.968	1,15%	5.149.968	1,15%	0	0,0%

Plantilla 5. Actividades económicas no elegibles según la taxonomía

Filas	Actividades	Importe	%
7.	Importe y proporción de otras actividades económicas no elegibles según la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del CapEx	1.461.333	0,33%
8.	Importe total y proporción de las actividades económicas no elegibles según la taxonomía en el denominador del CapEx	1.461.333	0,33%

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Plantilla 2. Actividades económicas que se ajustan a la taxonomía (denominador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a la que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del OpEx	5.234.446	2,19%	5.234.446	2,19%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía no mencionadas en las filas 1 a 6 en el denominador del OpEx	185.725.755	77,68%	185.725.755	78%	0	0,0%
8.	Total OpEx	239.077.446	100%	239.077.446	100%	0	0,0%

*Se entienden por aquellas actividades elegibles, tanto alineadas como no alineadas, aal objetivo de CCM.

Plantilla 3. Actividades económicas que se ajustan a la taxonomía (numerador)

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica que se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el numerador del OpEx	0	0,0%	0	0,0%	0	0,0%
7.	Importe y proporción de otras actividades económicas que se ajustan a la taxonomía a las que no se hace referencia en las filas 1 a 6 precedentes en el numerador del OpEx	185.725.755	77,68%	185.725.755	77,68%	0	0,0%
8.	Importe total y proporción de las actividades económicas que se ajustan a la taxonomía en el numerador del OpEx	185.725.755	77,68%	185.725.755	77,68%	0	0,0%

Plantilla 4. Actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía

Filas	Actividades	Proporción (la Information debe presentarse en importes monetarios y en porcentajes)					
		(CCM + CCA)		Climate Change Mitigation		Adaptación al cambio climático	
		Importe	%	Importe	%	Importe	%
5.	Importe y proporción de la actividad económica elegible según la taxonomía pero que no se ajusta a la taxonomía a que se hace referencia en la sección 4.30 de los anexos I y II del Reglamento Delegado (UE) 2021/2139 en el denominador del OpEx	5.234.446	2,19%	0	0,0%	0	0,0%
7.	Importe y proporción de otras actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del OpEx	4.286.389	0,33%	0	0,0%	0	0,0%
8.	Importe y proporción de las actividades económicas elegibles según la taxonomía pero que no se ajustan a la taxonomía en el denominador del OpEx	9.520.835	2,51%	0	0,0%	0	0,0%

Plantilla 5. Actividades económicas no elegibles según la taxonomía

Filas	Actividades	Importe	%
7.	Importe y proporción de otras actividades económicas no elegibles según la taxonomía no mencionadas en las filas 1 a 6 precedentes en el denominador del OpEx	13.246.701	5,54%
8.	Importe total y proporción de las actividades económicas no elegibles según la taxonomía en el denominador del OpEx	13.246.701	5,54%

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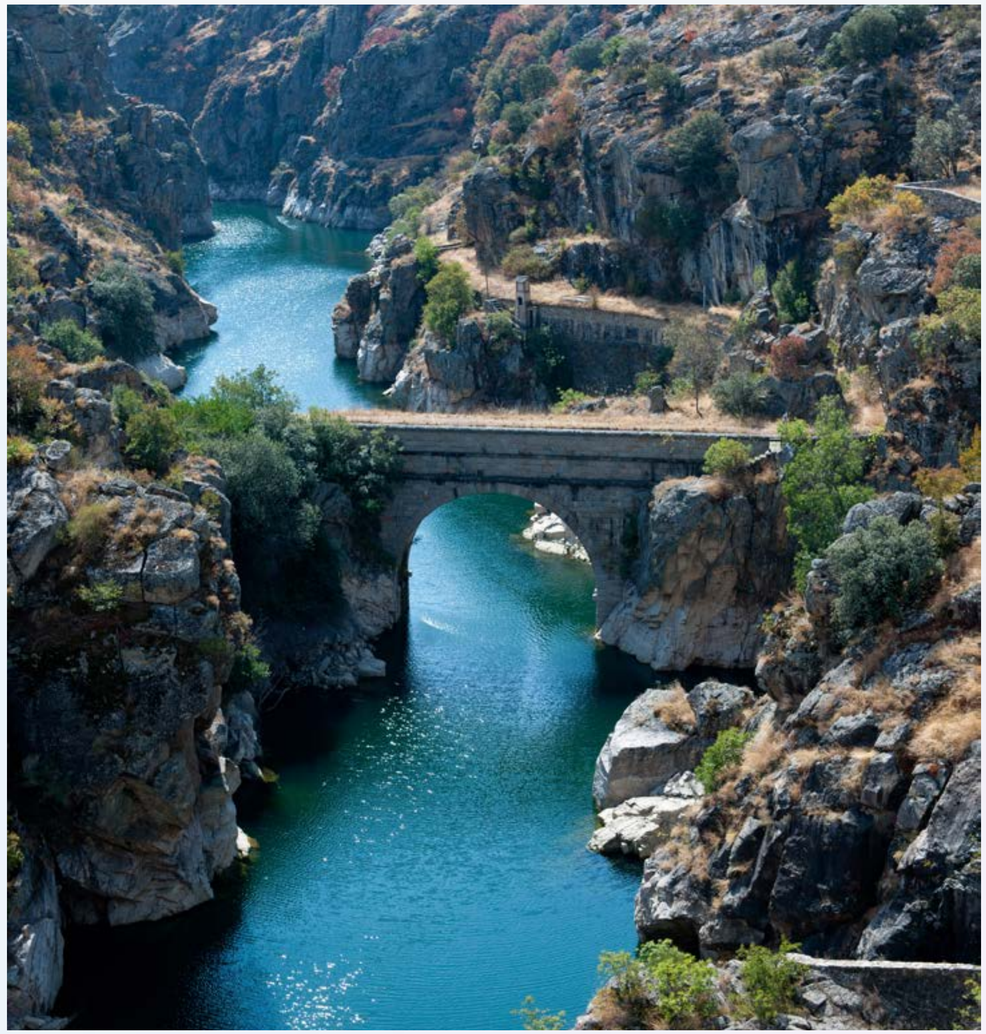
ABOUT THIS REPORT

This document reflects the main sustainability actions of the public company Canal de Isabel II, Sociedad Anónima, M.P. throughout the financial year 2024. For this purpose, the information mainly from the parent company and part of the information provided by the companies of the **Canal de Isabel II Business Group** is merged.

This integration has been carried out in line with current international trends in the business world in terms of the need for the information provided by companies to the different stakeholders with which they relate to incorporate the most relevant issues, so that readers can have a real and integrated view of the current performance and future potential of the organisations.

