

The background of the cover is a solid teal color. Scattered across the page are several white, low-poly geometric shapes that resemble icebergs or crystalline structures. One large cluster is in the top left, another is in the top right, a smaller one is in the middle left, and another is in the bottom right.

Annual Report of **SUSTAINABILITY** 2014

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COPASA



COPASA

Vision, mission and values

2017 Vision

Be a reference in corporate management, in the national sanitation market, with the highest rate of service in its area of operation.

2030 Vision

Be a global company that is a reference in the sanitation sector.

Mission

Provide solutions in water supply, sanitary sewage and solid waste, creating value for clients, shareholders, employees and society, in a sustainable manner.

Values

- Ethics and transparency in relations
- Social-environmental responsibility
- Appreciation of employees
- Quality of services provided
- Pride in being Copasa
- Innovation and entrepreneurialism
- Focus on the client's satisfaction
- Work in safety
- Dissemination of knowledge
- Sustainable growth

Message From Management (G4-1)

2014 was marked by low rates of rainfall, producing a shortage of water resources that significantly affected water catchment systems in the Southeast Region of Brazil. In Minas Gerais, Copasa, centered on the good practices of governance and on the experience of its employees, sought to ensure quality water supply in all its areas of operation while preserving the environment.

The atypical rainfall caused risks to water supply in several locations around the state, particularly in the Metropolitan Region. The Company must face this situation rapidly in order to avoid additional risks that result from the inability to meet demand.

Copasa closed out 2014 with 63 water concessions and 8 sewage concessions at different stages of negotiation for renewal, and a coordinated effort must be made to ensure they are renewed, as well as the negotiation of those concessions due to expire in 2015, which will be approximately 35.

The great challenge for the sanitation sector in Brazil, since the enactment of Law 11.445/2007, which set out national guidelines for basic sanitation, has been the universalization of the services recognized by that legislation.

While operating with socio-environmental responsibility in an increasingly competitive market, whose regulatory framework is governed by the fundamental principles of universalization, safety, quality, consistency, completeness, efficiency and economic sustainability with transparency of processes, the Company has sought, through its strategies, to achieve sustainable growth, the universalization of water supply and sewage collection and treatment services, and to expand its operations in Minas Gerais State.

Generally, in the sanitation sector, the flow of financial resources for investment has remained steady in recent years, through the traditional sources of financing, whether the Caixa Econômica Federal (CEF – Federal Savings Bank), funds from the Fundo de Garantia por Tempo de Serviço (FGTS – Unemployment Guarantee Fund), Banco Nacional de Desenvolvimento Econômico e Social (BNDES – National Bank for Economic and Social Development), the Fundo de Amparo ao Trabalhador (FAT – Workers' Support Fund), or from Federal Government programs, such as the Program de Aceleração do Crescimento (PAC – Growth Acceleration Program).

In 2014, investments in the order of R\$ 865.1 million were made in Copasa. These investments were supported by traditional financing sources, through the Company's cash flow generation and by raising funds on the capitals market, through the issuance of debentures and promissory notes, as well as on the external market, through the German development bank, Kreditanstalt für Wiederaufbau (KfW), in order to develop its business. In addition, R\$ 256.3 million was invested in the expansion of the Sistema Produtor do Rio Manso (River Manso Producing System) through a Public Private Partnership (PPP). The challenge to make available funds for new investments is permanent and the Company's operating costs must also constantly be a focus of attention.

We would like to thank shareholders, clients, employees, suppliers, licensing municipalities, and communities living in our concession area and society in general for the support and trust they placed in the Company throughout 2014. In the expectation that 2015 is a productive and better year for all, we walk forward together to achieve our mission, founded on the precepts of sustainability, in order to construct an even stronger Company, contributing to the universalization of sanitation services and improved quality of life.

Management

Organizational Profile

Company de Saneamento de Minas Gerais (Copasa MG – Minas Gerais Sanitation Company) is a government controlled private company, with controlling interest held by Minas Gerais State at 51.1% holdings, regulated by the Corporations Law. The Company has its headquarters in the city of Belo Horizonte (Rua Mar de Espanha, 525, Santo Antônio) and operates all over the state as a sanitation sector concessionaire, performing all the activities that cover the public services of water supply and sanitary sewage, from project design and planning activities including the execution, expansion, remodeling and exploration of sanitation services. In 2006, the Company made its Initial Public Offering - IPO, entering the New Market of the BM&FBovespa. In April 2008, the second full public offering of shares was made by Prefeitura Municipal de Belo Horizonte (Belo Horizonte City Council) and partially by Governo do Estado de Minas Gerais (Minas Gerais State Government), which maintained controlling interest. ([G4-3](#) / [G4-4](#) / [G4-5](#) / [G4-7](#))

Basic sanitation is taken to mean the set of services, infrastructure and operational facilities of:

1. drinkable water supply, constituted by the activities necessary for this supply, from collection to connections in buildings and respective metering instruments;
2. sanitary sewage, from connections in buildings to final disposal; and
3. urban cleaning and handling of solid waste, constituted by activities involving collection, transport, transshipment, treatment and final disposal of domestic waste and waste from the cleaning of public streets.

Main indicators - Controlling Company Data

Economic-financial data (R\$ thousands)	2014	2013	2012
Net Operating Revenue (NOR) from water and sewage	3,132,156	3,007,736	2,768,365
Costs of the services provided + commercial and administrative expenses	2,450,655	2,286,481	2,012,471 ¹
Costs of the services provided + commercial and administrative expenses (without depreciation/ amortizations)	1,965,048	1,858,447	1,635,129
EBITDA ²	1,107,927	1,156,899	1,143,033 ¹
Adjusted EBITDA ²	1,091,331	1,140,390	1,127,953 ¹
Net profit	318,141	419,795	481,723 ¹
Total assets	10,154,641	9,456,301	9,143,663 ¹
Gross debt	3,543,592	3,272,425	3,182,320
Net debt	3,214,524	3,011,944	2,685,895
Net equity	5,536,564	5,337,359	4,934,888 ¹

Yield indicators	2014	2013	2012
Return on investment (LL/AT)	3.1	4.4	5.3 ¹
Rate earned on net equity (LL/PL)	5.8	7.9	9.8

Economic-financial indicators	2014	2013	2012
Current liquidity	1.16	1.18	1.45
Third party capital/net equity	0.83	0.77	0.85 ¹
EBITDA margin (%)	26.1	30.0	32.0 ¹
Adjusted EBITDA margin (%)	33.4	36.3	38.7
Adjusted EBITDA/ Net debt	2.9	2.6	2.4

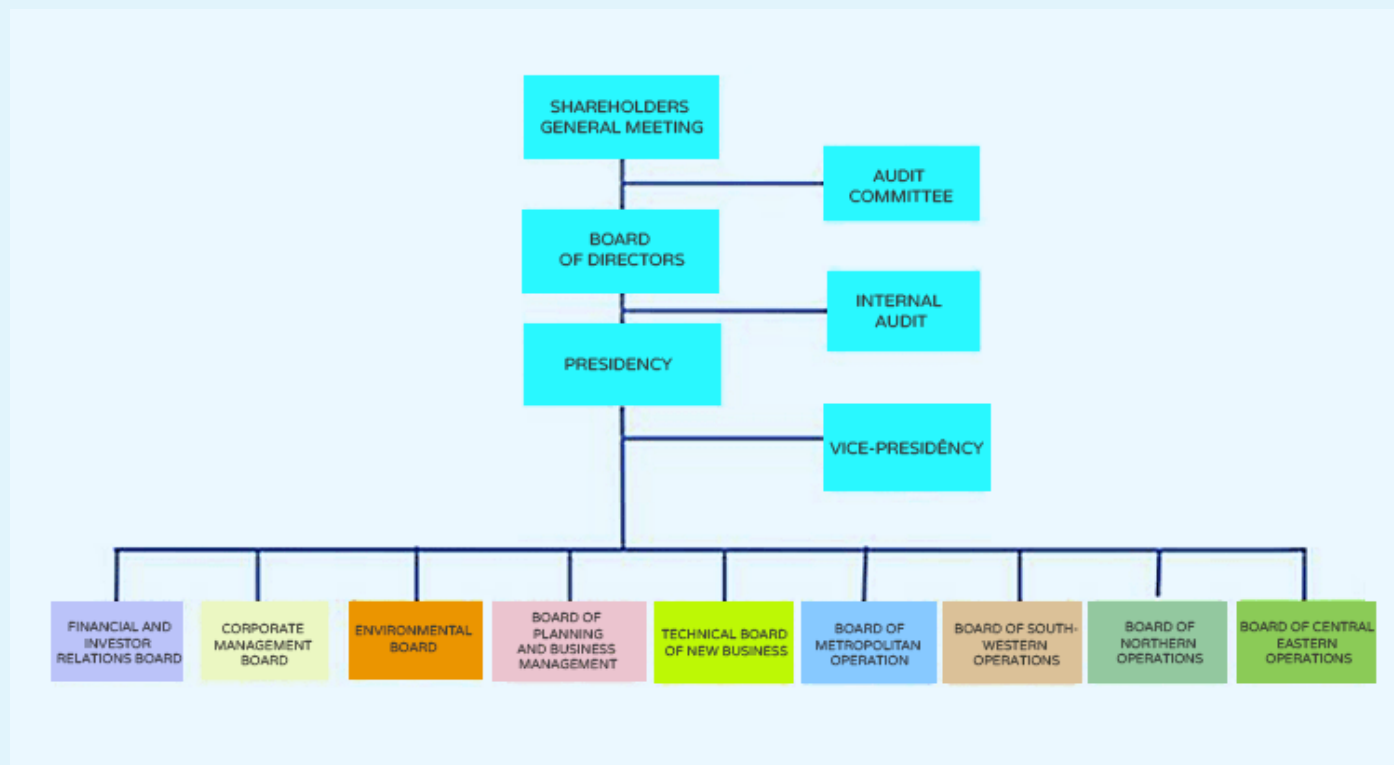
Shares	2014	2013	2012
Book value of the share (R\$)	46.26	44.60	41.23 ¹
Profit or loss per share (R\$)	2.67	3.52	4.02 ¹

Water - Market	2014	2013	2012
Number of connections (un.)	4,042,340	3,915,098	3,779,192
Number of savings (un.)	4,880,242	4,731,449	4,571,955
Volume invoiced (1,000 m ³)	689,737	684,359	667,325
Network extension (km)	48,531	46,620	44,864
Municipalities with concession (un.)	635	626	625
Municipalities operated (un.)	618	617	612
Population served (thousands)	15,010	14,550	14,066

Sewage - Market	2014	2013	2012
Number of connections (un.)	2,529,108	2,404,141	2,258,604
Number of savings (un.)	3,213,070	3,065,071	2,893,771
Volume invoiced (1,000 m ³)	453,448	446,754	428,220
Network extension (km)	23,375	22,138	20,093
Municipalities with concession (un.)	288	283	277
Municipalities operated (un.)	233	223	200
Population served (thousands)	9,786	9,328	8,785

Notes: ¹These amounts differ from those released in 2012, which were revised due to accounting adjustments, as described in Explanatory Note 3.23 of the 2013 financial statements² EBITDA and Adjusted EBITDA definitions appear in the “Financial Dimension of the Controlling Company” section of this document, in the EBITDA item. (G4-22 / G4-EC1)

Organizational Structure of Copasa



Subsidiaries

Copasa Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S.A. (Copanor): concessionaire in the provision of water supply and sanitary sewage services in localities with populations between 200 and 5,000 inhabitants, in the north and northeastern regions of Minas Gerais State, with low Human Development Index.

Copasa Águas Minerais de Minas: involved in the economic exploration of hydro mineral resources, including those of the Water Parks, whereby it can directly or indirectly produce, pack, distribute and sell mineral water from the springs for which it is the owner, lessee, concessionaire or commodatary and, moreover, manage and tap the Water Parks where the springs are located, in the whole of Minas Gerais State.

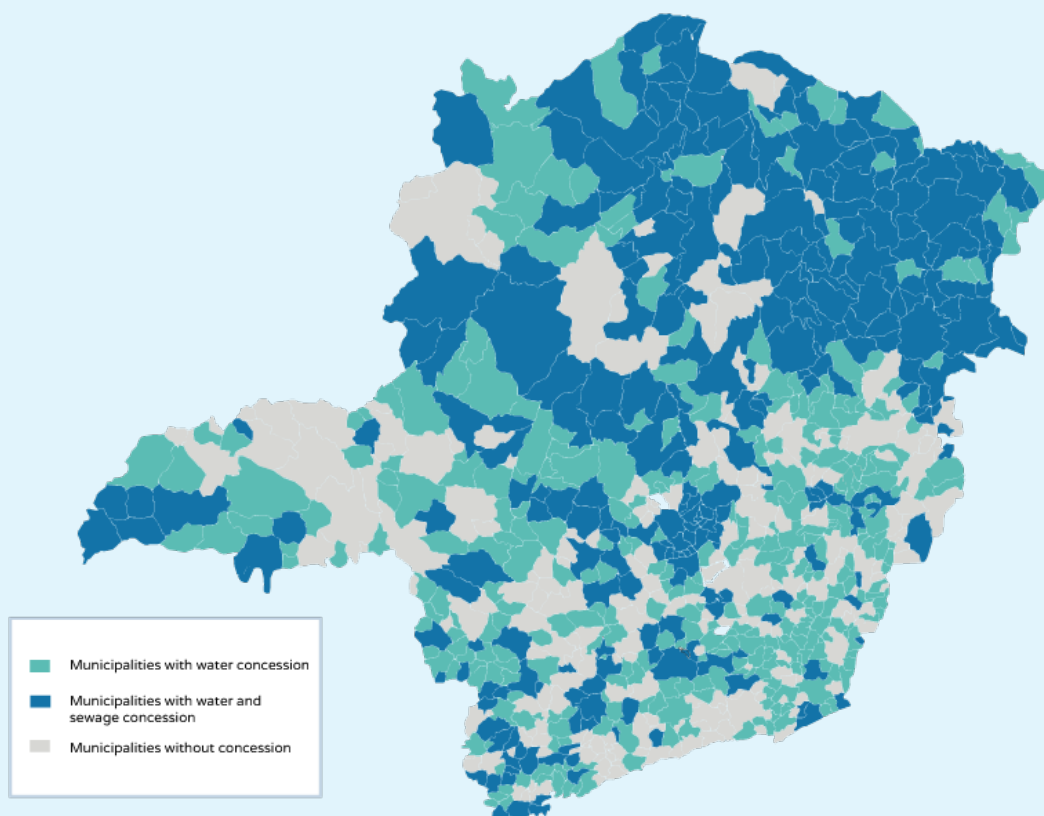
Copasa Irrigation Services: aims to manage, execute and provide irrigation system services of the Jaíba Project and carry out maintenance. In 2013, Government of Minas Gerais State decided to transfer management to the Irrigators' Association of Jaíba II. Because of this change, the subsidiary is in the process of liquidation.

Copasa in 2014 (G4-9)

Copasa finished the year supplying treated water to 15 million people in Minas Gerais State, having completed 127,000 new water connections and implanted 1,911 km of new distribution networks, making a total of 48,531 km. It also expanded sanitary sewage services, and now serves 233 municipalities in Minas Gerais, to the benefit of 9.8 million people. The volume of sewage treated was 252.1 million cubic meters, which represents over 6.2 % more than that recorded in 2013. This increase was due to the start of operations at the 26 new Sewage Treatment Plants (ETEs).

