

Including the approval of the proposal for the appointment of the new external auditor for 2018 to 2020

Canal de Isabel II holds its Extraordinary General Meeting of Shareholders

- The directors explain the situation of the Canal Group in Latin America and the progress of the public entity's Strategic Plan
- The regional minister for the Environment and Territorial Planning, Carlos Izquierdo, has been appointed proprietary director

23NOV18 – Canal de Isabel II held its Extraordinary General Meeting of Shareholders today, which saw the appointment of a new proprietary director, the proposal of a new external auditor for the company and the approval of the corporate website for registration thereof in the Commercial Registry. The shareholders were also informed of the situation of the Canal Group in Latin America.

The chairman of the Board of Directors, Pedro Rollán, highlighted during his first intervention before the company's shareholders, the commitment he has maintained since being appointed chairman, to inform shareholders of the situation of the Group's companies in Latin America and the measures adopted and those that will be adopted in the future, to guarantee the economic interests and safeguard the prestige and reputation of the company.

In this regard, the executive vice-chairman, Rafael Prieto, indicated that once the relevant reports and audits have been conducted to reflect a true and fair view of the company's financial statements, the Board of Directors shall soon reformulate the 2017 accounts for subsequent approval thereof by the General Meeting. He also pointed out that the possible impacts are being assessed regarding the seizure of Inassa's shares in Triple A de Barranquilla by the Colombian prosecutor's office.

The Meeting approved the appointment of Carlos Izquierdo, who is currently the regional minister for the Environment and Territorial Planning, as proprietary director. The Board of Directors of Canal de Isabel II is made up of 10 members, 3 of whom are independent.

The appointment of Auren Auditores as the external auditor for the company for the 2018 to 2020 period was also approved and it was agreed to register the corporate website www.canaldeisabelsegunda.es in the Commercial Registry. This is one of the

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requirements established in the Spanish Companies Act for the website to be the official means of communication with shareholders and it represents a further measure adopted by the company in the area of good corporate governance.

PROGRESS OF THE STRATEGIC PLAN

The company directors also gave details of the progress of the Canal de Isabel II Strategic Plan and its main indicators. Accordingly, this plan's balance, at the end of 2018, will reach the performance and progress level established in its first year of implementation.

The strategy approved by the company for the 2018-2030 period, consists of 10 lines, 35 plans and 100 strategic actions and the aim is to strengthen the 100% public nature thereof, provide an excellent service for the people of Madrid and ensure the company is at the forefront of water management. Over the next five years, the planned investment for carrying out the initiatives included therein, exceeds 1,500 million euros.

Canal de Isabel II is the company in charge of the management of the comprehensive water cycle in the Community of Madrid and in its shareholder structure, the public entity Canal de Isabel II is represented with 82.4% of the shares and 111 town councils with 17.6%, including the City Council of Madrid with 10% of the shares. The public entity was founded over 165 years ago to supply the city of Madrid with water. Over 2,500 employees work daily to serve over 6 million people in the region. It is an innovative company and a leader in its sector, recognised internationally for its comprehensive water cycle management. It operates 13 reservoirs; 78 groundwater captures; 14 drinking water treatment plants; 17,556 kilometres of water conveyance and distribution; 131 drinking water pumping stations and 133 waste water stations; 14,956 kilometres of sewer system networks; 65 storm tanks; 877 kilometres of collectors and sewer pipelines; 157 waste water treatment plants; and 588 kilometres of recycled water networks.