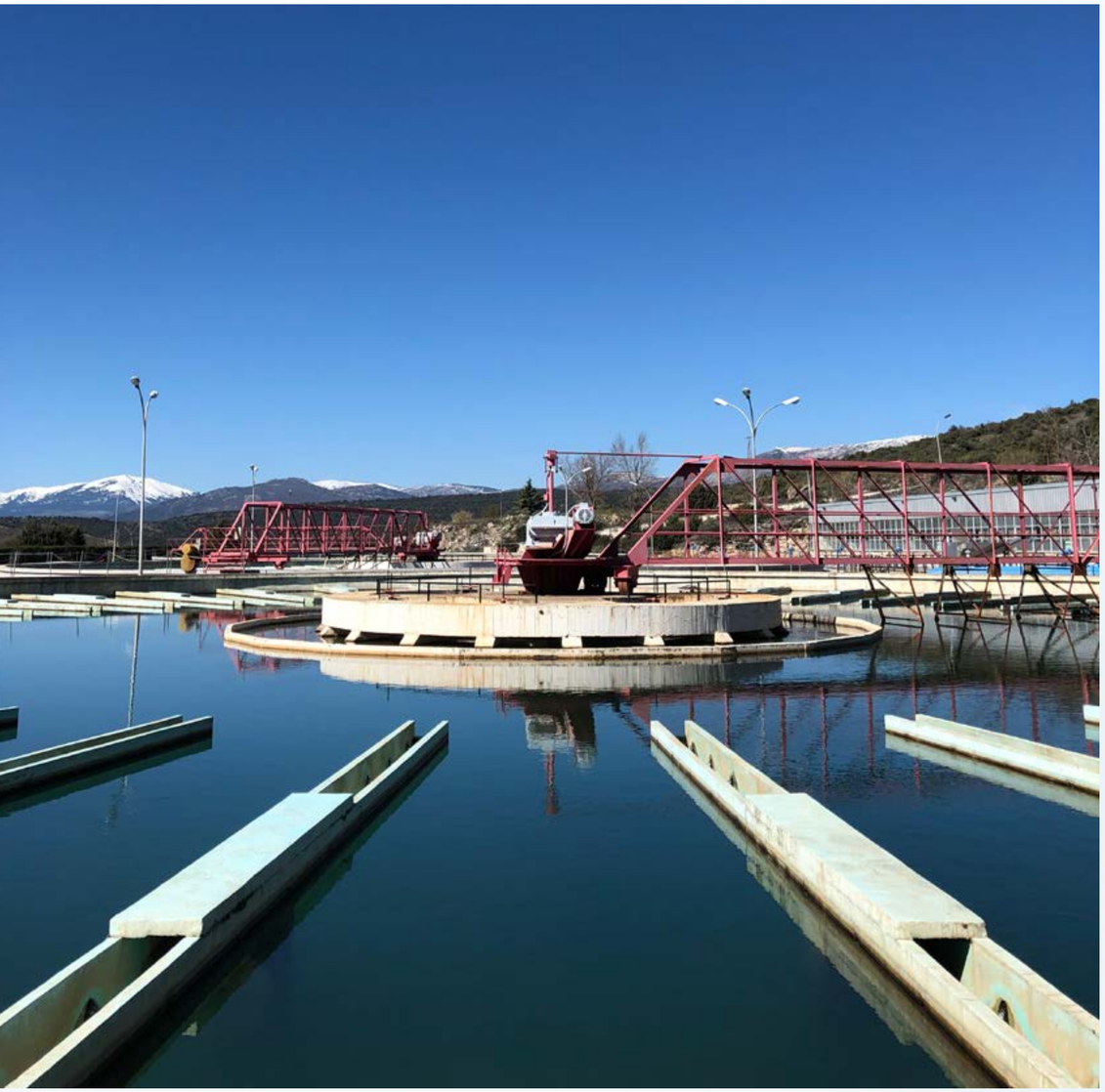
The document has been prepared in accordance with **the GRI Sustainability Reporting Standards** and includes detailed information on **most of the content required** by the Global Reporting Initiative and, where this is not possible, **we detail the reason for the omission, or which requirements are not applicable to our organisation.** In the document we include those contents set out in the GRI Standards that illustrate the material issues that our company has identified for 2024.

Likewise, the contents of this report have been **independently verified** by the **current auditor of the accounts** of Canal de Isabel II, Sociedad Anónima, M.P. for financial year 2024 (the audit firm Ernst & Young, EY), attaching the verification report that includes its scope, and the results obtained. The criterion for choosing the auditing firm has been, both in the current and previous financial years, its nature as auditor of the annual accounts of our parent company, thus selected in an open bidding process and **appointed by our General Shareholders' Meeting**.



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[GRI 2-3]
[GRI 2-5]



The document has focused **mainly on the activities of the public company Canal de Isabel II, Sociedad Anónima, M.P.** in the Community of Madrid (Spain), which accounts for **93.1% of the consolidated revenues of the Canal Group**, but it also includes the most relevant information on the rest of the companies of the Canal Group.

The perimeter of the information in the report includes mainly Canal and those companies of the Canal Group in which the parent company of the Group owns a **majority percentage of shares**, **had staff** and **were active in 2024**. **Also included** in the scope of the report **are** the programmes and main activities carried out by our foundation in Spain (Fundación Canal).

This report generally presents **information for 2024** and, in some cases for **one or two** previous comparative years (2023 and/or 2022). With regard to the quantitative information for 2023**, there have been no changes in the criteria** used to interpret the data, which means that **there are no significant changes** with respect to the data published by our company in previous years.

The **only exceptions** are the **electricity consumption for 2023,** which, due to an error in the accounting of energy sales to the grid at the Loeches cogeneration plant, were 529 GWh instead of the 536 GWh published in the 2023 Sustainability Report and the **total greenhouse gas emissions of** the company in the **2023**, which went from 120 thousand tonnes of CO_2 equivalent published in the 2023 Sustainability Report to 114.5 thousand tonnes of CO_2 equivalent, following an update of some of the emission factors used in the calculation of Canal's carbon footprint.

In general, all the **Group's indicators** have **been calculated by aggregating** the companies' data without taking into account the Group's shareholding percentage (aggregated data), with the **sole exception of the consolidated financial data.** It has been done in order to maintain consistency between the data published in the Group's consolidated financial statements. The euro amounts have been calculated using the average exchange rates applied in the income statement of the Group's consolidated financial statements.

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[GRI 2-2]
[GRI 2-4]

The data shown in the report correspond to the activity between 1 January and 31 December for each of the financial years reported. **The data have been compiled** from the information systems of the companies of the Canal Group during the **January 2025.** All this information may undergo modifications in the future due to subsequent events, changes or improvements in the accounting systems of the parameters with which the GRI contents are constructed.

The preparation of the Management Report has taken into account the provisions of *Act 11/2018, which amends the Code of Commerce, the Capital Companies Act and the Accounts Auditing Act, in terms of non-financial information and diversity,* having included environmental, social and good governance indicators in accordance with the GRI Sustainability Reporting Standards. Therefore, the Consolidated Management Report of Canal de Isabel II Sociedad Anónima, M.P. includes the Non-Financial Information Statement (NFIS). Also, for the preparation of the document, the recommendations of the *Guidelines for the Preparation of the Management Report of Listed Companies* of the National Securities Market Commission and the *Guidelines on Non-Financial Reporting* issued by the European Commission have been considered.

The Annual Corporate Governance Report for the year 2024 is included together with the Directors' Report and forms an integral part thereof, as required by Article 538 of the Spanish Companies Act.

If you have any **questions or doubts**, please contact the following e-mail address: subd.estudiosyprogramas@canal.madrid

MATERIALITY PROCESS AND RESULTS: MATERIAL ISSUES AND COVERAGE

Full details on the process to determine the material issues and their coverage for 2024 are described in the section "**DOUBLE MATERIALITY ANALYSIS 2024**" in chapter 2 of this report.