Sector regulation

In compliance with Federal Law number 11.445/2007 and State Law number 18.309/2009, which set rules relating to water supply and sanitary sewage services, the Minas Gerais State Regulatory Agency for Water Supply and Sanitary Sewage Services (Arsae-MG) was created, a special autonomous agency linked to Sedru. In 2014, Arsae-MG carried out 130 technical and operational inspections to verify and evaluate the quality of services provided by Copasa and Copanor.



(G4-8)

Water and sewage services concessions

In 2014, new concessions were signed for the provision of water supply services in six municipality capitals: Datas, Descoberto, Guimarânia, Itamarati de Minas, Santana de Pirapama and Turvolândia. Two new concessions were signed for the provision of sanitary sewage supply services: Datas and Guimarânia. Regarding the renewal of concessions, there were nine for water supply: Abadia dos Dourados, Cedro do Abaeté, Conceição dos Ouros, Confins, Conselheiro Lafaiete, Mathias Lobato, Naque, Teófilo Otoni and Três Corações. For sanitary sewage, the concessions of four municipalities were renewed: Confins, Conselheiro Lafaiete, Teófilo Otoni and Três Corações. Copanor took on new water supply and sanitary sewage concessions in several municipalities, villages and towns. In a consolidated form, Copasa was concessionaire for the provision of water services in 635 municipalities and sanitary sewage services in 288 of them, as the table below shows:

Water and sewage concessions and operations			
Item	Total	Copasa	Copanor
Number of municipalities with water concession	635	586	49
Number of municipalities with sewage concession	288	239	49
Number of municipalities with water operation	618	573	45
Number of municipalities with sewage operation	233	204	29

Technical cooperation

Besides water supply and sanitary sewage services in Minas Gerais, Copasa acts in technical cooperation with other countries, with the aim of expanding its market operations, as well as strengthening its image. As such, the Company carries out technical cooperation activities with municipalities, sanitation companies and entities from the public and private sectors in Brazil and abroad. These activities take the form of technical visits, technical assistance or consultation, in a model that fits the business in question. (G4-6)

In 2014, apart from receiving teams from several Brazilian institutions with the objective of benchmarking, it welcomed delegations from countries such as Germany, China, Denmark, France, India, Nicaragua and Peru, with focus on activities such as in service training, the identification of future partners or, as in the case of Peru, the achievement of a technology transfer plan in Water Safety Plans. Among the Brazilian companies are: Banco de Desenvolvimento do Estado de Minas Gerais (BDMG), Companhia Catarinense de Água e Saneamento (Casan), Companhia Espírito Santense de Saneamento (Cesan), Companhia Vale do

Rio Doce (Vale S.A.), Company de Saneamento do Estado de Mato Grosso do Sul (Sanesul), Secretaria de Estado do Desenvolvimento Social (Seds/MG) and Sociedade de Abastecimento de Água e Saneamento (Sanasa - Campinas/SP), in this case, continuing the work begun in the previous year. International missions were carried out with the following countries: Germany, China, Denmark, France, India, Nicaragua and Peru.

Copasa participates in the following associations and entities, as well as the committees in the environmental area: Associação Brasileira de Águas Subterrâneas (Abas), Associação Brasileira de Engenharia Sanitária e Ambiental (Abes), ABNT, Associação Brasileira de Ouvidores (ABO), Associação Brasileira de Recursos Humanos (ABRH), Associação Brasileira de Treinamento e Desenvolvimento (ABTD), Associação Comercial de Minas Gerais (ACM), Associação das Empresas de Saneamento Básico Estaduais (Aesbe), Associação Interamericana de Engenharia Sanitária e Ambiental (Aidis), American Chamber of Commerce (Amcham), Fundação Nacional da Qualidade (FNQ), Instituto Brasileiro de Governança Corporativa (IBGC), Instituto Brasileiro do Concreto (Ibracon), Instituto Qualidade Minas (IQM), Instituto Brasileiro de Governança Corporativa (IBGC). [\(G4-16\)](#)

Modeling of business opportunities

Copasa has been creating and modeling new business opportunities, striving to expand its market operations and strengthen the Company through partnerships and strategic alliances.

In 2014, the Rio Manso System Public-Private Partnership was created in the administrative concession mode, in which the Specific Purpose Company (SPC) formed is solely in charge of securing funds for the expansion, maintenance and shared operation of the Rio Manso Water Producing System, one of those responsible for water supply to the integrated system of Belo Horizonte Metropolitan Region, increasing its production capacity by more than 1.8 m³/s, going from 4 m³/s to 5.8 m³/s. The total term of the concession will be 15 years, involving investments in civil works, equipment and projects necessary for making the whole infrastructure available. In 2014, R\$ 256.3 million was invested of a R\$ 500.6 million total until 2015. At the end of the contract, the generated assets will be reverted to the concessionaire. The concessionaire company with the successful bid was Odebrecht Ambiental Manso.

Awards and recognition

In 2014, Copasa was recognized for its implanted management model, its corporate governance practices, environmental preservation actions, human resources policies and its efficiency in press communications. It received the following awards: Communication Business; Abrasca Annual Report Award; Epoca 360 Award; National Quality Award (PNQ); National Award for Quality in Sanitation (PNQS 2014); Recognition for HR Management; XVI Minas Award – Corporate Performance – Common Market.

CORPORATIVE GOVERNANCE

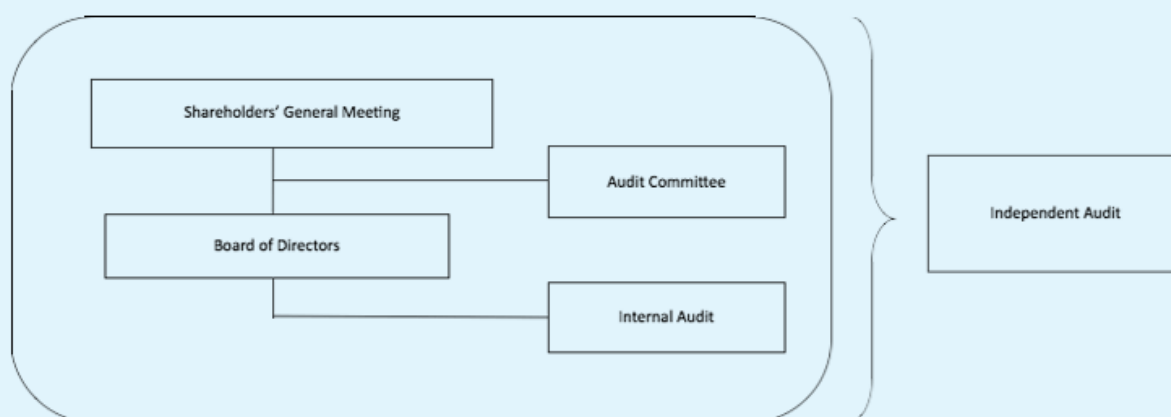


CORPORATIVE GOVERNANCE

Governance Structure

Among the good governance practices to which the Company is committed, the following stand out: a Board of Directors with at least 20% independent members; concession to minority shareholders of 100% tag along (conditions identical to those offered to the majority shareholder, in the case of control transfer); preparation and disclosure of the Code of Ethical Conduct and securities negotiation policy; issue of shares of common stock exclusively, with all shareholders having the right to vote; free float of at least 25%; resolution of all disagreements or disputes that may arise between the Company, its shareholders, managers and Audit Committee members, through the BM&FBOVESPA Market Arbitration Chamber, as per Articles of Incorporation arbitration clause; prohibition of the accumulation of positions by Board of Directors President and President Director or Chief Executive of the Company since 2007.

Representation of governance structure (G4-34)



Shareholders' General Meeting

The Shareholders' General Meeting is the Company's maximum level of decision making and, among other attributions, its exclusive remit includes: taking accounts from managers; examining, discussing and voting financial statements; deciding on the destination of the financial year's net profit and the distribution of dividends; electing the managers and members of the Audit Committee; deliberating on the reform of the Articles of Incorporation; deciding on the payment of managers. Additionally, the Company's Articles of Incorporation determine that the General Meeting deal with the following deliberations involving amounts above R\$ 150 million: the approval of any investment or expense not provided for in the original annual budget, instigation of administrative bidding process, waiver and impossibility of competitive bidding, in addition to amendments to the respective contracting and the approval of the administrative bidding process, execution of agreements and contracts involving loans, financing and other legal business to be executed by the Company.

Audit Committee

Copasa has a permanently functioning Audit Committee, which can have between three and five active members and an equal number of substitutes, shareholders or not, elected in the Annual Shareholders' General Meeting. Their fees are set at the Meeting, under the terms of the law, and the duration of the mandate is one year. The curriculums of the Audit Committee members can be found at www.copasa.com.br/ri, in the Corporate Governance/Organizational Structure section.

Board of Directors

The Board of Directors, as collective decision making body, is the highest Management level of Copasa. Among its functions are: calling General Meetings; approving strategic planning; approving business plans, annual budgets and multiannual, operational and investment plans; electing and dismissing directors and determining their responsibilities; approving new concessions whose present net value is negative, according to the economic-financial feasibility study performed by the Company; approving plans for careers and salaries and investments or expenses not provided for in the annual budget of between R\$ 9 and R\$ 150 million; choosing and removing independent auditors.

The Board can be composed of a minimum of five and maximum of nine members, elected by the Shareholders' General Meeting. Its members have a mandate of one year, unless removed, with the financial year spanning the period between each annual Shareholders'

General Meeting, and members can be reelected. In its current composition, only the Board's Vice-President is part of the Executive Board. (G4-39)

The payment of each member corresponds to 20% of the average payment to members of the Executive Board, with 50% of the amount being equivalent to a fixed monthly installment and the other 50% paid in accordance with participation in monthly meetings. In addition, members receive 20% of the profit share attributed to directors. (G4-51)

Regarding the frequency of meetings, the Board of Directors holds a monthly meeting, while extraordinary meetings may be held whenever necessary. According to the Internal Rules of the Board of Directors, its members must declare, prior to deliberations, whenever the matter put forward for their appreciation is of personal interest or in conflict with the Company, and abstain from the discussion and vote. (G4-41)

The curriculums of the Board of Director members can be found at www.copasa.com.br/ri, in the Corporate Governance/Organizational Structure section.

Executive Board

The Executive Board is responsible for business administration in general. They normally meet at least once per week and, exceptionally, whenever company business requires it.

The Executive Board is formed by up to 11 members, shareholders or not, residing in Brazil, elected by the Board of Directors for a mandate of three years, allowing for reappointments, and they must remain in their positions until the election and accession of their successors. It is composed of the Presidency, Vice-Presidency and nine Boards, four of which are operational (Operação Centro-Leste, Metropolitana, Norte, Sudoeste) and five corporate (Financial and Investor Relations, Corporate Management, Environment, Business Planning and Management, Technical and New Business).

The curriculums of the Executive Board members can be found at www.copasa.com.br/ri, in the Corporate Governance section.

Internal Audit (G4-SO3 / G4-SO5)

The Internal Audit aims to strengthen internal controls in order to produce reliable information for financial statements and create an environment that inhibits the practice of acts contrary to the Company's Code of Ethical Conduct and Disciplinary System.

In 2014, 39 audits were carried out involving 28 organization units representing approximately 15% of the Company's units. They assessed process risks, including the identification of possible cases of corruption. The Company's main controls are covered in the Enterprise Resource Planning (ERP) system, whereby operations are integrated allowing the units in charge to monitor processes and identify possible irregularities.

The measures taken in cases of corruption are established in the Procedural Rules of the Disciplinary System, in the Code of Ethical Conduct, in Administrative Procedure Regulation for Employee Dismissal, and in current legislation. In 2014, because of the auditing work, a case of corruption was detected and confirmed relating to the misappropriation of materials, resulting in the justifiable dismissal of the employee involved.

Independent Audit

The company contracted by Copasa for auditing services of the financial statements for the financial year of 2014 is PricewaterhouseCoopers Independent Auditors. The contract, which starts in March 2013, does not cover the performance of other services not related to the auditing of financial statements.

Ethical Conduct (G4-56 / G4-57)

Copasa's Code of Ethical Conduct is available at www.copasa.com.br. It is a Board of Directors' approved document. The Company makes available copies of the Code for the public it deals with. In the case of employees, interns and trainees, a copy is provided upon the signing of a Term of Commitment. In relation to suppliers and service providers, this condition is explained in the bids notice and in contracts.

Given the necessity for creating a forum in charge of applying and disseminating the Code, the Ethics Committee was set up, composed of six members who act as a sole central for recording and controlling complaints and irregularities. The committee investigates cases,

analyzes and decides on complaints received, instigates ethical processes and/or makes recommendations to those involved, acts as an advisory body and, in an educative manner, advises on ethical behavior and possible implications of non-compliance with rules that must prevail in interpersonal relations.

Requests for guidance are sent to the Committee by e-mail (address: comissao.etica@copasa.com.br), telephone, in writing or in person. The person making the request may do so anonymously if necessary.

Relationship with Interested Parties [\(G4-24\)](#)

Copasa deals with interested parties according to its values, principles and beliefs, with base in the Code of Ethical Conduct, seeking the alignment of interests and the identification of the expectations of those involved. As such, it uses forms of interaction and relationship channels to communicate decisions, mobilize the workforce and consolidate partnerships with a view to the sustainable development of its business and of society. Its principal relationships are with clients, Minas Gerais State, suppliers, investors, regulatory and inspection bodies, municipal councils, employees and society.

ECONOMIC DIMENSION

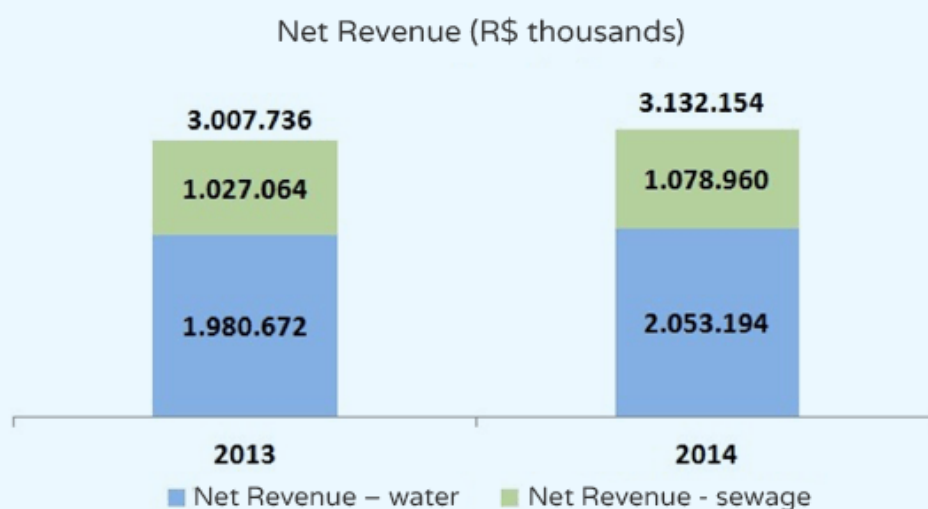


ECONOMIC DIMENSION

Financial Dimension of The Controlling Company

Revenue

The controlling company's net water and sewage operational revenue reached R\$ 3.13 billion in 2014, representing growth of 4.1% on the amount recorded in 2013, which was R\$ 3.01 billion.



The rise noted was the result of: increases of 3.1% and 4.8% in water and sewage saving, respectively; average charge readjustment of 6.18%, applied to consumption from May 2014; and change of sewage charge percentage, because of the start of operations in sewage treatment plants (ETEs) in 12 locations.

Net construction revenue, in turn, was in line for the comparison periods, as the table below shows:

Construction revenue (expenditure) (R\$ thousands)	2014	2013	Var (%)
Construction revenue	978,301	707,082	38.4%
Construction costs	(961,705)	(690,573)	39.3%
Net construction revenue	16,596	16,509	0.5%

Costs and expenses

In the financial year 2014, costs of services provided, administrative and commercial expenses totaled R\$ 2.45 billion, 7.2% above the amounts recorded in 2013, as the table below shows:

R\$ thousands	2014	2013	Var (%)
Costs of services provided + commercial and administrative expenses	2,450,655	2,286,481	7.2%
Staff	1,085,758	1,011,363	7.4%
Depreciation and amortizations	485,605	428,033	13.5%
Electric energy	258,755	220,560	17.3%
Third party services	371,391	394,459	-5.8%
Material	129,885	118,939	9.2%
Sundry operational costs	54,457	51,565	5.6%
Charge pass-through to municipalities	73,117	71,933	1.6%
Allowance for bad debts	92,358	73,672	25.4%
Tax credits	(100,671)	(84,044)	19.8%
Costs of services provided + commercial and administrative expenses (without depreciation/amortizations)	1,965,049	1,858,447	5.7%

Other operational revenue (expenditure)

In 2014, other operational revenue showed growth of 1.5% due mainly to donations and subsidies for investment in sewage treatment stations relating to tax incentives arising out of the Water Basin Clean Up Program (Prodes).

Other operational expenses increased by 95.5%, due to: the increase of other expenses; the provision of health plan net actuarial liability, which included the disability retiree plan; increase in possible or extraordinary losses, from the undertaking of new legal cases, as well as adjustment for inflation and the reclassification of existing cases; and losses in ongoing fixed assets in the form of the construction of retention basins for the Córrego Ferrugem stream. The Table below shows the amounts for the different periods:

Other operational revenue (expenditure) (R\$ thousands)	2014	2013	Var (%)
Other operational revenue	110,347	108,727	1.5%
Technical services revenue	2,424	1,673	
Reversal of non-deductible provision	26,525	33,057	
Recovery of accounts	53,296	66,193	
Other revenue	28,102	7,804	
Other operational expenses	(159,749)	(81,716)	95.5%
Possible or extraordinary losses	(102,764)	(53,653)	
Other expenses	(56,985)	(28,063)	
Other net operational revenue	(49,402)	27,011	-278.3%

Financial revenue (expenditure)

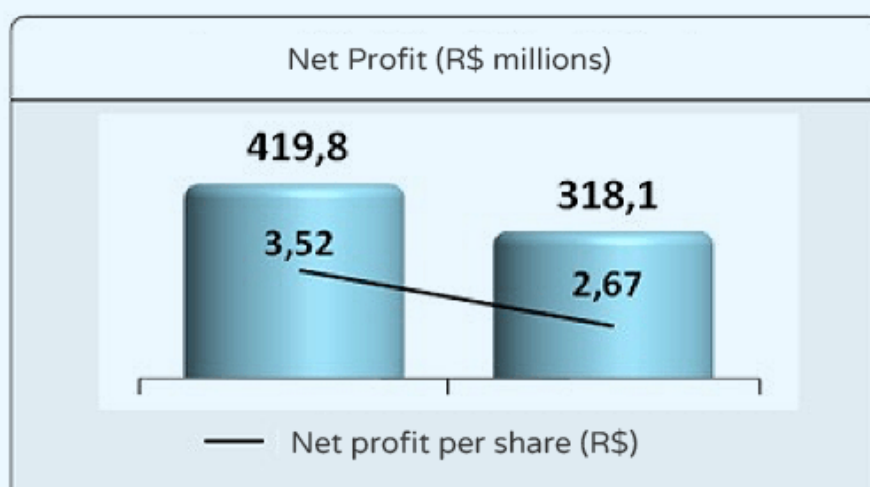
In relation to financial revenue, the reduction in the 'interest' item and 'real gain on financial investments' item is mainly due to the lesser value available in cash to invest in short term bonds.

The increase in financial expenses reflects the heightened debt of the Company, as well as the currency fluctuation of the debt in dollars and Euros.

R\$ thousand	2014	2013	Var (%)
Financial revenue	77,675	85,834	-9.5%
Adjustment for inflation and exchange rate fluctuations	21,765	14,201	
Interest	9,894	9,908	
Real gain on financial investments	28,481	37,601	
Capitalization of financial/other assets	17,534	24,125	
Financial expenses	(264,486)	(244,603)	8.1%
Adjustment for inflation and exchange rate fluctuations	(52,301)	(58,036)	
Interest on financing	(210,297)	(181,481)	
Sundry	(1,888)	(5,086)	
Net financial result	(186,811)	(158,769)	17.7%

Result

The net profit of the Controlling Company in 2014 was R\$ 318.1 million, representing profitability of 5.8% on shareholders' equity. The drop reflects revenue growth lower than that of costs and expenses, whereby revenue had its performance negatively affected by factors such as the reduction in volume for savings and by the occurrence of extraordinary expenses, detailed in the "Other operational expenses" item.



Payment to shareholders

In compliance with the Dividends Policy approved by the General Shareholders' Meeting held on April 28, 2009, the Board of Directors of the Company decided to distribute dividend for the financial year 2014 in the interest on the shareholder's equity form at 35% (thirty five percent) of net profits, adjusted to the subtraction or addition of the amounts detailed in sub items I, II and III of Article 202 of Law 6.404/76.

These distributions were made in the abovementioned manner, as per the Articles of Incorporation. These statements for the financial year 2014 are shown below:

Reference	RCA Date	Date of credit	Gross amount (R\$ millions)	Gross amount per share (R\$)	Payment date
1T14	21/03/2014	24/03/2014	34.8	0.2913	20/05/2014
2T14	23/06/2014	24/06/2014	33.4	0.2797	22/08/2014
3T14	19/09/2014	22/09/2014	32.7	0.2745	18/11/2014
4T14	18/03/2015	24/03/2015	2.45	0.02055	26/06/2015
Accumulated 2014			103.34	0.8660	

Investments (G4- EC7)

Investments made directly by Copasa, in 2014, totaled R\$ 865.1 million. Of this total, R\$ 279.8 million was invested in water supply systems, R\$ 555.9 million in sewage collection and treatment and the remaining R\$ 29.4 million in corporate and operational development programs.

The table below shows the consolidated investments:

Investments - (R\$ millions)	Estimate	Copasa Realized
Water	353.2	279.8
Sewage	610.5	555.9
Other	19.3	29.4
INVESTMENT in 2014	983.0	865.1

Apart from the use of own funds, investments were sourced through the CEF, BNDES and the German development bank, KfW. Private partner investment came from PPPs. Copanor secured investment directly from the State Treasury, through funds transfer.

Among the diverse programs and actions performed by Copasa in water supply systems, the following stand out: interlink supplementation of the northwestern pipeline, in the Metropolitan Region of Belo Horizonte; expansion of the production capacity of the Rio das Velhas System; implantation of the water supply system for Martinho Campos; and expansion of capacity in the water supply systems of various cities, including: Alpinópolis, Arceburgo, Belo Horizonte, Caetanópolis, Caputira, Carmo Paranaíba, Cássia, Cataguases, Contagem, Coromandel, Itamarandiba, Juatuba, Mateus Leme, Monte Sião, Nova Serrana, Perdígão, Prata, Ribeirão das Neves, Santa Juliana, Santa Vitória, São Francisco de Paula, Taiobeiras and Varginha.

In relation to sanitary sewage systems, it is worth noting the following throughout 2014: expansion of the sanitary sewage systems of Belo Horizonte/Contagem, Cataguases, Montes Claros, Pedro Leopoldo, Pouso Alegre, Vespasiano and the Sewage Treatment Plant of Ribeirão Arrudas (ETE Arrudas); construction of Sewage Treatment plants in Barbacena, Caratinga, Camanducaia, Capelinha, Cataguases, Carmo do Rio Claro, Conceição do Mato Dentro, Congonhas, Conselheiro Lafaiete, Extrema, Ibirité, Itamarandiba, Jequitinhonha, Martinho Campos, Mateus Leme, Minas Novas, Monte Azul, Nova Serrana, Pedro Leopoldo, Prados, Raposos, Resende Costa, Santa Luzia, Santa Rita do Sapucaí, Santana da Vargem, Santo Antônio do Monte, Santos Dumont, São Gotardo, São Joaquim de Bicas, São Sebastião do Paraíso, Três Corações, Vazante; and the implantation of the sanitary sewage systems at Alfenas, Cabo Verde, Camanducaia, Carmo do Paranaíba, Capitão Enéas, Centralina, Espinosa, Estrela do Indaiá, Fama, Francisco Dumont, Itacarambi, Juvenília, Limeira do Oeste, Lontra, Manga, Pedras de Maria da Cruz, Prudente de Moraes, São João da Ponte, Serra dos Aimorés and Várzea da Palma.

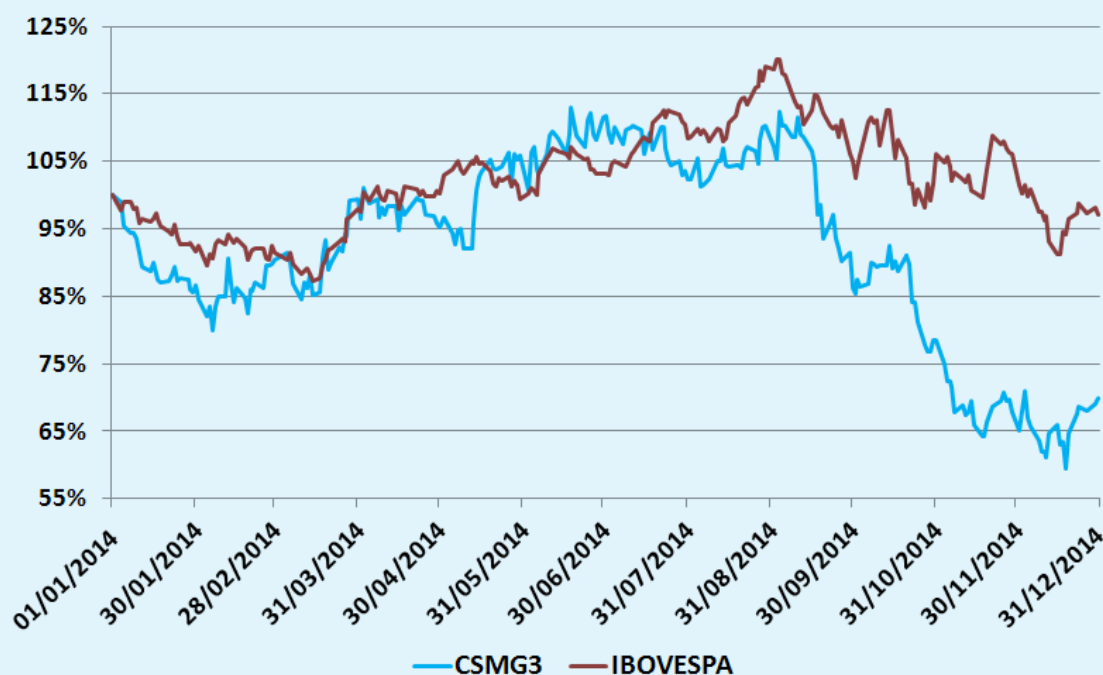
Capitals Market

Copasa trades its shares on the BM&FBOVESPA stock market, under the code CSMG3, and is listed on the New Corporate Governance Market, since the Public Offering of Shares in 2006. The Company's capital, in December 31, 2014 was R\$ 2.77 billion, represented by

119,684,430 common shares. Of this total, 51.1% belonged to the Minas Gerais State Government, 48.6% were in free float and the remainder (0.3%) were in treasury stock.

In 2014, share price, adjusted by the interest on shareholders' equity, showed a reduction of 30.0%, while in the same period, the Ibovespa index, which serves as average performance indicator for shares of greater negotiability and representativeness on the Brazilian capitals market, showed a decrease of 2.9%. On December 31, 2014, the Company's market value reached R\$ 3.0 billion.

Share performance



In 2014, Copasa shares were present in 100% of trading, with average daily trading volume of R\$ 8.9 million and an average 1,410 trades per day. Copasa shares are part of the BM&F-BOVESPA index, including the Special Tag Along Stock Index (ITAG), Special Corporate Governance Index (IGC), New Corporate Governance Market Index (IGNM), Small Caps Index (SMLL) and the Corporate Governance Trade Index (IGCT).

Operational and Commercial Performance (G4-9)

The population receiving water supply increased by 460,000 people, an increase of 3.2%, reaching approximately 15.0 million inhabitants at the end of 2014. This performance was the result of the increased number of connections by the Controlling Company and Copanor, which represented an increase of 127,000 new water connections.

CONSOLIDATED – SERVICE WITH WATER SUPPLY			
ITEM	UNITS	2014	2013
Population served	thousands of inhabitants	15,010	14,550
Connections	thousands of units	4,042	3,915
Network extension	km	48,531	46,620
Volume of water produced	1,000 m ³ /year	973,764	973,885
Volume of water invoiced	1,000 m ³ /year	689,736	684,359

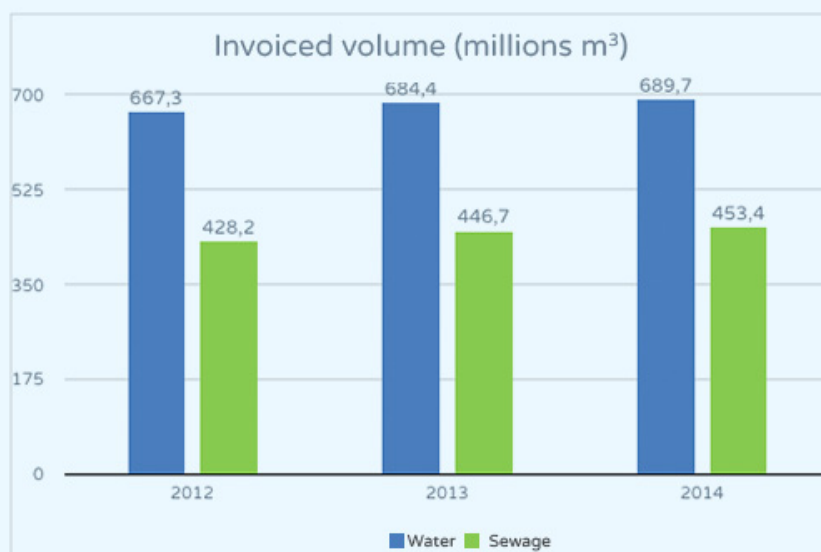
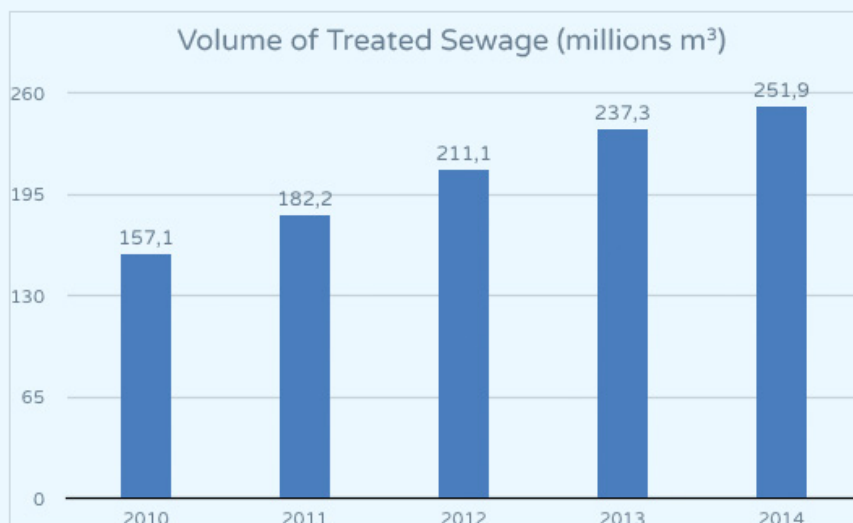
In sanitary sewage services, the total number of municipalities, also consolidated, went from 223 in 2013 to 233 in 2014, benefitting a population of 9.8 million inhabitants, with an increase of 458,000 people served.