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[GRI 2-3]
[GRI 3-1]

LEGAL INFORMATION OF CANAL DE ISABEL II, SOCIEDAD ANÓNIMA, M.P. AND CONSOLIDATED INFORMATION OF CANAL AND ITS SUBSIDIARIES

The entities included in the organisation's consolidated financial statements can be found in the documents referenced below (all available on Canal's website).

- Independent auditor's report on the accounts of Canal de Isabel II, Sociedad Anónima, M.P.
- Annual Accounts, Annual Report and Management Report for the financial year 2024 of Canal de Isabel II, Sociedad Anónima, M.P.
- Independent audit report on the accounts of Canal de Isabel II, Sociedad Anónima, M.P. and subsidiaries.
- Consolidated annual accounts, annual report and management report for the financial year 2024 of Canal de Isabel II, Sociedad Anónima, M.P. and subsidiaries.



Information available at this link:

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[GRI 2-2]

INDEPENDENT VERIFICATION REPORT OF THE SUSTAINABILITY REPORT 2024

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

INFORME DE VERIFICACIÓN INDEPENDIENTE DEL ESTADO DE INFORMACIÓN NO FINANCIERA

A los accionistas de Canal de Isabel II, S.A., M.P.:

De acuerdo con el artículo 49 del Código de Comercio hemos realizado la verificación, con el alcance de seguridad limitada, del Estado de Información No Financiera adjunto (en adelante EINF) correspondiente al ejercicio anual finalizado el 31 diciembre de 2024, de Canal de Isabel II, S.A., M.P. (en adelante, la Sociedad).

El contenido del EINF incluye información adicional a la requerida por la normativa mercantil vigente en materia de información no financiera que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información identificada en el Anexo "Índice de contenidos GRI" y de los "Contenidos la Ley 11/2018 de la información no financiera y de diversidad y correspondencia con los Estándares GRI" incluido en el EINF adjunto"

Responsabilidad de los Administradores

La formulación del EINF incluido en el Informe de Gestión de la Sociedad, así como el contenido del mismo, es responsabilidad de los Administradores de la Sociedad. El EINF se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los Sustainability Reporting Standards de Global Reporting Initiative (estándares GRI) de conformidad con GRI, así como aquellos otros criterios descritos de acuerdo a lo mencionado para cada materia en el "Índice de contenidos GRI" y de los "Contenidos la Ley 11/2018 de la información no financiera y de diversidad y correspondencia con los Estándares GRI" del citado Estado.

Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los Administradores de la Sociedad son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.

Nuestra independencia y gestión de la calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código Internacional de Ética para Profesionales de la Contabilidad (incluyendo las normas internacionales sobre independencia) emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia y diligencia profesionales, confidencialidad y comportamiento profesional.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.

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Nuestra firma aplica las normas internacionales de calidad vigentes y mantiene, en consecuencia, un sistema de calidad que incluye políticas y procedimientos relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información no Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de verificación independiente de seguridad limitada basándonos en el trabajo realizado. Hemos llevado a cabo nuestro trabajo de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 Revisada en vigor, "Encargos de Aseguramiento distintos de la Auditoría o de la Revisión de Información Financiera Histórica" (NIEA 3000 Revisada) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC) y con la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España.

En un trabajo de seguridad limitada los procedimientos llevados a cabo varían en su naturaleza y momento de realización, y tienen una menor extensión, que los realizados en un trabajo de seguridad razonable y, por lo tanto, la seguridad que se obtiene es sustancialmente menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades de la Sociedad que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal de la Sociedad para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.
- Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF del ejercicio 2024 en función del análisis de materialidad realizado por la Sociedad y descrito en el apartado "Acerca de este capítulo", considerando contenidos requeridos en la normativa mercantil en vigor.
- Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2024.
- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación a los aspectos materiales presentados en el EINF del ejercicio 2024.
- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2024 y su adecuada compilación a partir de los datos suministrados por las fuentes de información.
- Obtención de una carta de manifestaciones de los Administradores.

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Conclusión

Basándonos en los procedimientos realizados en nuestra verificación y en las evidencias que hemos obtenido no se ha puesto de manifiesto aspecto alguno que nos haga creer que el EINF de la Sociedad correspondiente al ejercicio anual finalizado el 31 de diciembre de 2024 no ha sido preparado, en todos sus aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los estándares GRI, de conformidad con GRI, así como aquellos otros criterios descritos de acuerdo a lo mencionado para cada materia en el "Índice de contenidos GRI" y de los "Contenidos la Ley 11/2018 de la información no financiera y de diversidad y correspondencia con los Estándares GRI" del citado Estado.

Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

Este informe se corresponde con el sello distintivo nº 01/25/08281 emitido por el Instituto de Censores Jurados de Cuentas de España

ERNST & YOUNG, S.L.

Alberto Castilla Vida

Firmado digitalmente por Alberto Castilla Vida
Dni: yo=Alberto Castilla Vida, c=ES
Fecha: 2025.03.28 12:09:10 +01'00'

Alberto Castilla Vida

28 de marzo de 2025

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APPENDIX. GRI CONTENT INDEX

Canal de Isabel II, Sociedad Anónima, M.P. has prepared the report in accordance with the GRI Standards for the period between 1 January 2023 and 31 December 2023

For the *Content Index – Essentials, GRI Services* saw to it that the GRI Content Index was presented in accordance with the requirements for presenting reports of the GRI Standards and that the information in the index was clearly presented and accessible to the parties concerned.

The service was carried out on the Spanish version of the report.

GRI standard	Contents		Sections of the 2024 sustainability report	Pages	Direct responses and observations	Explanation of the omission			
						Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
GRI 1: Foundations 2021									
GRI 2: General Contents 2021									
2-1	Organisational details	Legal name.	Our company. Organisation of our company.	20, 26-27 35	Canal de Isabel II, Sociedad Anónima, M.P.				
		Nature of ownership and legal form.			Public limited company with 100% public capital.				
		Headquarters.			Calle de Santa Engracia, 125 28003 MADRID (Spain).				
		Countries of operation.	Canal Group: activities and geographical location.	244	Spain, Colombia, Ecuador, Dominican Republic and Brazil.				

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GRI standard	Contents		Sections of the 2024 sustainability report	Pages	Direct responses and observations	Explanation of the omission			
						Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
2-2	Entities included in sustainability reporting.		The Canal Group. Main changes in the structure of the Canal Group in 2023. About this report.	243 253 325, 328					
2-3	Period covered by the report, frequency and point of contact.	Period covered by the report.	About this report.	325, 327	Calendar yearl 2024.				
		Date of collection of the Information.			January and February 2024.				
		Periodicity.			Annual (calendar year).				
		Contact about the report.			sub.estudiosyprogramas@canal.madrid				
2-4	Information update.		About this report.	326	With the exception of the EU Taxonomy, there have been no significant changes compared to previous years.				
2-5	External verification.		About this report. Report of the independent verifier of the 2023 Sustainability Report (EY)	325 329					