This service was carried out through 2.5 million sewage connections, representing an increase of 125,000 connections, or 5.2% in relation to 2013. Of these, approximately 33,000 refer to operations starting in new locations. The collecting network was expanded by 1,237 km, totaling more than 23,000 km.

CONSOLIDATED – SERVICE WITH SANITARY SEWAGE			
ITEM	UNITS	2014	2013
Connections	thousand units	2,529	2,404
Population served	thousands of inhabitants	9,786	9,328
Network extension	km	23,375	22,138
Volume of sewage invoiced	1,000 m ³ /year	453,448	446,754
Volume of sewage treated	1,000 m ³ /year	252,009	237,291

The volume of sewage treated by the Company reached 252.0 billion liters in 2014, which was a 6% increase in relation to the previous year. 26 new Sewage Treatment plants - ETEs came into operation in various cities throughout the state. Among those worth highlighting

are Brasília de Minas, Divinópolis, Ribeirão das Neves, Bom Despacho, Nova Serrana, Pouso Alegre and Monte Sião.



In 2014, with the Company's expansion, the invoiced water volume increased 5.4 billion liters and the invoiced sewage volume by 14.6 billion liters. The expansion of water supply and sanitary sewage services in sites that were already operated and the start of water and sewage billing systems in new locations, such as the municipal headquarters of Capitão Enéas, Ibiaí, Itapeva, Lontra, Pirapetinga, São João da Ponte and Timóteo contributed towards this growth.

The following table shows the performance of some operational and commercial indicators for the given periods:

CONSOLIDATED - COMMERCIAL/OPERATIONAL PERFORMANCE INDICATORS

ITEM	UNITS	2014	2013
Employees/connections (A+E)	emp./thous. connections	1.96	1.93
Water metering rate	%	99.89	99.90
Billing losses rate ⁽¹⁾ ⁽²⁾	%	29.29	29.70

⁽¹⁾ Annual average. ⁽²⁾ Controlling Party Data.

The Water Not Converted Into Revenue indicator (ANCR in the Brazilian acronym), which represents the difference between the volume distributed and the volume effectively consumed, reached 230.84 l/connection/day in 2014, as against 236.48 l/connection/day in 2013, an indicator that remains as one of the lowest in the sector when compared with Brazilian average of 366.86 l/connection/day (SNIS 2013).

Generation of Operating Cash

The adjusted EBITDA for 2014 – the Company's operational result, excluding revenue and construction costs - was R\$ 1.09 billion, as against R\$ 1.14 billion in 2013. While water and sewage revenue rose 4.1%, costs and expenses without depreciation/amortization rose 5.7%. Besides this, other net operational revenue exceeded R\$ 27.0 million in 2013, for a negative value of R\$ 49.4 million in 2014. Details of financial dimension are described in the item Financial Performance of the Controlling Company of this report.

EBITDA calculation*	2014	2013	Var(%)
Net profit for year	318.141	419.795	-24,2%
(+) Taxes on profit	114.499	146.363	-21,8%
(+) Net financial revenue	186.810	158.769	17,7%
(+) Depreciation and amortizations	485.605	428.033	13,5%
(+) Non-operation result of the subsidiaries	2.872	3.938	-27,1%
(=) EBITDA	1.107.927	1.156.899	-4,2%
(-) Net construction revenue	16.596	16.509	
(=) Adjusted EBITDA	1.091.331	1.140.390	-4,3%
EBITDA margin	26,1%	30,0%	
adjusted EBITDA margin	33,4%	36,3%	

* The EBITDA is a non accounting measurement adopted by the Company, calculated observing CVM Instruction 527/2012, and meaning earnings before interest, taxes, depreciation and amortization. It is calculated on the total revenue (net water and sewage revenue, construction revenue, plus other operational revenue and revenue from subsidiaries). The Adjusted EBITDA is calculated disconsidering the revenue/costs of construction. Construction revenue, even though it doesn't have immediate cash effect, affects the financial year in that

it is recognized, taking into account the result is part of the calculation for the payment of the interest on the stockholders' equity/dividends and for employee profit sharing.

Commercial management

Charges

Water supply and sewage collection and treatment services are subject to a Copasa charging policy that is regulated by Arsae-MG.

Charges differ according to the category - social, residential, commercial, industrial and public – and consumption bands. The fixing of charges takes into account the economic-financial equilibrium of the concessionaire and the preservation of the social aspects of public basic sanitation services. In addition, they are progressive in relation to the volume invoiced, that is, those who consume more pay more per liter than those who consume less. This charging policy benefits the population, promoting the awareness of appropriate water consumption.

The sewage charge for areas with collection and treatment is equivalent to 90% of the water charge. The sewage charge for areas where there is collection but not treatment corresponds to 50% of the water charge. Readjustments to charges are annual and previously approved and authorized by Arsae-MG. In 2014, an average charge readjustment of 6.18% was applied, approved by Arsae-MG Resolution number 49/2014, of April 11, 2014.

Invoicing

Copasa's client base is diversified, with residential consumption being equivalent to 68.8% of invoicing, which reduces the Company's dependence or exposure to a certain client or group of clients. The ten largest clients account for only 5.8% of billing and the 50 largest represent only 7.8%. (G4-8)

The Company works with different invoicing cycles, depending on the variation of time between meter reading and account expiration, which has an impact on revenue flow. In 2014, two types of cycle were applied: in 94.5% of invoicing, corresponding to areas with better access infrastructure, the shorter cycle was applied, that is, 19.29 days on average; the longer cycle of 26.58 days on average was applied to areas of difficult access, representing 5.5% of invoicing.

ENVIRONMENTAL DIMENSION



ENVIRONMENTAL DIMENSION

Environmental Management

Copasa, as grant holder, is committed to promoting the improvement of communities' quality of life through the services of water supply and sanitary sewage, making its activities compatible with the preservation of the environment, based on the policy and principles published on <http://www.copasa.com.br/cgi/cgilua.exe/sys/start.htm?sid=272>.

The Company complies with current legislation, and seeks the environmental propriety of its enterprises and the progressive reduction of its operations' environmental impacts, through the implementation of mitigation measures determined by the relevant environmental bodies in relation to constraints on the Company's activities.

Law number 9.433/1997 recognizes water as an economic good and aims to create a balance between supply and demand and define the charging of its use.

To ensure sustainable development, the Company invests in actions geared towards the preservation and recovery of ecosystems such as, for example, maintaining approximately 25,000 hectares of watershed protection areas, participation in Drainage Basin Management Committees in regional units and in environmental education actions.

Copasa adopts the Precautionary Principle in its management of corporate risk and environmental risk processes. In action planning, factors related to health and safety risks of the parties involved are analyzed. (G4-14)

Regarding risks caused by physical changes and other factors related to the climate, Copasa could have its activities affected by alterations in the water cycle resulting from climate change and these alterations represent a risk and could negatively affect the Company, particularly as regards public supply, which could cause serious financial losses for the Company. To manage this risk and boost opportunities, Copasa prepared and implemented a

Risk Management program and, in 2014, approved its policy in relation to possible climate change effects and its prevention. [\(G4-EC2\)](#)

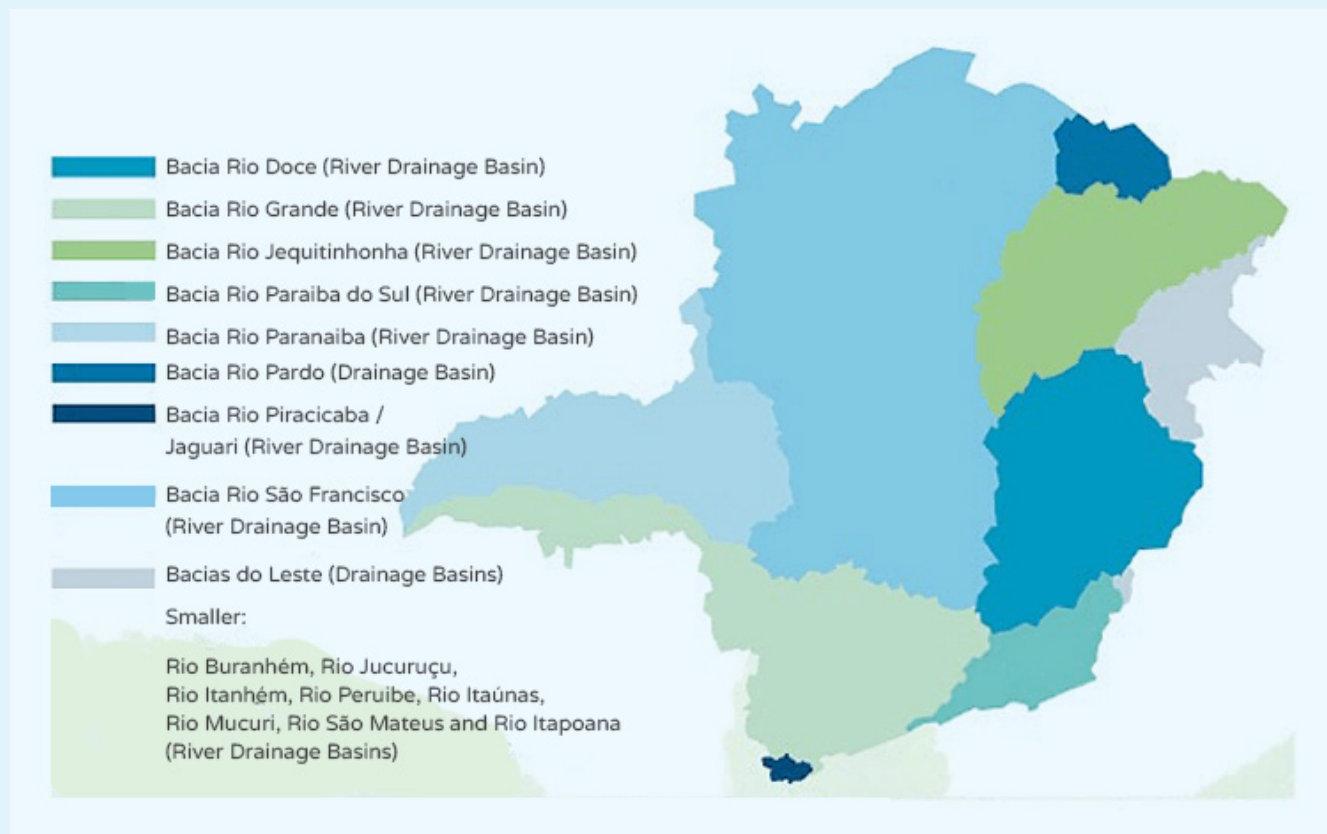
To the extent that the sewage treatment process returns clean water to the source, the Company contributes to reuse and recycling. As it is a water supply services company, the total volume of water removed is high and is granted by the water resource managing bodies. In its processes, the Company has sought to increase the volume of reutilized water, but there is still no specific monitoring. [\(G4-EN8 / G4-EN9 / G4-EN10\)](#)

Since 2003, Copasa has followed a Contingency Plan that standardizes preventive, corrective, communications and social mobilization actions to be executed according to the type of accident or incident, including accidents with hazardous waste. This plan contains actions to immediately respond to situations such as the contamination of watersheds, floods, epidemics and outbreaks, chemical product spillage, among others. In 2014, there was no record of significant spillage of fuel, chemical products and other hazardous products transported and used. [\(G4-EN24\)](#)

Drainage Basin Management Committees [\(G4-16\)](#)

Drainage Basin Committees are governance bodies for the water resource system, which are decision making, regulatory in their territories of operation and aim to promote the technical and economic-financial viability of the investment program, in the area of water resource management, and the consolidation of regional and urban structuring policies, in order to ensure the sustainable development of the respective basin. Copasa has representatives on the 36 state and 6 federal drainage basin committees.

Drainage Basins of Minas Gerais State



With the intensification of actions to expand sewage collection and treatment services, investments of R\$555.9 million were made in 2014, increasing the volume of treated sewage, which reached 252.0 billion liters, or 6% more in relation to 2013. In 2014, Copasa acted as concessionaire in the provision of sanitary sewage services in 288 municipalities and treated an average more than 73% of the total sewage collected.

Aiming to deal with improper discharges of sewage and to clean up rivers, Copasa also invests in actions such as:

Sewage Hunt Program: aims to identify and eliminate improper discharge of sewage in rain drains and streams, directing them to the ETE plants.

Precend – Program to Receive and Control Non-Domestic Effluents: provides for joint actions with companies to properly dispose of industrial sewage. To ensure compliance with rules for the discharge of effluents in the public sanitary sewage system, approximately 40% of the registered companies are contractually obliged to present Copasa with self-monitor-

ing of their effluents, according to the size of the enterprise, its polluting potential and the risk of its effluents. It began with 32 companies and, by December 2014, it had about 3,000 registered companies.

Strategic Revitalization Project for the Rio das Velhas Basin – Target 2014: considering the economic relevance of the Rio das Velhas Basin region and the degradation level of the region's rivers, it became fundamental to implement actions towards the conservation, preservation and recovery of water quality standards through Target 2014, one of the structuring projects by the Minas Gerais State Government.

Program for Cleaning Up the Rio Paraopeba Basin: the Federal Republic of Germany, through the Kreditanstalt für Wiederaufbau (KfW) development bank, supports Brazil in its efforts to protect the environment and climate. Through the Program for Cleaning Up the Rio Paraopeba Basin, the German government supports Copasa and the Minas Gerais State Government in fulfilling its targets in relation to improvements in the environmental situation and the local population's living conditions. The program involves funds of approximately R\$ 450 million, 100 million euros of which comes from the German bank. The project timetable predicts actions to be completed by 2016 and counts on recovery work on 30 watersheds in 17 cities, including the construction of 47,000 m of fencing to protect water spring areas and 240 retainers to reduce the impact of rainwater.

Revitalization of Rio São Francisco: aiming to ensure sanitation in the municipalities of Minas Gerais and contribute to the revitalization of the São Francisco river basin, Copasa signed an agreement with Companhia de Desenvolvimento dos Vales do São Francisco e do Parnaíba (Codevasf), through which it contracted works for complete sanitary sewage systems.

Environmental Reserves (G4-EN11 / G4-EN13)

Copasa maintains 15 environmental reserves in Minas Gerais State, totaling 24,297 hectares of preserved areas, under permanent protective surveillance.

Among the activities carried out in the reserves, it is worth noting: the prevention of illegal fishing and poaching, and the protection of natural heritage; identification, study and reintroduction of species threatened with extinction; maintenance of the roads that traverse the reserves, to speed up the movement of teams; monitoring of the surface and underground

watersheds; execution and maintenance of manual and mechanical firebreaks; realization of campaigns on deforestation and fires, as well as environmental education actions for the local population.

The Company participates in the advisory boards of the following state parks and preservation areas: Parque Estadual do Rola Moça, Parque Estadual Serra Verde, Parque Estadual Lapa Grande, Área de Preservação Ambiental Sul and Área de Preservação Ambiental Carste Lagoa Santa.

The following table shows the environmental reserves and their respective areas:

Name	Municipality	Area (ha)
Bálsamo	Ibirité	391
Barreiro	Belo Horizonte	880
Catarina	Brumadinho	387
Cercadinho	Belo Horizonte	151
Fechos	Nova Lima	1,074
Juramento	Juramento	3,180
Medina	Medina	569
Mutuca	Nova Lima	1,250
Pau de Fruta	Diamantina	1,700
Pedra Azul	Pedra Azul	1,156
Rio Manso	Rio Manso, Bonfim, Brumadinho, Crucilândia, Itatiaiuçu	9,000
Rola Moça	Ibirité	112
Serra Azul	Mateus Leme, Igarapé, Itaúna, Juatuba	3,200
Taboões	Ibirité, Sarzedo	247
Todos os Santos	Teófilo Otoni	1,000
Total		24,297

Watershed Protection Program: aimed at the recovery, protection and preservation of watershed sub-basins used by Copasa, in order to ensure their useful life and the continuity of water collection for public supply and environmental protection. In 2014, more than 92,400 seedlings were planted and more than 50,000 meters of fencing constructed to protect the watersheds, benefitting the rural properties of 51 municipalities.

Energy Efficiency

In an attempt to ensure excellence in the internal processes relating to operational efficiency and socio-environmental responsibility, Copasa identified the need for the revision, updating, integration and consolidation of programs in the Reduction of Water Losses and Electric Energy Conservation for this purpose.

The Integrated Program for the Reduction of Water Losses and Electric Energy Conservation (PEE) emphasizes the awareness of combating energy wastage, which translates into a socio-environmental benefit in so far as it contributes to delaying new investment in the expansion of Brazil's electric system, as well as the expansion of water production systems.

One of the main motives for the fusion of the loss reduction programs and the streamlining of expenditure on electric energy is due to the fact that the best opportunities for minimizing these expenses lie in the reduction of water losses.

Energy consumption within the organization (kWh) (G4-EN3)

YEAR	Copasa ¹	
	Acquired	Self production ²
2014	878,939,186	7,134,929
2013	864,755,531	8,586,790
2012	831,820,818	-
2011	802,778,591	-

Notes: (1) The reported amounts refer to the moving average of the previous 12 months in December of each respective year. (2) In 2013, the Company began regular operations at the ETE Arrudas thermoelectric plant, achieving more than 50% of the ETE's energy consumption with the plant's generation. The output of this thermoelectric central is 2.4 megawatts. The resulting heat from the production of electric power in the turbines also heats the sludge used in the anaerobic reaction and increases the efficiency of the biodigestors, which accelerates work and increases current treatment capacity in the plant. In addition, Copasa gained approval for the Clean Development Mechanism Project (MDL), related to the reduction of greenhouse gases resulting from the implantation of this thermoelectric plant, in which a reduction of 26,237 tons of carbon dioxide was forecast for the duration of the certification period.

Energy intensity (G4-EN5)

The Energy Intensity (IE) indicator expresses the quantity of electric energy used in each of the Copasa processes (Water Supply System - SAA, Sanitary Sewage System - SES, Administrative System - ADM) in relation to the respective quantity of connections in their water and sewage processes. In the case of the administrative process, it refers to the quantity of water process connections.

YEAR	SAA		SES		ADM	Copasa
	ANCR ¹	ENCR ²	IE _{SAA}	IE _{SES}	IE _{ADM}	IE ³ _{COPASA}
	L/ connec./ day	kWh/ connec./day	kWh/ connec./day	kWh/ connec./day	kWh/ connec./day	kWh/ connec./day
2014	230.85	0.1983	0.5777	0.05043	0.0083	0.6187
2013	236.48	0.2012	0.5909	0.04042	0.0095	0.6242
2012	234.12	0.1959	0.5853	0.04121	0.0098	0.6212
2011	230.57	0.1931	0.5869	0.04344	0.0094	0.6204

Notes: (1) The reported amounts refer to the moving average of the previous 12 months in December of each respective year. (2) The indicator Energy Not Converted in Result (ENCR) expresses the quantity of electric energy aggregated to the volume of Water Not Converted into Revenue (ANCR) (volume of water losses and the volume of water used in operational and commercial process practices and routines). (3) This indicator, introduced in the enhancement of the PEE, expresses all the electric energy consumed in the operational and administrative processes in relation to the total quantity of water connections per day. In this way, the Company can corporately monitor the effectiveness of the energy efficiency actions implemented in internal processes.

Reduction of energy consumption (G4-EN6)

YEAR	IE _{COPASA}
	kWh/lconncts/day
2014	0.0055
2013	-0.0029
2012	-0.0008
2011	-0.0008
Reduction	0.0010

Note: The amounts reported for reduced energy consumption per year refer to Copasa energy intensity for the previous year in relation to the current one. In analyzing the indicator, the greater the reduction in energy consumption (positive), the more efficient the company is, or rather, it is using less energy to carry out the same processes.

Climate Changes

Copasa participates in the Voluntary Program for the Recording of Annual Greenhouse Gas Emissions for Enterprises in Minas Gerais State and in the Carbon Disclosure Project (CDP).

Greenhouse Gas Protocol (GHG) methodology is adopted as well as parameters and indicators set by the IPCC, US EPA, MCTI/Brasil and DEFRA. The gases included in the calculation are the Ministry of Science, Technology and Information and they vary according to the use of the diverse en-

ergy production sources during the year. The Company does not produce, import or export substances that destroy the ozone layer (CFCs), and does not produce significant emissions of NOx, SOx, POP, COV, HAP and MP.

The Company has participated and implemented initiatives that seek to investigate the matter, mitigate the generation of these gases and/or treat the impacts of climate change, such as: participation in the Ethos Institute's Climate Forum; the Minas Gerais Forum on Sustainable Consumption and Production; the Belo Horizonte City Council Municipal Committee on Climate Change and Ecoefficiency; the Blue Fleet Program; energy efficiency projects.

In 2014, the managing committee for the prevention of effects caused by climate change (Climate Committee) drafted the Policy Relative to Effects Resulting for Climate Change and the Program for the Prevention of Effects Caused by Climate Change. The Policy was approved by the Board of Directors and the Executive Board approved the Program for the Prevention of Effects Caused by Climate Change.

In this report, data relating to 2013 is considered, showing that 85% of emissions come from sewage collection. Electric energy consumption was responsible for 13% and the transportation of products, goods, materials and workers accounted for 2% of emissions. Their environmental impact is considered significant because of the relevance to the Company's processes, whether due to their intensity or associated risk. [\(G4-EN30\)](#)

Emissions in tons of CO ₂ eq in 2013					
Emission	Activity	Indicator		Emissions in tons of CO ₂ eq	
				2013	
				Indicator	Emission
Scope 1 – direct emissions	Collected sewage (not treated)	Total volume collected l/year		99,986,221,000.00	230,470.87
	Treated sewage	Total volume of treated sewage l/year		238,733,109,216.00	300,587.90
	Fuel consumption	Total fuel consumption in liters	Diesel	2,340,016.86	5,866.73
			Gasoline	3,473,740.22	5,942.13
			Compressed Natural Gas (GNV)	0.00	0.00
Scope 2 – indirect emissions	Electric energy	Total energy consumption		864,755.53	83,000.45
Inventory total		Total volume of collected sewage (m³)		335,739,610.00	625,866.07
Scope 3 – other emissions	Bus transport	Sum of all distances traveled in all sections		773,503.80	22.66
	Air transport			1,632,860.00	243.43
Scope 3 total			266.09		
Biomass emissions	Fuel consumption	Total biofuel consumption in liters	Biodiesel	0,00	0.00
			Ethanol	2,240,14	3.29
		Biofuel contained in the fuels	Biodiesel	117,000,84	285.32
			Ethanol	812,595,36	1,195.24
Biomass total				931,836,34	1,483.85

Total emissions in 2013 – Fuel				
Fuel	Volume (l)*	Energy (kcal)	Energy (MWh)	Emissions (tCO ₂ eq)
Common diesel	2,340,016.86	5,866.73	18,860,067.89	21,930.31
Common gasoline	3,473,740.22	5,942.13	20,495,993.63	23,832.55
Ethanol consumed	2,240.14	3.29	11,417.32	13.28
Biodiesel contained in the diesel	117,000.84	285.32	926,646.68	1,077.50
Ethanol contained in the gasoline	812,595.36	1,195.24	4,141,554.77	4,815.76
Total of scope 1		11,808.85	39,356,061.52	45,762.86
Biomass total		1,483.85	5,079,618.77	5,906.53
Total		13,292.70	44,435,680.29	51,669.40

Total emissions in 2013 – Electric energy				
Year	Total		Emission factors	Emissions in tCO ₂ eq
	kWh total	MWh total		Total
2013	864,755,531	864,755.53	0.0960	83,000.45

The intensity rate of greenhouse (ghg) gases defined as Reference Index by the State Environment Foundation is the quotient of total emissions in tCO₂eq by the total volume of collected sewage, in m³, which was 0.001864 for 2013, and represents a positive variation of 3.24% in relation to the base year of 2009.

(G4-EN15 / G4-EN16 / G4-EN17 / G4-EN18 / G4-EN19 / G4-EN20 / G4-EN21)

SOCIAL DIMENSION



SOCIAL DIMENSION

Copasa and its Employees

The Company is keen to discover the expectations and needs of its employees, and therefore, every two years, it carries out an organizational climate survey, using the CLOG indicator as management reference.

The survey, performed in 2014, showed a favorability index of 75.3% and demonstrated the feeling of importance and pride in working for the Company. The result calculated was above the 65.2% market average found in a survey carried out in the same period in medium and large scale companies in Minas Gerais.

Staff (G4-9 / G4-10 / G4 LA1)

Year	2014	2013	2012
Quantity of employees ¹	12,540	11,864	11,611
Quantity of admissions	1048	767	378
Quantity of reintegrated employees	5	1	3
Quantity of dismissals	348 ²	490	278
Quantity of disability retirements	29	23	27

Notes: ¹All 12,540 Copasa employees have open ended contracts; ²This number includes the 174 retired employees through the Voluntary Resignation Program (PDV).

Employees by category						
Category	2014		2013		2012	
	Quantity	%	Quantity	%	Quantity	%
Superior	1,019	8.1	1,017	8.6	1,034	8.9
Technical (operational or administrative)	2,492	19.9	2,399	20.2	2,334	20.1
Operational	8,137	64.9	7,524	63.4	7,282	62.7
Administrative support	892	7.1	924	7.8	961	8.3
Total	12,540	100.0	11,864	100.0	11,611	100.0

Employees by region of Minas Gerais				
Area/gender	Male	Female	Total	%
Central region	906	69	975	7.78
Central-north region	727	56	783	6.24
Metropolitan region of Belo Horizonte	4,261	759	5,020	40.03
North east region	756	45	801	6.39
North region	600	38	638	5.09
Southeast region	991	49	1,040	8.29
Southwest region	781	62	843	6.72
South region	1,620	93	1,713	13.66
Vale do Aço region	685	42	727	5.80
Total	11,327	1,213	12,540	100.00

Unit	2014		2013		2012	
	Quantity	%	Quantity	%	Quantity	%
Operational boards	10,798	86.11	10,152	85.6	9,824	84.6
Management and administration units	1,742	13.89	1,712	14.4	1,787	15.4
Total	12,540	100.0	11,864	100.0	11,611	100.0

Age range	2014	2013	2012
18 to 35 years	3,363	2,922	2,678
36 to 45 years	3,708	3,680	3,674
46 to 60 years	4,992	4,853	4,822
Over 60 years	477	409	437
Total	12,540	11,864	11,611

Turnover of employees (total by gender, age range and region)			
Year	2014		
Gender	Male (%)	Female (%)	Total (%)
	5,9	5,7	5,9
Age range			
Under 30	2,8	2,1	2,8
30 to 50	2,2	2,3	2,2
Over 50	0,9	1,4	1,0
Region			
Metropolitan region of Belo Horizonte	2,1	2,9	2,1
Interior of Minas Gerais	3,9	2,8	3,8

Valorization of diversity

To ensure equality of opportunities, impartiality and justice, the Company encourages inclusive practices, such as in the selection processes for positions of trust and standard positions, which in the event of equal scores, provide for preference to be given to female candidates and black candidates in that order. Invitations for competitive examination earmark 10% of vacant positions for each job for people with special needs and the Company has sought to adapt its facilities with special elevators, ramps and restrooms.

The Company also promotes respect for religious diversity, permitting the holding of mass, worshipping and other events in its internal spaces.

Since 2003, homosexual employees can include their partners as dependents in the Copasa Employees Health Assistance Association (Copass Saúde), through which the Company implemented in advance subsequent Normative Precedent number 12/2010 of the National Supplementary Health Agency.

Employees by schooling and gender			
Schooling	Female	Male	Total
4th grade incomplete	1	238	239
4th grade finished	4	474	478
5th to 8th grade incomplete	4	254	258
5th to 8th grade finished	6	923	929
High school incomplete	5	171	176
High school finished	482	7,330	7,812
Third level incomplete	29	185	214
Undergraduate/graduate studies finished	682	1,752	2,434
Total	1,213	11,327	12,540

Payment by gender ¹				
Salary range ²	Female		Male	
	Quantity	%	Quantity	%
De 1 a 4 SMs	349	28.8	8,324	73.5
De 5 a 9 SMs	486	40.1	1,864	16.5
De 10 a 14 SMs	187	15.4	538	4.8
De 15 a 19 SMs	82	6.8	174	1.5
De 20 a 24 SMs	52	4.3	165	1.5
25 SMs or more	57	4.7	262	2.3
Total	1,213	100	11,327	100

Notes: ¹In Copasa, any employee who takes on a certain position will receive the same salary, since it is the position/specialty that determines the activity's value and not the gender or race of its occupant; ²Minimum wage in effect in December 2014.