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GRI standard	Contents		Sections of the 2024 sustainability report	Pages	Direct responses and observations	Explanation of the omission			
						Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
2-6	Activities, value chain and other commercial relationships.	Activity sector.	Our company. Value Chain of Canal de Isabel II and its Business Group.	20 34					
		Activities, products and services of the organization and markets served.	Our activity. The Canal Group: activities and geographical location.	26-34 244-246	We do not market any product or service that is questioned by interest groups or is the subject of public debate.				
		Supply chain.	With our suppliers.	200	All our contracts are subject to public sector contract legislation.				
		Entities that are "downstream" of the organisation and its activities.	Canal and the municipalities of the Community of Madrid. Our clients in the Community of Madrid: types of contracts.	208 162					
		Other business relationships.	Canal Group: companies with other activities.	250-252					
		Significant changes.	The new Strategic Plan 2025-2030 of Canal De Isabel II. The Sustainability Plan 2024-2026. Main changes in the structure of the Canal Group in 2024.	46-47 51-52 253					

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2-7	Employees.	Structure of our staff. Staff of Canal Group companies.	175 254	The information comes from the human resources information systems (SAP). Employees with temporary contracts perform the same functions as permanent.				INFORMATION NOT AVAILABLE It is omitted in breakdown by gender and age of the employees of the societies participated Spanish and american hired to part time. In the report for the year 2025 will will include these
2-8	Workers who are not employees.	Staff of Canal Group companies (external employees).	256					
2-9	Governance structure and composition.	Governing bodies.	36					
2-10	Designation and selection of the highest governing body.	The Board of Directors and its committees.	37					
2-11	President of the highest governing body.	Message from the president. Members of the Board of Directors and its committees at the end of 2024.	11 38	The president is appointed by virtue of his or her position as Minister of the Environment, Agriculture and Interior of the Community of Madrid. He or she is not a senior executive of the company.				

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2-12	Role of the highest governing body in supervising impact management.	Governing bodies of the company. Organisation and Management. The Canal Strategic Plan 2018-2030 in 2024. Corporate risk management, audit and internal control.	36 39 43-44, 47 151-153					
2-13	Delegation of responsibility for impact management.	Organisation and Senior Management.	39					
2-14	Role of the highest governance body in the presentation of sustainability reports.	Governing bodies of the company. Approval of major corporate strategies in 2024. The Canal Strategic Plan 2018-2030 in 2024. Our Sustainability Policy.	36 40 42 50	The Sustainability Report (EINF) is supervised by the Sustainability Committee of the board, formulated by the Board of Directors and approved at the Ordinary General Shareholders' Meeting of each year.				
2-15	Conflicts of interest.	The Board of Directors and its committees.	37	There have been no conflicts in 2024.				
2-16	Communication of critical concerns.	Relations with administrations and transparency of management. Internal information system of Canal de Isabel II. Ethics Line. Our stakeholders (communication channels)	139 147 158					

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2-17	Collective knowledge of the highest governing body.	Current composition of the Board of Directors and its committees.	38					The information about training of the members of the advice is published on our page web in reports annual of the commissions of the Council of Administration.
2-18	Evaluation of the performance of the highest governing body.			This information can be consult the Annual Report of the Audit Commission of 2024, on our website corporate https://www.canaldeisabelsegunda.es/shareholders				
2-19	Remuneration policies.	The Canal Strategic Plan 2018-2030. Remuneration and incentive policy.	42 150					
2-20	Process for determining remuneration.	The Canal Strategic Plan 2018-2030. Remuneration and incentive policy.	42-43 150					

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2-21	Annual total compensation ratio.	Remunerations of the Canal Group according to country (euros).	258	Only the highest salary in the Group is compared with the lowest in Spain and Brazil. In future reports we will carry out the calculation with the median of salaries.				For requirement 2-21 b, the ratio of the percentage of salary increases has been omitted and, since the averages are not available, the data of the arithmetic averages have been included.
2-22	Statement on the sustainable development strategy.	Message from the president. Message from the CEO. Our Sustainability Policy. The Sustainability Plan 2024-2026.	11-14 15-19 50 51-52					

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2-23	Commitments and policies.	Our purpose.	2					
		The Canal Strategic Plan 2018-2030 in 2024.	41-43					
		Our Sustainability Policy.	50					
		The Sustainability Plan 2024-2026.	51					
		Prevention of adverse environmental impacts at source.	88					
		Partnerships with other entities: Global Compact of Nations United.	88					
		Contribution to the SDGs of the United Nations.	126					
		Code of Ethics and Conduct.	135-136					
		Customer and user service (10 Commitments).	167					
2-24	Incorporation of commitments and policies.	The Canal Strategic Plan 2018-2030 in 2024.	167					
		The Sustainability Plan 2024-2026.	51-52					
		Management system.	98					
		Contribution to the SDGs of the United Nations.	135-136					
		Code of Ethics and Conduct.	145					
		Customer and user service (10 Commitments).	167					
		Training and development of our employees.	190-195					

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2-25	Processes for remedying negative impacts.	Customer and user service (10 Commitments). Management of suggestions, complaints and claims.	167 168					
2-26	Mechanisms for requesting advice and raising concerns.	Relations with public administrations and management transparency. Internal information system of Canal de Isabel II. Ethics Line. Map of the most common communication channels used by Canal.	139 147 158					
2-27	Compliance with laws and regulations.	Compliance with environmental legislation. Compliance system.	99 148	No significant sanctions, other than environmental ones, have been recorded.				
2-28	Membership in associations.	Partnerships with other entities.	126-130					
2-29	Approach for the participation of interest groups.	Double Materiality Analysis 2024. Our stakeholders. The voice of the customer on Canal.	53-54 156 170					
2-30	Collective bargaining agreements.	Union representation. Collective agreements and union representation.	186 262					

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GRI 3: Material Issues 2021.								
3-1	Process for determining material issues.	Double Materiality Analysis 2024. About this report.	53-63 327					
3-2	List of material issues.	Double Materiality Analysis 2024.	62					
Climate change								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Ensuring access for all to a quality resource. Canal and Climate Change.	66 110					
GRI 305: Emissions 2016								
305-1	Direct GHG emissions (scope 1).	Our greenhouse gas (GHG) emissions.	110-113	The value is obtained in tons of CO_2 equivalent following the GHG methodology Protocol from the calculation of Dioxide emissions Carbon (CO_2) Methane (CH_4), Nitrous Oxide (N_2O) and of fluorinated gases that, sometimes we use for some of our processes.				
305-2	Indirect GHG emissions associated with energy (scope 2).	Our greenhouse gas (GHG) emissions.	110-113					
305-3	Other indirect GHG emissions (scope 3).	Our greenhouse gas (GHG) emissions.	110-113					
305-4	Intensity of GHG emissions.	Our greenhouse gas (GHG) emissions.	110-113					

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305-5	Reduction of GHG emissions.	Mitigation actions.	112	Due to the changing nature of activity each year, motivated by meteorological causes, we cannot set a target for reducing GHG emissions in absolute terms (tons per year). The objective we apply is the percentage of emissions avoided compared to total emissions, 81% in 2024.				
GRI 201: Economic performance 2016								
201-2	Financial implications and other risks and opportunities resulting from climate change.	Canal and Climate Change. How we adapt.	110 114	In 2024 we have deposited emission rights worth 2,157 million euros.				
Energy								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Energy consumption and production. Clean energy generation.	116 120					
GRI 302: Energy 2016								
302-1	Energy consumption within the organisation.	Energy consumption and production. Consumption and production of electrical energy (Canal Group). Fossil fuel consumption (Canal Group)	116,276 277 279					

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302-2	Energy consumption outside the organisation.							No third-party information is available. Over the next years we will try to start reporting on this standard.
302-3	Energy intensity.	Energy consumption and production.	119					
302-4	Reduction of energy consumption.	Protection of water bodies: wastewater treatment. Mitigation actions. Energy consumption and production.	91-92 112 116					
302-5	Reduction of energy requirements of products and services.	Protection of water bodies: wastewater treatment. Mitigation actions. Clean energy generation. Canal de Isabel Solar Plan in 2024.	91 112 120 123					
Pollution								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Management system (ISO 14001).	98					

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GRI 305: Emissions 2016								
305-6	Emissions of substances that deplete the ozone layer.			Although they are included in our carbon footprint calculation, they are not very representative: 340 tons of CO_2 eq. in 2024 (el 0.18% of our total emissions).				
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions.	Emissions to the atmosphere.	105					
Efficient management of water resources								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Ensuring access for all to a quality resource (quantity). Ensuring quality: the best water in Spain. Service continuity: a 24/7 reliable service.	66 78 82	Integrated cycle management of water is the mission Fundamental of Channel Elizabeth II. All our activities focus on this interaction.				