(G4-LA13)

Managerial positions by gender			
Position	Female	Male	Total
Consultant	1	18	19
General auditor	0	1	1
Head of President's Office technical consultancy	1	0	1
Department head	0	11	11
Cabinet head	0	1	1
General Secretary Head	1	0	1
Coordinator	2	4	6
Manager of operational district	1	40	41
Division manager	34	75	109
Manager of large scale ventures	0	3	3
Attorney-in-fact	0	1	1
Superintendent	6	16	22
Subtotal	46	170	216
Director	1	09	10
Total	47	180	227

Position	Board/Committee			
		Female	Male	Total
Executive Board	Under 30	0	0	0
	30 to 50	0	0	0
	Over 50	1	8	9
Board of Directors	Under 30	0	0	0
	30 to 50	0	1	1
	Over 50	0	7	7
Audit Committee	Under 30	0	0	0
	30 to 50	1	1	2
	Over 50	0	3	3

(G4-LA12)

Admissions by gender						
Gender	2014		2013		2012	
	Number	%	Number	%	Number	%
Female	85	8.1	57	7.4	44	11.6
Male	963	91.9	710	92.6	334	88.4
Total	1,048	100.0	767	100.0	378	100.0

Admissions by gender (2014)			
Age range	Men	Women	Total
Under 30	553	47	600
30 to 50	394	37	431
Over 50	16	1	17
Total	963	85	1048
Region			
Metropolitan Region of Belo Horizonte	314	33	347
Interior of Minas Gerais State	649	52	701
Total	963	85	1048

(G4-LA1)

Number of employees by gender and race ¹									
Race	2014			2013			2012		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
White	829	6,138	6,967	820	5,959	6,779	833	5,907	6,740
Yellow	6	56	62	5	44	49	5	38	43
Mixed ²	327	4,035	4,362	305	3,698	4,003	294	3,561	3,855
Black	51	1,090	1,141	47	981	1,028	47	924	971
Indigenous	0	8	8	0	5	5	0	2	2
Total	1,213	11,327	12,540	1,177	10,687	11,864	1,179	10,432	11,611

Notes: ¹Classification of employees by race is done by self declaration. ²According to the Brazilian Institute of Geography and Statistics (IBGE), those of mixed race configure one of five groups of “color or race” that compose Brazilian population, along with whites, blacks, yellow-skinned and native Indian/indigenous. The term ‘pardo’ is most commonly used to describe Brazilian of mixed race, that is, individuals with a variety of racial lines.

Payment by race									
Salary range	Black		Mixed		White		Other races		Total of employees
	Number	%	Number	%	Number	%	Number	%	
1 to 4 MWs*	920	7.3	3,298	26.3	4,400	35.1	55	0.4	8,673
5 to 9 MWs*	161	1.3	750	6.0	1,426	11.4	13	0.1	2,350
10 to 14 MWs*	39	0.3	190	1.5	495	3.9	1	0.0	725
15 to 19 MWs*	8	0.1	47	0.4	200	1.6	1	0.0	256
20 to 24 MWs*	9	0.1	42	0.3	166	1.3	0	0.0	217
25 MWs* or more	4	0.0	35	0.3	280	2.2	0	0.0	319
All	1,141	9.1	4,362	34.8	6,967	55.6	70	0.6	12,540

Note: * Minimum wage in effect in December 2014.

In 2014, the lowest salary in Copasa, based on the base date (May), reached an amount 61% greater than the national minimum wage, with only 7.4% of the Company's employees being in this group. The minimum wage in effect in December 2014 was R\$ 724.00 and does not vary among the Company's organizational units. (G4-EC5)

Opportunities for all

Selection and hiring of employees for permanent positions must be through competitive civil service examination duly published in the press and on the internet. The Company can also absorb staff from assumed operational systems, as well as offer internships and hire apprentices.

Apart from the selection and hiring of employees, Copasa enables the professional growth of employees, through the practices described below:

Professional growth: made feasible based on individual performance evaluations applied from the moment the employee enters a specialty that requires a learning period to achieve maturity, experience, and the individual and functional skills necessary. According to the result obtained, the employee may progress to a higher level and/or range immediately, until reaching the salary ceiling in the same specialty. In 2014, 11,282 professional growth evaluations were carried out and 136 for positions of trust. (G4-LA11)

Work progression: promotion of an employee to an activity of greater value to fill a job vacancy, provided he/she fulfills the requisites and criteria set out in PCCS Rules.

Workforce performance is continually evaluated individually and in team, as part of People Management Policy. It covers the entire workforce, both managerial and general employees, as shown in the table below:

Total of employees who regularly receive performance and career development analyses by gender and work category							
Gender	Work Category	2014		2013		2012	
		Number	%	Number	%	Number	%
Female	Administrative Support	151	1.20	147	1.24	188	1.62
Male		739	5.89	736	6.20	774	6.67
Female	Managerial	47	0.37	47	0.40	46	0.40
Male		176	1.40	177	1.49	178	1.53
Female	Operational	129	1.03	89	0.75	71	0.61
Male		8008	63.86	7433	62.65	7210	62.1
Female	Superior (Administrative And Operational)	273	2.18	262	2.21	252	2.17
Male		525	4.19	531	4.47	558	4.80
Female	Technical (Administrative And Operational)	613	4.89	632	5.33	623	5.36
Male		1879	14.98	1810	15.26	1.711	14.74
Total		12,540	100.00	11,864	100.00	11,611	100.00

Training and development

In 2014, R\$ 1.62 million was invested in employee training and development actions, with the offer of 35,826 training opportunities and 401,273 hours of activities completed. Training opportunities are offered to employees, regardless of gender.

Year	Investment in professional development (R\$)	Number of participants (unit)	Number of professional development hours (h)	Average hours per employee (h)
2014	1,623,344.58	35,826	401,273	33.43
2013	1,912,468.39	40,071	433,864	37.40
2012	1,804,750.01	41,865	453,095	40.75
2011	1,096,808.09	44,984	418,144	36.20

Opportunities and training workload per category

Categories	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total of Opportunities per Category	Total of Training Hours per Category
Administrative	193	598	483	619	739	646	683	708	1126	914	1148	481	8338	93,386
Analyst	163	390	336	314	365	262	333	364	429	484	611	367	4418	49,482
Manager	95	129	320	134	154	93	452	289	157	171	338	110	2442	27,350
Operational	663	1337	1189	1081	2073	1557	1490	1906	3008	1936	2058	24	18322	205,228
Intern	1	10	7	6	14	8	5	1	20	30	6	342	450	5,040
Apprentice	0	5	10	5	2	231	58	1	15	11	2	1402	1742	19,510
Out-sourced	3	0	5	33	0	20	1	0	26	22	4	0	114	1,277
Total	1,118	2,469	2,350	2,192	3,347	2,817	3,022	3,269	4,781	3,568	4,167	2,726	35,826	401,273

(G4-LA9)

In its policies and procedures, Copasa includes actions aligned with the Declaration of Human Rights, especially in training and development, such as the right to education, safety, equality, parity, freedom, among others. Through the New Employee Integration Program and continually in other opportunities, employee rights and duties and the meaning of work are addressed, and the Code of Ethical Conduct is disseminated. In 2014, 13,972 training opportunities were offered on these themes, making a total of 152,294 hours. It is worth highlighting the environmental education actions, which seek to raise awareness in both internal and external publics of the principal elements for a sustainability culture, such as the Broadening Horizons Program that provided 338 training opportunities in 2014. (G4-HR2)

Payment by results

Payment is defined based on the result of economic-financial feasibility studies and market research carried out by technicians from the Company's staff, with the aim of monitoring and verifying the salary payment level, practices and policies on the work market, as well as gauging the competitiveness and actuality of its salary payment system.

The payment system contains one fixed part and another that is variable, the latter being composed of: Institutional Performance Bonus (IBP), represented by a percentage, paid monthly, resulting from the completion of established targets on account of the collective work result of each unit. In 2014, the percentage of this bonus remained at 16.5% of the employee's base salary; length of service bonus, as extra, corresponding to 2% of the salary up to the fifth year of work and 1% from the sixth until the maximum limit of 40% of the salary is reached; Profit Sharing (PS): linear distribution of part of the annual net profit to all employees who actively worked in the calculated period; Management Performance Bonus (MPB) is an evaluation system that rewards management on a monthly basis with a financial percentage of up to 15% of the manager's payment grade, varying according to the performance of the organizational unit in relation to the achievement of established targets; System Supervisor Performance Bonus (SSPB) is a three monthly evaluation system that calculates the operational performance of site(s) under the charge of employees who carry out activities of this nature, having a direct relation to the strategic goals and operational indicators. It is composed of a fixed part at 10% and variable part at 5%. (G4-52)

Occupational health and safety

Actions relating to occupational health and safety are regulated by current legislation and by a specific occupational health, safety and care clause contained in the Collective Labor Agreement between the Company and the Minas Gerais Water Distribution and Purification and Sewage Services Workers' Union (Sindágua MG), the Managers' Union of Minas Gerais (Saemg) and the Minas Gerais Engineers' Union (Senge).

All employees are represented on formal health and safety committees, commissions or groups, such as Dengue Control Committees, Internal Accident Prevention and Health Mediator Committees, linked to the Program for the Promotion of Health and Well-Being: (G4-LA5 / G4-LA8)

The **Program for the Prevention of Environmental Risks** and the **Program for Medical Control of Occupational Health** form the base of actions in employee occupational health and safety. The former allows for the identification and proposal of solutions for workplace situations that could result in the employee's health being harmed. The latter enables the monitoring of the employee's health through entrance, periodic and dismissal examinations among others.

Created in 2014, the **Program for the Promotion of Health and Well Being** identifies psychosocial and ergonomic risks through the realization of epidemiological studies and field research. The Program integrates practices to combat dengue, promote healthy habits, provide support to the family and the adolescent, prevent and treat chemical addiction, AIDS/DST, and its actions include:

Program to Combat Dengue: in 2014, Copasa continued with activities by the 52 Permanent Committees to Combat the Dengue Transmitting Mosquito, composed of 503 trained agents. The Committees are responsible for permanent surveillance through actions that aim to eliminate the mosquito that transmits dengue and Chikungunya fever.

Program for Health Care in the Prevention of AIDS (APA): aims to incentivize a change in behavior, contributing towards breaking the transmission chain of HIV and other sexually transmitted diseases. Support work is geared towards providing treatment for the HIV carrier, which includes the realization of lab exams, psychosocial, dental and medical treatment and the supply of specific medicine, as well as guidance and assistance for family members.

Program for Prevention and Assistance for Individuals in Relation to Alcohol and Drugs (Pasa): lectures for internal and external public on the prevention of alcoholism, smoking and other chemical addictions, and follow-up of the treatment process. It also includes the treatment of smoking addiction, with the subsidized provision of medicine, referral for specific medical consultation and examinations and psychological care for the period of one year.

Program for Professional Rehabilitation: in partnership with the INSS, this program enables the transfer of the employee who can no longer perform his/her original function due to

some health problem or work accident. In 2014, 65 rehabilitation processes were instigated with 40 being rehabilitated and the rest ongoing as of December 2014.

Work Group in Ergonomics: provides specialized assistance to organizational units geared towards the prevention of occupational diseases and workplace accidents and the identification of factors that affect the health, performance and, consequently, productivity of employees.

Workplace Exercise Program: aims to motivate employees to develop the habit of practicing specific exercises and apply other elements of ergonomics that produce benefits to employee health. Implanted in the municipalities of Belo Horizonte, Corinto, Curvelo, Três Marias, Montes Claros and Salinas. Other actions complement the strategy for maintaining occupational health and safety in Copasa:

Internal Commission for Accident Prevention (Cipa): the 76 existing Cipas provide support to the medical and work safety professionals in the workplace for the identification and treatment of risks related to occupational health, safety and ergonomics.

Special Assistance Program: aimed at employees and their dependants who have chronic illnesses requiring continuous treatment and also for individuals with special needs. In 2014, there were 385 beneficiaries - 104 employees and 281 dependants – who received reimbursement for their expenses on specific health treatments and special schooling. The maximum value of the subsidy is set in a collective labor agreement, reviewed annually.

In 2014, 10,965 training opportunities were provided with focus on workplace health and safety programs, totaling 83,317 hours, which corresponds to 30.6% of total training opportunities completed in the year.

Copasa outsources companies to provide sentry administration, property and environment protection services during the night and day, in the form of motorcycle guards and sentry guards, as well as coordination and supervision. In 2014, 319 employees provided these services, having received training in their own companies in the areas of: risks and dangers inherent to the job; protection necessary to neutralize, minimize and eliminate the risks of occupational accidents and diseases; and basic information on the attributions of the Internal Commission for Accident Prevention (Cipa). [\(G4-HR7\)](#)

Indicator	2014		2013		2012	
	RMBH	Interior of Minas Gerais State	RMBH	Interior of Minas Gerais State	RMBH	Interior of Minas Gerais State
Percentage of accidents with temporary absence	1.07	1.23	0.89	1.32	0.95	1.69
Percentage of accidents with permanent absence	0.42	0.19	0.18	0.30	0.34	0.52
Percentage of accidents resulting in death	0.00	0.07	0.00	0.01	0.00	0.00
Frequency rate of workplace accidents	17.57	16.27	14.69	17.56	20.63	21.40
Severity rate of workplace accidents ¹	50.00	2.768.79 ³	36.273	617.84 ²	59.02	82.93

Notes: ¹This indicator measures accident severity based on days of absence (days missed). ²The variation of this value is due to the occurrence of an accident with a fatality. ³The variation of this value is due to typical workplace accidents with fatalities. (G4-LA6)

Benefits with responsibility and quality of life

Copasa's Benefits Program obtained 84% favorability in the last organizational climate survey carried out in 2014. The Company promotes the improvement of its employees' quality of life, and strives to fulfill factors relating to health, leisure and assistance through medical and dental care, special aid, group life insurance, education benefit, special education benefit, funeral assistance, transport voucher, food voucher, basic food basket, Christmas hamper, standard snack, crèche benefit and accommodation supplement, as well as maternity/paternity license. (G4-LA2)

With the goal of improving quality of life and well-being, the Company has a team of psychologists and social workers that accompany and guide employees and their families who are going through specific difficulties that could compromise their professional performance. In order to promote adolescent health, providing parents with space to discuss and understand the process their children go through, and improve family and professional relationships, Copasa maintains the Family and Adolescent Support Program (Pafa), in partnership with the Federal University of Minas Gerais and the Minas Gerais School of Health.

Through the Family Financial Planning Program, the Company informs and alerts employees

on the need to plan, save and properly manage expenses and remuneration. The Retirement Preparation Program aims to prepare employees for retirement, helping them to establish a project for a productive life outside the Company, with personal achievements, physical and emotional well-being and quality of life, encouraging them to see this new phase as another stage of growth and learning. In 2014, six seminars were held, with the participation of 86 employees and 66 companions. Another factor that guarantees tranquility for the employee is the Minas Gerais Security Foundation (Fundação Libertas), a non-profit private supplementary welfare entity sponsored by companies operating in diverse sectors. Of the 12,540 Copasa employees, 10,722 are participants. (G4-LA10 / G4-EC3)

Union relations

Employees are mainly represented by three unions: Sindágua MG, Saemg and Senge. The Company maintains a good professional relationship with the unions, recognizing its representativity and ensuring that collective labor agreements are respected. All employees enjoy the benefits of these agreements, even those who are not affiliated to the unions. (G4-11)

Each year on the occasion of Copasa's data-base (May), a commission is created with representatives from all the boards to conduct, along with the unions, a discussion and negotiation of the issues put forward. The last collective labor agreement was signed on September 10, 2014, being retroactively valid for the period between May 1, 2014 to April 30, 2015.

To deal with routine matters raised by the unions, the Company maintains a constant dialog with union representatives, ensuring effective communication with the entities representing the employees. During 2014, there were no situations verified where this right to freedom of association and negotiation was at risk. (G4-HR4)

Copasa and its Clients

A good relationship with its customers is a priority for Copasa, and is based on a guarantee of quality service, allied to permanent dialog, especially through the tools mentioned below:

Customer Care Agencies: 782 agencies to deal with the public (customer care, local office and operational unit) available in Minas Gerais State.

Customer call center and online assistance: customer care via telephone and online, providing information and forwarding service requests to operational and commercial sectors of the Company. To register complaints and requests there are several channels available: telephone 115, Virtual Agency, chat, Contact Us, blog, SMS, e-mail marketing, besides social networks. These are also used to supply information on interruptions to supply, works and maintenance on networks.

Responsibility for products and services

The conception of Copasa's products and services aims to ensure that they are suitable for the intended use and do not pose risks to the health and safety of society. In 2014, in all locations where there are Water Treatment Plants (ETA) and Sewage Treatment Plants (ETE), millions of analyses were performed the results of which complied with the parameters required by current legislation. Products that are prohibited in Brazil are not used. [\(G4-PR1 / G4-PR6\)](#)

Water quality control

Copasa's lab network is formed by the central laboratory and by regional and district laboratories, totaling 29 units, as well as hundreds of local labs, situated together with the water treatment stations, where more than one million analyses are performed each month. Copasa complies with internal quality control requirements and Ministry of Health Ordinance number 2.914/2011. Copasa's conformity is 96.52% as measured by the corporate indicator Water Drinkability Compliance Standards. [\(G4-PR2\)](#)

The Central Laboratory's Quality Management System (QMS) has ISO 9001:2008 certification and is accredited by the ABNT NBR ISO/IEC 17025:2005 standard; the Northern Regional Lab is also accredited. Certification is awarded by the National Institute of Metrology, Standardization and Industrial Quality (Inmetro).

As Ordinance number 2.914/2011 stipulates, all Copasa clients receive information on the quality of the water they consume. Water bills contain information on the main parameters: chlorine, color, fluorine, total coliforms, turbidity and Escherichia coli, and the Company's site contains information on the basic water control parameters of each of the locations in which the Company operates. Besides this, there is the direct part that Copasa water plays in the prevention of tooth decay, with the addition of fluorine to the treatment processes of the Company's supply systems. Account details are made available to visually impaired clients as they require. The Copasa subsidiary Águas Minerais de Minas uses labels authorized by the relevant bodies. (G4-PR3 / G4-PR4)

Sewage quality control

Copasa's lab network is structured to carry out the control of sewage treatment units, which have increased significantly in recent years. All the ETEs built are equipped with laboratories for the control of daily routine analyses. The analyses that require more complex procedures are performed in the regional labs.

Customer satisfaction (G4-PR5)

The services provided by Copasa and its customer service have their quality measured through satisfaction surveys via telephone and in person in the customer care agencies. The dissatisfaction and complaints identified are dealt with by the teams in the operational units, via the generation of a new service order in the survey, whereby a deadline is set for execution. After sales survey results are consolidated in the computerized commercial system and made available to the operational units. Control is carried out by the operational districts through the analysis of specific reports, enabling the comparison of results from the previous 13 months.

The monitoring of recent transactions with new customers takes place through after sales surveys, applied by the operational districts in the interior and by Customer Relations Central in the Metropolitan Region of Belo Horizonte after the completion of new water and sewage connections. The purpose of the surveys is to gather information on the quality of the customer care and the relationship with the employee/service provider, addressing aspects of worksite cleaning, completion of set deadlines, use of uniforms by employees, work site signage, recomposition and overall evaluation of services.

Ombudsman

The Office of the Ombudsman acts as a channel for direct communication between society and the Company, and deals with information that enhances the services provided.

With the aim of constantly improving these services, a satisfaction survey is applied every three months. The survey results, criticism and suggestions made contribute to the improvement of the Ombudsman's work. In 2014, the survey was applied in 21% of the cases where the Ombudsman was contacted for complaints, in the period from January to September 2014. 24% of those surveyed responded.

When we asked for an evaluation of the timeframe for complaints to be resolved after the Ombudsman was contacted, and the quality of the response sent, an average of 53% of those surveyed reported excellent/good and 80% stated that they would contact the Ombudsman again to resolve a complaint. [\(G4-PR5\)](#)

The Ombudsman is also responsible for receiving requests sent by the Transparency Portal and for complying with the legal timeframe for responding to the complainant, according to the Access to Information Law (Law number 12.527/2011). It also accompanies processes that involve Copasa, opened by the Ombudsman of Arsaé-MG and the State's General Ombudsman.

Copasa and its Suppliers

To ensure service and the continuity of material supply, Copasa requires bidders in public notices to present certificates of technical capacity that prove the supply of at least 50% of the quantity required. With the objective of ensuring the supply of strategic materials, in its call for bids, Copasa publishes the option to contract two companies for the supply of 60% and 40% of the procured object.

Copasa adopts the Price Registry System for the acquisition of materials, equipment and vehicles according to Law 8.666/93 and State Decree 44.787/08. This action provides gains of scale and quickness in contracting.

The Company carries out daily quality control inspections of the material according to cur-

rent procedural standards in the Company's factories, warehouses or in the quality control laboratories owned by them or by third parties. In the case of non conformity in relation to technical specifications, quantities and delivery deadlines, or non-compliance with any of the contractual clauses, the purchases unit notifies the suppliers, through communication channels, requesting corrective actions, as per the procedure described above.

In relation to the engineering services providers acting directly in Copasa processes, the Company evaluates compliance with contractual obligations by companies on a monthly basis, inspecting works, according to current procedural standards. If the score is lower than 85%, meetings are held with the contractors responsible for the breaches found, with the objective of rectifying the current situation and avoiding future incidents.

The supply of electric energy is contracted for the entire Company – according the concession area – according to the rules and regulations approved by Aneel. Copasa uses monthly billing to evaluate the performance of electric energy suppliers in relation to compliance with supply and reliability requisites for this service. In the case of non-conformity, the energy concessionaires are notified through the communication channels, which facilitates the rectification of the current situation and prevents future incidents.

These actions contribute towards the fulfillment of Operational Management Policy guidelines to “Ensure the correctness and reliability of services” and “Demand standards of excellence in suppliers and service providers”.

The bidding process most used for contracting materials and services is electronic bidding, which brings greater transparency, better conditions for negotiation with suppliers, less cost and greater speed of processing. In addition, Copasa enables the monitoring of bidding in real-time, via internet, providing access to all process information and phases, a practice which brings more transparency, disclosure and reliability to the competition.

In all of its competitive bidding, Copasa insists on proof of compliance with labor obligations and the presentation of a statement that it does not employ under 18s in nighttime, dangerous or insalubrious work, and does not employ under 16s, unless as apprentices, and in that case, only provided they are over 14, as per the Federal Constitution and Law 8.666/93. Ac-

cording to Law 12.440/2011 and Law 8.666/1993, the presentation of a Labor Debts Clearance Certificate is required, which also helps to inhibit the contracting of companies that employ people in degrading or forced circumstances. These documents are verified in the qualification phase of the bidding process by the Bids and Auctions Committees. In 2014, 7,546 contracts were recorded in the bidding, impossibility of competitive bidding, and bidding protocol modes, to meet the demands of costing, investment and natural growth.

[\(G4-HR1 / G4-HR5\)](#)

Through the Operational Laboratory, Copasa promotes the training and recycling of outsourced teams, with courses in “Starting operational activities for the recently contracted” and “Training and recycling of standard water connection assembly”.

Included in the contracts signed with companies providing services are the requisites for maintaining institutional principles and values, with the objective of involving and committing suppliers to the Company’s guidelines. These values and principles are linked to the flexibility, quality and image of Copasa, employee safety and the sustainable use of the environment.

To ensure that these contractual requisites are complied with, the enterprises undergo daily and/or monthly inspection, depending on the size of the works and, in an effort to involve and commit service providers to Copasa’s institutional principles and values, specific events are held with the participation of employees from contracted companies. These take the form of lectures focusing on socio-environmental responsibility, staff health and safety in the workplace.

In 2014, Copasa had 49,618 active suppliers registered, 6,277 on the official registry and 43,341 for small purchases. The main products and services that comprise the immediate supply chain are: pipes and connections; chemical products; water meters; electric energy and/or engineering services. [\(G4-12\)](#)

Copasa and the Community

Access to basic sanitation

Patronage: philanthropic entities in the Conta com a gente action can benefit through the monthly collection of contributions from individuals and legal entities through Copasa water/sewage accounts. In December 2014, the program had 526 registered institutions.

Fresh Water Program: agreement between the Government, represented by the Environment Ministry, through its Secretariat of Water Resources and Urban Environment, and Minas Gerais State, through Sedru, with participation of Igam and Copasa. It aims to recover, implant and manage desalination systems in the semi-arid region of Minas Gerais State. The investment of R\$ 15.4 million comes from Environment Ministry funds with the participation of the State.

Water for Schools Program: in partnership with the State Government, it aims to implant, amplify and improve water supply systems in state schools, as well as analyze and monitor the quality of the water supplied by public water supply systems in more than 3,500 state schools, benefitting approximately 2.5 million students.

Water for All Program: agreement between the Government, represented by the Ministry of National Integration and the State Secretariat of Development and Integration for the north and north east of Minas Gerais, with the participation of Minas Gerais State, represented by the Minas Gerais State Department and Copasa, as intervening executor. The program will cover 85 municipalities and 500 localities that make up the semi-arid region of the state.

National Pro-water Program: aims to ensure the improvement and implantation of good quality water supply to the north of Minas Gerais State, by promoting its rational use.

Water Solidarity Program: collects voluntary contributions from Copasa clients, directly on their water/sewage bills, for payment of unsettled debts from philanthropic hospitals.

Water Voucher Program: encourages residents of greater Belo Horizonte to exchange aluminum cans and PET bottles for discounts on water/sewage bills.

Subsidy to philanthropic entities: Copasa can allocate 0.6% of its invoicing to the subsidy

concession program, which was applied to the Conta com a Gente action. In 2014, 827 philanthropic entities were benefitted with discounts in their water and sewage charges up to the limit of the contracted action. For the entities registered in the Conta com a Gente action, the subsidy represents a 25% discount in charges. For the philanthropic hospitals linked to the Water Solidarity Program, the discount is 50%.

Social charge: the customer must belong to a family enrolled in the Federal Government's Single Registry for Social Programs, monthly per capita income less than or equal to half the national minimum wage. In 2014, 749,000 residences (average/month) were benefitted by the social charge for water supply and 385,000 residences (average/month) for sanitary sewage.

Education and raising awareness

Broadening Horizons Environmental Education Program: aims to strengthen and support environmental education in the Company, and its coordination is the responsibility of the Inter-sector Environmental Education Managing Committee, composed of representatives from all Company boards. Some of the projects that comprise it are described below:

Integrated environmental action: through fun activities, talks and public hearings, the Company promotes get-togethers that aim to engage participants in topics related to environmental education. In 2014, Copasa put on the "The planet's future passes through here" exposition in 10 cities around Minas Gerais: Barbacena, Belo Horizonte, Campina Verde, Centralina, Divinópolis, Guaxupé, Patos de Minas, São Gotardo, São Sebastião do Paraíso, Timóteo, inviting the population to reflect on the importance of basic sanitation. An artistic installation was created with 60 toilet bowls showing information on the current status of sanitation in Brazil and worldwide.

Environmental Education Center (Ceam): Ceam Barreiro: situated in a special environmental preservation area (State Decree number 22.091, June 8, 1982), it has 880 hectares, where there is also a watershed responsible for reinforcing supply to the local population; Ceam Curvelo: located in the municipality's Water Treatment Plant, the space is used to carry out environmental education actions for the whole community; Ceam ETE Arrudas and ETE Betim: created in order to perform activities linked to the environment and promote awareness of environmental preservation. Ceam ETE Arrudas is noted for its biomonitoring system, composed by an aquarium of approximately 10,000 liters, which is exclusively fed by the liquid resulting from the ETE sewage treatment, enabling the control the quality of the end

effluent from the treatment plant, before being discharged in Ribeirão Arrudas. Ceam ETE Betim has been operating since November 2013 and resembles ETE Arrudas.

Education for water consumption: Copasa technicians give talks in industries, schools, hospitals, condominiums, public bodies and companies, addressing subjects linked to the Company's general activities in relation to water supply, sewage collection and treatment systems and environmental education. In 2014, 120 talks were given to a combined public of approximately 8,300 people.

Chuí Sanitary and Environmental Education Program: developed to serve students and the community, offering textbooks for teachers, students and representatives from other community segments. There are supervised visits to environmental reserves; treatment plants; environmental education centers; lectures that address notions on the treatment of water and sewage, conscientious consumption, caring for the environment, among others. The program is run in hundreds of municipalities in Minas Gerais and already served more than 2.5 million children and adolescents. In 2014, approximately 160,000 people participated on the program.

Promoting citizenship

Missing people: the Company publishes the photos of missing people on the backs of water and sewage bills.

CONFIA EM 6% Program: enables and encourages employees to allocate part of their due income tax to the Childhood and Adolescence Fund (FIA). In the 2014 campaign, 994 employees joined the program, making a total of R\$800,000 for the following municipalities: Alfenas, Almenara, Alvinópolis, Andradas, Araçuaí, Belo Horizonte, Betim, Bom Despacho, Brumadinho, Cambuquira, Caratinga, Contagem, Coronel Fabriciano, Crucilândia, Curvelo, Divinópolis, Frutal, Ibirité, Ipatinga, Itajubá, Jaboticatubas, Januária, Jordânia, Juatuba, Lavras, Liberdade, Matozinhos, Montes Claros, Paracatu, Patos De Minas, Raposos, Resende Costa, Sabará, Salinas, Santa Luzia, Santos Dumont, São Domingos do Prata, São Francisco, São Sebastião do Paraíso, Teófilo Otoni, Três Corações, Ubá and Varginha.

Beyond the Walls Social Contribution and Integration Program: developed to integrate Copasa to the communities of Vilas Pedreira Prado Lopes and Senhor dos Passos, in the city of Belo Horizonte. Among the main activities, it is worth highlighting the Children's Choral group Gotas da Canção, composed of around 50 children, aged between 6 and 11 years old.

Fica Vivo! Program: Copasa is a partner in this initiative, through an agreement with the State Secretariat for Social Defense and with Senai, having contracted 40 young people as apprentices referred by Senai in 2014.

Volunteering: Copasa employees, with the support of the Company, organize and carry out diverse volunteer actions, such as campaigns to collect personal hygiene products and recyclable material to donate to needy families and charitable institutions, Children's Day and Christmas celebrations etc. The Company supports events, supplying treated water to the attending public in initiatives such as Concertos no Parque, Arte e Cooperativismo no Parque, Ação Global etc.

5th Copasa Christmas Cantata: initiative that seeks to valorize internal talent, providing a space for socialization between employees, family members and friends. In 2014, the Christmas Cantata entitled "Conto, Cantos e Acalantos de Uma Noite Feliz" had the participation of Copasa's Storyteller group, the Children's Choir 'Gotas da Canção', the Orquestra Jovem das Gerais orchestra, Orquestra Jovem da Copasa orchestra and the Copasa Choral.

Storytellers: made up of employees who specialize in the art of storytelling. In 2014, seven presentations took place, with special mention for the 4th Copasa Environmental Education Meet, 8th Vale do Aço Book Lounge, "Projeto Despertar" presentation from Assprom, and in the Christmas festivities, it participated in the 6th Copasa Christmas Cantata, Concert at the Foot of the Mangos, for a public of approximately 6,000 people.

Copasa Choral: composed of 40 members, between employees, their families and people from the community. Created 33 years ago, in 2014, presentations have been made for approximately 10,000 people.