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GRI 303: Water and effluents 2018								
303-1	Interaction with water as a shared resource.	Our activity . Ensuring access for all to a quality resource (quantity). Awareness and communication campaigns: we take care of water. Main actions implemented by Canal de Isabel II for the prevention and reduction Of environmental impact.	26 66 90 90					
303-2	Management of impacts related to water discharge.	Sanitation: sewerage and urban drainage. Sanitation: wastewater treatment. Regeneration of treated wastewater for reuse. Main actions implemented by Canal de Isabel II for the prevention and reduction Of environmental impact. Protection of water bodies: wastewater treatment.	31 32 33 90 91					
303-3	Water extraction	Supply: collection and treatment. Supply: distribution of drinking water. Reclaimed water: a real alternative. Ecological flows.	27-29 30 69 96					

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303-4	Water pouring.	Protection of water bodies: wastewater treatment. Monitoring of waste and reclaimed water.	91-92 80					
303-5	Water consumption.	Self-consumption of water.	101	Group operations Canal that develops in Spain are carried out in areas characterized by being subjected to stress moderate water in the Iberian Peninsula and elevated in the Case of the Canary Islands. In America ours operations are carried out in problem-free areas be hydrated. Consumption data internal water are obtained from the Water Balance carried out by the area in charge remote control channel every year.				
Biodiversity and ecosystems								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Protection of Biodiversity.	94					

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GRI 304: Biodiversity 2016								
304-1	Owned, leased or managed operational sites located within or adjacent to protected areas or areas of high biodiversity value outside protected areas.	Presence in protected spaces.	94					
304-2	Significant impacts of activities, products and services on biodiversity.	Presence in protected spaces (reservoirs and wetlands). Ecological flows.	94 96					
304-3	Protected or restored habitats.	Maintenance of the plant heritage.	95					
304-4	Species that appear on the IUCN Red List and in national conservation lists whose habitats are found in areas affected by operations.	Protected species present.	94					
Circular economy								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Canal and the circular economy.	107					
GRI 301: Materials 2016								
301-1	Materials used by weight or volume.	Consumption of reagents. Paper consumption.	100, 280 101, 282					
301-2	Recycled inputs used.	Reclaimed water: a real alternative. Paper consumption (recycled).	69 101, 282					

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301-3	Recovered packaging products and materials.				It does not apply to our company since our activities (the provision of services supply and sanitation of water) do not require of the use of packaging or packaging no type.			
GRI 306: Waste 2020								
306-1	Waste generation and significant impacts related to waste.	Sanitation: wastewater treatment.	32	The main activity that generates waste is wastewater treatment.				
306-2	Management of significant impacts related to waste.	Waste management. Canal and the Circular Economy.	102-104 107-108					
306-3	Waste generated.	Waste management. Waste production (Group companies).	102-104 281					
306-4	Waste not intended for disposal.	Waste management (destination other than landfill). Canal and the Circular Economy.	102 107-108					
306-5	Waste intended for disposal.	Waste management (waste intended for landfill).	102					

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Safety and health of own workers								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Ensuring the health and safety of everyone.	180					
GRI 403: Health and safety at work 2018								
403-1	Management system of health and safety at work.	Management system (ISO 45001).	98					
403-2	Hazard identification, risk assessment and incident investigation.	Ensuring the health and safety of everyone.	181	It is carried out as part of the maintenance of the ISO 45001 system.				
403-3	Health services at work.	Ensuring the health and safety of everyone.	181					
403-4	Worker participation, consultation and communication on health and safety at work.	Union representation.	186					
403-5	Training workers on health and safety at work.	Ensuring the health and safety of everyone.	181					
403-6	Promotion of workers' health.	Ensuring the health and safety of everyone.	181					
403-8	Coverage of the occupational health and safety management system.	Management system (ISO 45001) Ensuring the health and safety of everyone.	98 180					

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403-9	Injuries due to work accidents.	Ensuring the health and safety of everyone. Information on occupational risk prevention of the Canal Group.	180 266					
403-10	Occupational ailments and diseases.	Ensuring the health and safety of everyone. Information on occupational risk prevention of the Canal Group.	181 266					
GRI 401: Employment 2016								
401-1	Hiring new employees and staff rotation.	Structure of our staff. Rotation of the Canal Group workforce by age and sex.	175-176 263					
401-2	Benefits for full-time employees that are not provided to part-time or temporary employees.	Social benefits for employees.	189	There is no difference between the two groups of employees.				
401-3	Parental leave.	Equal opportunities.	185					
Talent management								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Working for equality. Training and development of our professionals.	182 190					

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GRI 402: Worker-company relations 2016								
402-1	Minimum notice periods for operational changes.							There is no pre-established minimum period. Changes are analysed and communicated on a caseby-case basis so that any negative impacts they may have on employees can be avoided or mitigated. For the big ones plans like the Plan Strategic or Plan of Sustainability design and make campaigns internal communication through the media with which the company.
GRI 404: Training and education 2016								
404-1	Average number of training hours per year per employee.	Training and development of our employees. Average hours of training by function and gender (Canal Group).	193 264-265					
404-2	Programmes to develop employee competencies and transition assistance programs.	Training and development of our employees. Training future professionals in the water sector.	190-193 194					

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404-3	Percentage of employees who receive periodic evaluations of their performance and career development.	Remuneration and incentive policy. Training and development of our professionals.	150 190					
GRI 405: Diversity and equal opportunities 2016								
405-1	Diversity of governing bodies and employees.	Members of the Board of Directors and its committees at the end of 2024. Structure of our staff. We work for equality. Staff of the Canal Group according to contract, sex and age.	38 176 182-183 256					INFORMATION NOT AVAILABLE During the elaboration of the report of Sustainability 2024 I don't know had information contrasted on everyone's age the members of the Council of Administration. This information will be published in the Report of Sustainability of 2025.
405-2	Ratio between the basic salary and the remuneration of women and men.	We work for equality. Remunerations of the Canal Group by country, gender, position and seniority.	184 258-259					

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GRI 406:Non-discrimination 2016								
406-1	Discrimination cases and corrective actions taken.	We work for equality (anti-harassment protocol).	185	There have been no cases in 2024.				
GRI 202: Market presence 2016								
202-1	Ratios between the standard starting category salary by gender and the local minimum wage.	We work for equality. Remunerations of the Canal Group by country, gender, position and seniority.	185 258-259					
202-2	Proportion of senior executives hired in the local community.				Not relevant: almost all of the people who occupy management positions in the Group are hired in their local community. For the most part they are nationals of the country where they work.			
Supply chain sustainability								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	With our suppliers.	200					

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GRI 204: Supply practices 2016								
204-1	Proportion of spending on local suppliers.					Not available the exact number, but the companies local (of the country) they are majority. The rules of the European Union and legislation of contracts of public sector not allows us favor suppliers local.		
GRI 308: Environmental evaluation of suppliers 2016								
308-1	New suppliers that have passed selection filters in accordance with environmental criteria.	With our suppliers.	200	Until 2024, no audits have been carried out specifically aimed at analysing the social performance of suppliers, although there certainly is operational control of compliance with the environmental conditions established in the contracts awarded by our company.				The information from requirement 308-1 a has been omitted, as the datum on the percentage of new suppliers that have passed the filters with environmental criteria is not available.
308-2	Negative environmental impacts in the supply chain and measures taken.	Labour, social and environmental conditions in contracts.	201					

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GRI 407: Freedom of association and collective bargaining 2016								
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining could be at risk.					Our contract conditions and the laws of the countries in which we operate prevent this type of practice.		
GRI 408: Child labour 2016								
408-1	Operations and suppliers with significant risk of cases of child labour.	Partnerships with other entities: United Nations Global Compact. Labour, social and environmental conditions in contracts.	126 201	Our condition of hiring people and services and laws of countries in which we operate prevent this type of practices. Canal has been a signatory entity of the United Nations Global Compact since 2006 and supports the fight against child labour.		The information of requirements 408-1 a and 408.1 b has been omitted as the legislation of Spain and the rest of the countries in which we operate prevents the existence of operations and suppliers that may entail significant risks in relation to child labour.		

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GRI 409: Forced or compulsory labour 2016								
409-1	Operations and suppliers with significant risk of cases of forced or compulsory labour.	Partnerships with other entities: United Nations Global Compact. Labour, social and environmental conditions in contracts.	126 201	Our conditions of hiring people and services and laws of countries in which we operate prevent this type of practices. Canal has been a signatory entity of the United Nations Global Compact since 2006 and supports the fight against forced or compulsory labour.		The information of requirement 409-1 a has been omitted as the legislation of Spain and the rest of the countries in which we operate prevents the existence of operations and suppliers that may entail significant risks in relation to forced or compulsory labour.		
Safety and health of workers in the supply chain								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	With our suppliers.	200					
GRI 403: Health and safety at work 2018								
403-7	Prevention and mitigation of impacts on health and safety at work that are directly linked through commercial relationships.	Labour, social and environmental conditions in contracts.	201	All our suppliers have the obligation to comply with our prevention, health and occupational safety policies.				

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GRI 414: Social evaluation of suppliers 2016								
414-1	New suppliers that have passed selection filters according to social criteria.	Labour, social and environmental conditions in contracts.	201	Until 2024, no audits have been carried out specifically aimed at analysing the social performance of suppliers, although there certainly is operational control of compliance with the environmental conditions established in the contracts awarded by our company.				The information from requirement 414-1 a has been omitted, as the datum on the percentage of new suppliers that have passed the filters with social criteria is not available.
414-2	Negative social impacts in the supply chain and measures taken.							Have not been detected, so that has not been necessary to adopt measures.
Customer satisfaction and commitment								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Committed to our customers and users. Committed to Society.	162 196"					
GRI 416: Customer health and safety 2016								
416-1	Assessment of the impacts of product and service categories on health and safety.	How we guarantee water quality.	79					
416-2	Cases of non-compliance related to the impacts of product and service categories on health and safety.				There have been none in 2024.			

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GRI 417: Marketing and labelling 2016								
417-1	Requirements for information and labelling of products and services.				There have been none in 2024. Our products are not labelled.			
417-2	Cases of non-compliance related to information and labelling of products and services.				There have been none in 2024. Our products are not labelled.			
417-3	Cases of non-compliance related to marketing communications.				Have not been produced in 2024. No we perform performances of targeted marketing to sales. In addition our communication for rational use requests to the users who decrease in the consumption of our product.			
GRI 418: Customer Privacy 2016								
418-1	Substantiated claims regarding violations of customer privacy and loss of customer data.	Data protection in relation to customers and suppliers.	83					

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GRI standard	Contents	Sections of the 2024 sustainability report	Pages	Direct responses and observations	Explanation of the omission			
					Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
GRI 413: Local communities 2016								
413-1	Assessment of the impacts of product and service categories on health and safety.	Prevention and communication on environmental aspects of our operations.	89					
413-2	Operations with significant –real or potential– negative impacts on local communities.			They have not occurred in 2024 and given that our operations are carried out to provide services public (supply of water and sanitation) that are fundamental to the social development and economy of the communities of the territories in which we work, it is very unlikely that impacts occur negative in the future.				
Transparency, ethics and the fight against corruption								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Ethical and transparent management. Corporate Governance at Canal de Isabel II.	137 144					

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GRI 205: Anti-corruption 2016								
205-1	Operations evaluated based on risks related to corruption.	Code of Ethics and Conduct. Internal information system of Canal de Isabel II. Ethics Line. Compliance system.	145-146 147 148-149					INFORMATION NOT AVAILABLE The Area of Compliance evaluate the set of the activities of the entire company and not a number concrete of operations. By This is omitted exact number of operations analyzed since not available a record with said number. In the report of Sustainability for 2025 will be included a figure for that request.
205-2	Communication and training on anti-corruption policies and procedures.	Code of Ethics and Conduct. Sistema de Cumplimiento. Communications to the national securities market commission (cnmv). Training and development of our employees.	145 146-148 154 192	During 2024 it has received training on this topic 1,676 employees (something more of 50% of the workforce). The members of the governing bodies They also receive training through programs for training for Council members of Administration.				

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205-3	Confirmed incidents of corruption and measures taken.	Main changes in the structure of the Canal Group in 2024 (situation of the Triple A Barranquilla subsidiary).	253	No new incident has taken place in 2023.				
GRI 206: Unfair competition 2016								
206-1	Legal actions related to unfair competition and monopolistic practices and against free competition.				Not applicable. Due to the characteristics of the services we provide, we are a "natural monopoly" and there is practically no competition between companies.			
GRI 207: Taxation 2019								
207-1	Tax approach.	Corporate tax policy of Canal and its Business Group.	233					
207-2	Tax governance, control and risk management.	Other audits of our management.	142					

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207-3	Participation of interest groups and management of their concerns regarding tax matters.	Our rates.	165	Changes in water rates are subject to the information process mandatory public processing of the Decree of Maximum water rates in the Community of Madrid and of the Order of the Community of Madrid that sets the rates of Channel. Furthermore, the rates are approved by the Council of Community Consumption of Madrid in which several groups participate interest as organizations of consumers, unions, organizations business or town halls				
207-4	Presentation of reports, country by country.	Tax information (Canal de Isabel II individuals in the Community of Madrid). Group tax information by country.	232 294					
GRI 415: Public policy 2016								
415-1	Contribution to political parties and/or representatives.					None are carried out and, furthermore, they are expressly prohibited by the laws of the countries in which we are present.		

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					Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
GRI 410: Security Practices 2016								
410-1	Security personnel trained in human rights policies or procedures.	Ensuring the security of facilities and people.	82					
GRI 411: Rights of indigenous peoples 2016								
411-1	Cases of violations of the rights of indigenous peoples.			They have not been produced in 2024 and it is very little likely to occur in the future since Canal and all companies in Group develop their management activities water in urban areas, where there is no presence in the territory of communities indigenous.				
Risk management								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Corporate risk management.	152					
Innovation, new technologies and digital transformation								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	We contribute to the development of R&D&i in our industry.	224					

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GRI standard	Contents	Sections of the 2024 sustainability report	Pages	Direct responses and observations	Explanation of the omission			
					Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
Service security and cybersecurity								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Security of information systems. Technology at the service of internal and external clients.	83 227					
Business sustainability (economic)								
GRI 3 Material issues 2021								
3-3	Management of material issues. Guarantee and quality in supply.	Our rates. Our economic performance in 2024. Our investments. Key financial figures for the Group in 2024.	163 229 234 288-289					

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					Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
GRI 201: Economic performance 2016								
201-1	Direct economic value generated and distributed.	Expenditure and investments in environmental management and activities. Economic value generated and distributed by Canal. Financial resources earmarked for society. We contribute to the development of R&D&i in our industry. Our economic performance in 2024. Our investments. Key financial figures for the Group in 2024. Canal Group investments in 2024. Taxonomy of the European Union.	99 132 133 224 229 234 288-289 296 301					
201-3	Defined benefit plan obligations and other retirement plans.	Social benefits for employees.	189					
201-4	Financial assistance received from the government.	The European Funds and Canal. Tax Information of the Group.	238 294					
GRI 203: Indirect economic impacts 2016								
203-1	Investments in infrastructure and services supported.	Our investments. Investments of the Canal Group in 2024.	234 296					

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					Not ppropriate / not applicable	Legal prohibitions	Confidentiality restrictions	Unavailable or incomplete information
203-2	Significant indirect economic impacts.	Expenditure and investments in environmental management and activities.	99	All our operations are considered significant.				
		Financial resources earmarked for society.	133					
		Social tariffs: our best contribution.	196					
		Indicators our support for culture.	215-216					
		We contribute to the development of R&D&i in our industry.	224					
		Taxonomy of the European Union (2024 results).	301					

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CONTENTS OF *ACT 11/2018* ON NON-FINANCIAL INFORMATION AND DIVERSITY AND CORRESPONDENCE WITH THE GRI STANDARDS

Contents Law 11/2018 General Affairs	GRI Standards	Section of the Sustainability Report 2024
Brief description of the group's business model	GRI 2-6	Our company
		Value Chain of Canal de Isabel II and its Business Group
		Our activity
		The Canal Group
Markets in which it operates	GRI 2-1	Canal Group: activities and geographical location
Organisational objectives and strategies	GRI 2-23	Purpose - Mission - Vision
		Our Strategy
		Canal Sustainability Policy Sustainability Plan 2024-2026
Main factors and trends that may affect its future development	GRI 3-2	Double Materiality Analysis 2024
		About this report.
Reporting framework	GRI 1	GRI Standards in their 2021 version
Descripción de las políticas que aplican	GRI 2-23 GRI 2-24	Purpose - Mission - Vision
		Our Strategy

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Contents Law 11/2018 General Affairs	GRI Standards	Section of the Sustainability Report 2024	
Description of the policies that apply	GRI 2-23 GRI 2-24	Code of Ethics and Conduct	
		Preventing adverse environmental impacts at source	
		Attention to clients and users (the 10 commitments)	
		Partnerships with other entities: Global Compact	
The results of these policies / The main risks related to these issues linked to the group's activities	GRI 3-3 (on *material issues*)	**Climate Change**	Ensuring access for all to a quality resource Canal and Climate Change
		Energy	Energy consumption and production
		Pollution	We operate sustainably
		Efficient management of (water) resources	Ensuring access for all to a quality (quantity) resource The best water in Spain (quality) A trusted service (continuity)
		Biodiversity	Protection of Biodiversity
		Transition to a circular economy and responsible consumption	Canal and the Circular Economy
		Health and safety of own workers	Ensuring the health and safety of everyone
		Talent management	Training and development of our professionals Working for equality
		Safety and health of workers in the supply chain	With our suppliers and contractors

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Contents Law 11/2018 General Affairs	GRI Standards	Section of the Sustainability Report 2024	
The results of these policies / The main risks related to these issues linked to the group's activities	GRI 3-3 (on *material issues*)	**Safety and health of workers in the supply chain**	With our suppliers and contractors
		Customer satisfaction and commitment	Committed to our customers and users Corporate Governance in Canal de Isabel II
		Risk management	Corporate risk management
		Innovation, new technology and digital transformation	At the forefront of our sector
		Service security and cybersecurity	Security of information systems Technology at the service of internal and external customers
		Economic sustainability (including tariff scheme)	Our rates Our economic performance in 2024 Key financial figures for the Group in 2024

Contents Law 11/2018 Environmental issues	GRI Standards	Section of the Sustainability Report 2024
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 303-2	Sanitation: waste water treatment
	GRI 303- 3	Supply: collection and treatment
	GRI 303-4	Protection of water bodies: waste water treatment
	GRI 303-5	Self-consumption of water
	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Our greenhouse gas (GHG) emissions

Contents Law 11/2018 Environmental issues	GRI Standards	Section of the Sustainability Report 2024
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	GRI 305 -7	Other emissions into the atmosphere
	GRI 301-1	Reagent consumption / Paper consumption
	GRI 306-1 GRI 306-2	Sanitation: waste water treatment Waste management / Waste production (Group companies)
	GRI 304-1 GRI 304-2	Presence in protected areas
Environmental assessment or certification procedures	GRI 2-24	Management System
	GRI 413-1 GRI 413-2	Prevention and communication on environmental aspects of our operations
Resources dedicated to environmental risk prevention	GRI 203-2	Expenditure and investments in environmental management and activities
Application of the precautionary principle	GRI 2-23	Preventing adverse environmental impacts at source
Amount of provisions and guarantees for environmental risks	No such provisions or guarantees exist	
Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	GRI 305-5 (light pollution not significant)	Mitigation actions
	GRI 302-5	Waste management
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	GRI 306-2	Waste management
Actions to combat food waste	This aspect is not significant	

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Contents Law 11/2018 Environmental issues	GRI Standards	Section of the Sustainability Report 2024
Water consumption and water supply according to local constraints	GRI 303-5	Self-consumption of water
Consumption of raw materials and measures taken to improve the efficiency of raw material use	GRI 303-1	Ensuring access for all to a quality (quantity) resource
	GRI 301-1 GRI 301-2	Reagent consumption / Paper consumption
		Reclaimed water: a real alternative
Direct and indirect energy consumption	GRI 302-1	Energy consumption and production
Measures taken to improve energy efficiency	GRI 302-5	Mitigation Actions / ARROYO CULEBRO WWTP GREEN HYDROGEN PLANT
Use of renewable energies	GRI 302-5	Clean energy generation / SOLAR PLAN
Significant elements of greenhouse gas emissions generated as a result of the company's activities	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Our greenhouse gas (GHG) emissions
Measures adopted to adapt to the consequences of climate change	GRI 303-1	How we adapt
	GRI 302-5	Mitigation Actions / ARROYO CULEBRO WWTP GREEN HYDROGEN PLANT
	GRI 201-2	Our greenhouse gas (GHG) emissions
Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end	GRI 302-5	Mitigation Actions / ARROYO CULEBRO WWTP GREEN HYDROGEN PLANT
	GRI 302-5	Clean energy generation / SOLAR PLAN

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Contents Law 11/2018 Environmental issues	GRI Standards	Section of the Sustainability Report 2024
Measures taken to preserve or restore biodiversity	GRI 304-1 GRI 304-2 GRI 304 -3 GRI 304-4	Presence in Protected Areas. Presence in Protected Areas (Reservoirs and Wetlands). Environmental Flows. Vegetation Heritage Maintenance. Presence of Protected Species
Impacts caused by activities or operations in protected areas	GRI 304-1	Presence in protected areas

Contents Law 11/2018 Social and personnel-related issues	GRI Standards	Section of the Sustainability Report 2024
Total number and distribution of employees by country, gender, age and job classification	GRI 2-7	Structure of the workforce / Staff of the Canal Group companies
Total number and distribution of types of employment contracts	GRI 2-7	Staff of the Canal Group companies
Annual average by contract type (permanent, temporary, and part-time), disaggregated by gender, age, and job classification	GRI 2-7 GRI 405-1	Structure of the workforce / Staff of the Canal Group companies
	GRI 405-2	Working for equality
Number of redundancies by gender, age and job classificaion	GRI 401-1	Turnover of Canal Group staff by age and gender
Wage gap / Average earnings and their evolution disaggregated by sex, age and job classification or equal value	GRI 405-2	Canal Group remuneration by country, gender, position and seniority
Average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender	See the attached Annual Corporate Governance Report for the Consolidated Financial Statements and the Consolidated Management Report of the Canal Group for the financial year 2024	

Contents Law 11/2018 Social and personnel-related issues	GRI Standards	Section of the Sustainability Report 2024
Implementation of work disengagement policies	GRI 401-3	Working for equality
Employees with disabilities	GRI 405-1	Canal Group workforce by contract, gender and age
Organisation of working time	GRI 2-30	Trade union representation
Number of absence hours	GRI 403-9	Ensuring the health and safety of all / Channel Group prevention information
Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents	GRI 401-2	Social benefits for employees
	GRI 401-3	Equal opportunities
Health and safety conditions at work	GRI 403-1 GRI 403-2	Ensuring everyone's health and safety
Accidents at work, in particular their frequency and severity, disaggregated by sex	GRI 403-9 GRI 403-10	Ensuring the health and safety of all / Canal Group prevention information
Occupational diseases disaggregated by sex People in the centre		
Organisation of social dialogue, including procedures for informing and consulting with staff and negotiating with them	GRI 2-30	Trade union representation
Percentage of employees covered by collective bargaining agreements by country	GRI 2-30	Trade union representation
Taking stock of collective agreements, particularly in the field of occupational health and safety at work	GRI 403-4	Trade union representation
Policies implemented in the field of training	GRI 404-2	Training and development of our professionals / Training future water professionals

Contents Law 11/2018 Social and personnel-related issues	GRI Standards	Section of the Sustainability Report 2024
Total number of training hours per professional category	GRI 404-1	Average hours of training (Canal Group)
Universal accessibility for people with disabilities	GRI 405-1	Canal Group workforce by contract, gender and age
Measures taken to promote equal treatment and opportunities for women and men	GRI 3-3	Working for equality
Equality plans (Chapter III of Organic Act 3/2007, of 22 March, for the effective equality of women and men)	GRI 405-1	Working for equality (Equality Plan)
Measures taken to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of persons with disabilities	GRI 406-1	Working for equality (anti-bullying protocol)
Anti-discrimination and, where appropriate, diversity management policy	GRI 3-3	Working for equality

Contents Law 11/2018 Information on respect for human rights	GRI Standards	Section of the Sustainability Report 2024
Implementation of human rights due diligence procedures, including the prevention of risks of human rights violations and, where applicable, measures to mitigate, manage, and remedy any abuses committed	GRI 408-1 GRI 409-1 GRI 411-1	Partnerships with other entities: Global Compact
	GRI 410-1	Ensuring the safety of facilities and persons (security personnel)
Complaints of human rights violations	There have been no such complaints in 2024	

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Contents Law 11/2018 Information on respect for human rights	GRI Standards	Section of the Sustainability Report 2024
Promotion and enforcement of the provisions of the ILO core conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour	GRI 405-1	Working for equality (Equality Plan)
Promoción y cumplimiento de las disposiciones de los convenios fundamentales de la Organización Internacional del Trabajo relacionadas con el respeto por la libertad de asociación y el derecho a la negociación colectiva, la eliminación de la discriminación en el empleo y la ocupación, la eliminación del trabajo forzoso u obligatorio, la abolición efectiva del trabajo infantil	GRI 2-30	Trade union representation
	GRI 403-4	Trade union representation
	GRI 408-1 GRI 409-1	Partnerships with other entities: (Forced labour and child labour in Global Compact)

Contents Law 11/2018 - Information relating to the fight against corruption and bribery	GRI Standards	Section of the Sustainability Report 2024
Measures taken to prevent corruption and bribery / Measures to combat money laundering	GRI 205-1 GRI 205-2	Code of Ethics and Conduct and Ethics and Compliance Committee
		Compliance system
		Training and development of our employees (anti-corruption training)
	GRI 308-1 GRI 308-2	With our suppliers
Contributions to foundations and non-profit organisations	GRI 201-1	Financial resources earmarked for society

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Contents Law 11/2018 Information about the company	GRI Standards	Section of the Sustainability Report 2024
Impact of the company's activity on employment and local development	GRI 2-6	Our company (indirect employment)
	GRI 203-1	Our investments / Canal Group investments in 2024
	GRI 203-2	Expenditure and investments in environmental management and activities
		We contribute to the development of R&D&i
		Economic resources allocated to society
		Taxonomy of the European Union (results 2024)
	GRI 201-1	Economic Value Generated and Distributed by Channel
Impact of the company's activity on local populations and the territory	GR1 413-1	Prevention and communication on environmental aspects of our operations
Relations with local community actors and the modalities of the dialogue with them	GRI 2-29	Our stakeholders
		The voice of the customer in Canal
		Double Materiality Analysis 2024
Partnership or sponsorship actions	GRI 201-1	Financial resources earmarked for society
Inclusion of social, gender equality and environmental issues in procurement policy	GRI 308-1 GRI 414-1	With our suppliers
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility		

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Contents Law 11/2018 Information about the company	GRI Standards	Section of the Sustainability Report 2024
Monitoring and audit systems and audit results	Up to 2024, no audits specifically aimed at analysing the environmental and social performance of suppliers have been carried out. However, operational monitoring is in place to ensure compliance with the environmental and social conditions set out in the contracts awarded by our company.	
Consumer health and safety measures	GRI 416-1	How we guarantee water quality
Grievance mechanisms, complaints received, and their resolution	GRI 2-25	Suggestions and complaints management
Country-by-country benefits	GRI 201-1 GRI 201-4	Our economic performance Group financial highlights 2024
Taxes on profits paid	GRI 207-4	Tax information (individual Canal de Isabel II companies in the Community of Madrid) Group tax information by country. Canal de Isabel II Fiscal Policy
Public subsidies received	GRI 207-4	
	GRI 201-4	European Funds and Canal

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