Talent show: provides employees who are musicians and singers with the opportunity to show their colleagues their talents. In 2014, three shows were held, attended by around 100 people in each edition.

Copasa Art Gallery: installed in the lobby of Copasa headquarters, this is a space allocated for the exposition of visual and conventional art, with regular shows which are decided by public competition.


Copasa Internal Gallery: set up in the Company's headquarters, it promotes artistic expression among employees. In 2014, the exposition "Between us" was presented, reconstructing the 25 year trajectory of the Program for Prevention and Assistance for Individuals in Relation to Alcohol and Drugs (Pasa).

Incentive for social development actions

Funds released by the Company through incentive laws					
	Year Rouanet Law (R)	Sports Incentive Law (R\$)	Donations to the FIA (R\$)	Donations to PRONON (R\$)	Total (R\$)
2014	3,080,000.00	770,000.00	770,000.00	500,000.00	5,120,000.00
2013	2,700,000.00	675,000.00	-	-	3,375,000.00
2012	2,884,000.00	671,000.00	671,000.00	-	4,226,000.00
2011	3,000,000.00	750,000.00	750,000.00	-	4,500,000.00

(G4-EC4)

Annual social balance sheet

						
Annual social report - 2014						
Company: Companhia de Saneamento de Minas Gerais - COPASA MG						
1 - Basis of calculation	2014 amount (R\$ thousand)			2013 amount (R\$ thousand)		
Net revenue - water and sewage (NR) ¹	3,132,154			3,007,736		
Total net revenue ²	4,110,455			3,714,818		
Operating Income (OI) ³	432,640			566,158		
Gross payroll (GP)	1,085,758			1,011,363		
2 - Internal social indicators	Amount (thousand)	% on GP	% on NI	Amount (thousand)	% on GP	% on NI
Food	134,548	12.39%	4.30%	116,746	11.54%	3.88%
Compulsory social charges	239,846	22.09%	7.66%	235,379	23.27%	7.83%
Private pension plan	38,008	3.50%	1.21%	37,282	3.69%	1.24%
Health	50,342	4.64%	1.61%	47,425	4.69%	1.58%
Safety and health at work	7,813	0.72%	0.25%	6,928	0.69%	0.23%
Education	3,125	0.29%	0.10%	2,829	0.28%	0.09%
Culture	223	0.02%	0.01%	191	0.02%	0.01%
Training and professional development	1,623	0.15%	0.05%	1,912	0.19%	0.06%
Day-care or day-care allowance	850	0.08%	0.03%	846	0.08%	0.03%
Profit sharing	19,868	1.83%	0.63%	32,670	3.23%	1.09%
Other	12,414	1.14%	0.40%	11,649	1.15%	0.39%
Total - Internal social indicators	508,660	46.85%	16.24%	493,857	48.83%	16.42%

3 - External social indicators	Amount (thousand)	% on OI	% on NI	Amount (thousand)	% on OI	% on NI
Education	1,754	0.41%	0.06%	1,084	0.19%	0.04%
Culture	3,759	0.87%	0.12%	3,355	0.59%	0.11%
Health and sanitation ³	358,849	82.94%	11.46%	277,249	48.97%	9.22%
Sports	841	0.19%	0.03%	874	0.15%	0.03%
Fight against hunger and food security	0	0.00%	0.00%	29	0.01%	0.00%
Other	440	0.10%	0.01%	535	0.09%	0.02%
Total contributions to society	365,643	84.51%	11.67%	283,126	50.01%	9.41%
Taxes (excluding social charges)	366,529	84.72%	11.70%	381,832	67.44%	12.69%
Total - External social indicators	732,172	169.23%	23.38%	664,958	117.45%	22.11%
4 - Environmental indicators	Amount (thousand)	% on OI	% on NI	Amount (thousand)	% on OI	% on NI
Investments related to the Company's production/operation	423,444	97.87%	13.52%	363,947	64.28%	12.10%
Investments in external programs and/or projects	13,267	3.07%	0.42%	7,335	1.30%	0.24%
Total environmental investments	436,711	100.94%	13.94%	371,282	65.58%	12.34%
In relation to annual goals set to minimize waste, consumption in general in production/operations and increase efficiency in the use of natural resources:	(X) does not have goals () meets from 51 to 75% () meets from 0 to 50% () meets from 76 to 100%					

5 - Workforce indicators	2014			2013		
Number of employees at the end of the year	12,540			11,864		
Number of employees hired in the year	1,048			767		
Number of outsourced employees ⁴	1,150			1,340		
Number of interns	228			234		
Number of employees over 45 years of age	5,469			5,262		
Number of women working in the Company	1,213			1,177		
% of leadership positions held by women	20.70%			20.98%		
Number of black people working in the Company	5,503			5,031		
% of leadership positions held by black people	15.42%			14.28%		
Number of people with disabilities or special needs	547			469		
6 - Significant information on corporate citizenship	2014			Goals for 2015		
Ratio between the highest and lowest compensation in the Company	23.82			ND		
Total number of work accidents	297			282		
The social and environmental projects developed by the Company were defined by:	() Senior management	(X) Senior management and Management	() All employees	() Senior management	(X) Senior management and Management	() All employees
Workplace safety and health levels were defined by:	() Senior management and Management	() All employees	(X) All + Occupational Health and Safety Commission (Cipa)	() Senior management and Management	() All employees	(X) All + Occupational Health and Safety Commission (Cipa)

In relation to freedom of association of unions, collective bargaining rights and internal representation of workers, the Company:	() is not involved	(X) follows ILO rules	() encourages and follows ILO rules	() will not get involved	(X) will follow ILO rules	() will encourage and follow ILO rules
The private pension plan includes:	() Senior management	() Senior management and Management	(X) All employees	() Senior management	() Senior management and Management	(X) All employees
Profit sharing arrangements benefit:	() Senior management	() Senior management and Management	(X) All employees	() Senior management	() Senior management and Management	(X) All employees
In selecting suppliers, the same ethical and social responsibility and environmental standards adopted by the Company:	() are not considered	() are suggested	(X) are required	() will not be considered	() will be suggested	(X) will be required
In relation to employee participation in voluntary programs, the Company:	() is not involved	(X) is supportive	() organizes and encourages	() will not get involved	(X) will be supportive	() will organize and encourage
Total number of consumer complaints and criticisms filed:	with the Company: 1,135,513	with the Consumer Protection Agency (Procon): 98	with the Judiciary: 2,391	with the Company: 1,108,341	with the Consumer Protection Agency (Procon): 88	with the Judiciary: 2,343
% of complaints and criticisms addressed or resolved:	with the Company: 100%	with the Consumer Protection Agency (Procon): 100%	with the Judiciary: 39.52%	with the Company: 100%	with the Consumer Protection Agency (Procon): 100%	with the Judiciary: 60%
Total value added to distribute (R\$ thousand)	In 2014: 2,058,949			In 2013: 2,094,570		
Distribution of value added:	26.69% government 44.82% employees 5.02% stockholders 13.04% third-parties 10.43% withheld			26.60% government 41.71% employees 6.66% stockholders 11.65% third-parties 13.38% withheld		

7 - Other information

CNPJ 17.281.106/0001-03, sector: sanitation.

Clarifications about the information reported: Social Responsibility Division, telephone +55 31 3250.1719 and 3250.2024, email: dvrs@copasa.com.br.

The Company does not use child or forced labor and has no involvement with prostitution or sexual exploitation of children or adolescents, and is not involved in corruption.

Our Company values and respects diversity, both internally and externally.

1 - The Social Responsibility Report for 2013 considers the amount of Net Revenue from the Company's core activities, that is, water supply and sanitary sewage services for calculation of the indicators, not considering Construction Revenue arising from conversion to IFRS.

2 - Net revenue from water and sewage + construction revenue.

3 - Increase in the number of families benefiting from the Social Tariff, in conformity with Regulatory Decision 020/2012 of the Minas Gerais State Regulatory Water and Wastewater Agency (ARSAE MG).

4 - The number of outsourced employees is estimated considering the labor required to perform service agreements, because Copasa does not hire third parties directly.

(G4-EN31)

ABOUT THE REPORT



ABOUT THE REPORT

Parameters for report drafting

Since 2005, Copasa has published its economic, social and environmental results in a single document. This report refers to the 2014 financial year, and for the fifth consecutive year, the Global Reporting Initiative (GRI) guidelines were adopted, with the Company achieving the essential level G4 Guideline application. Financial statements were audited by PriceWaterhouseCoopers Independent Auditors. ([GRI G4-28 / G4-29 / G4-30 / G4-32](#))

Consolidated financial statements were prepared and presented in accordance with accounting practices adopted in Brazil, including decisions issued by the Brazilian Accounting Practice Committee (CPCs in the Brazilian acronym) and in compliance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and include both the Company's operations and those of the following controlled companies, whose capital shareholdings on 31/12/2014 are as follows: Copasa Águas Minerais de Minas S.A. (100%); Copasa Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A - Copanor (100%); Copasa Serviços de Irrigação S.A. (100%). ([G4-17](#))

The Company has improved the drafting of its reports, whereby from 2012 it was defined that the preparation of content would be performed by the technical body itself, in an attempt to strengthen engagement with the internal public in this process, which has the participation of management.

Once more, in this edition, we sought to amplify the fulfillment of GRI indicators, in order to cover all aspects of sustainability. We also opted for the application of the fourth generation of these indicators. The information contained in this report was analyzed by the Internal Audit team. To guide the drafting process, we observed the following principles: Sustainability Context, Materiality, Completeness, Balance, Comparability, Exactness, Timeliness and Reliability. ([GRI G4-18 / G4-23](#))

Materiality directs communication to the themes that are most relevant to the public with which the Company relates. In 2014, Copasa performed a materiality analysis to identify the issues of sustainability most relevant to its business and its interested parties, especially through the mapping of expectations, undertaken on the review of strategic planning in 2013: (GRI G4-24 / G4-25 / G4-26 / G4-27)

Stakeholders	Documents analyzed
Shareholders Clients Employees Suppliers Society	Articles of Incorporation Perception study Reference form Legal and regulatory impositions Ethos indicators for Sustainable and Responsible Business Corporate Sustainability Index (CSI) Mapping of the interested parties' expectations Risks matrix Organizational climate survey Client satisfaction surveys Strategic planning Internal Ombudsman Internal Report Management Report Evaluation Report of the National Sanitation Quality Award

The results of the analysis show the following material questions:

- Expansion of socio-environmental responsibility projects and actions
- Enhancement of environmental education
- Compliance with the requirements of government bodies and regulation
- Availability and quality of products and services
- Scarcity of water resources
- Optimization of operational and financial result
- Human resources policies
- Preservation of natural resources
- Relationship with suppliers
- Charging review
- Universalization of basic sanitation services
- Valorization of sanitary sewage services (GRI G4-19)

GRI Content Index

Indicator		Observation	Page
Strategy and analysis			
G4-1	Puts forward a statement by a high ranking official from the organization about the relevance of sustainability for the organization and its sustainability strategy.		6
Organizational Profile			
G4-3	Details the organization name.		7
G4-4	Details the main brands, products and services.		7
G4-5	Details the location of the organization's headquarters.		7
G4-6	States the number of countries in which the organization operates and the name of the countries in which their main operations are located or which are specifically relevant to the sustainability topics addressed in the report.		12
G4-7	Describes the nature of the property and the organization's legal status.		7
G4-8	Describes the markets in which the organization operates.		11
G4-9	Details the size of the organization.		11,29 e 45
G4-10	a. Details the total number of employees by work contract and gender; b. Details the total number of permanent employees by job type and gender; c. Details the total workforce by contracted employees and by gender; d. Details the total workforce by region and gender; e. States if a substantial part of the organization's work is performed by workers legally recognized as freelancers or by individuals who are not employees or outsourced, including hired workers and employees from outsourced companies; f. Reports any significant variations in the number of employees (e.g.: seasonal variations in the number of employees in the tourism and agricultural sectors).		45
G4-11	Details the percentage of the employee total covered by collective bargaining agreements.		58
G4-12	Describes the organization's supplier chain.		64
G4-13	Details any significant changes during the period covered by the report in relation to the size, structure, share holding interest or supplier chain of the organization.	Did not happen in 2014.	-

Commitments to external initiatives			
G4-14	Reports on if (and how) the organization adopts the precautionary approach or principle.		34
G4-15	Lists the charters, principles or other initiatives of an economic, environmental and social nature developed externally that the organization subscribes to or endorses.	Copasa is not a signatory to any commitment of this nature.	-
G4-16	Lists participation in associations (e.g.: trade unions) and national or international organizations in which the organization: has a chair on the Board of Governance; participates in projects or committees; contributes financial resources besides the basic fee as associated organization; considers its participation to be strategic.		13 e 35
Material aspects identified and limits			
G4-17	a. Lists all the entities included in the consolidated financial statements or equivalent organization documents; b. Details if any entity included in the consolidated financial statements or equivalent organization documents was not covered by the report.		75
G4-18	a. Explains the process adopted to define the content of the report and aspect limits; b. Explains how the organization implemented the Principles for Defining Report Content.		75
G4-19	Lists all the material aspects identified in the process for defining report content.		76
G4-20	For each material aspect, describe the limit of the aspect within the organization.	This content will be enhanced in the next report.	-
G4-21	For each material aspect, describe the limit of the aspect outside the organization.	This content will be enhanced in the next report.	-
G4-22	Details the effect of any reformulations of information supplied in previous reports and the reasons for these reformulations.		9
G4-23	Describes significant alterations in relation to periods covered by previous reports in scope and aspect limits.		75

Stakeholders engaged			
G4-24	Shows a list of stakeholder groups engaged by the organization.		20 e 76
G4-25	Describes the base used for the identification and selection of stakeholders for engagement.		76
G4-26	Reports on the approach adopted by the organization to involve stakeholders, including the frequency of their engagement detailed by type and group, with an indication that a particular engagement was specifically encouraged as part of the report drafting process.		76
G4-27	Describes the main topics and concerns raised during the engagement of stakeholders and the measures adopted by the organization to address these topics and concerns, including reports on them. Details the stakeholder groups which raised each of the issues and concerns mentioned.		76
Report Profile			
G4-28	Period covered by the report (e.g.: tax or calendar year) for the information presented.		75
G4-29	Data from the most recent report (if any).		75
G4-30	Report issuance cycle (annual, biennial etc.).		75
G4-31	Provide contact point for questions on the report or its content.		86
Summary of GRI Content			
G4-32	a. Describes the “in agreement” option chosen by the organization; b. Describes the GRI Content Summary for the option chosen; c. Refers to the External Verification Report, if the report has been submitted to this verification. Although the GRI recommends the use external verification, this recommended does not constitute a requirement for the report to be “in agreement” with the Guidelines.		75
Verification			
G4-33	a. Details current policy and practice adopted by the organization to submit the report to external verification; b. If this information is not included in the verification report that accompanies the sustainability report, it describes the scope and base of any external verification performed; c. Describes the relationship the organization and the party in charge of the external verification; d. Informs if the highest governance body or upper management are involved in the search for external verification for the organization’s sustainability report.	The Report did not undergo external verification. It was evaluated by the Internal Audit.	-

GOVERNANCE			
Governance structure and its composition			
G4-34	Describes the organization's governance structure, including the committees of the highest governance body. Identify all committees responsible for advising the board in decision making that could have economic, environmental and social impacts.		16
G4-39	Details if the president of the highest governance body is also an executive director (and in this case, his/her function in the management of the organization and the reasons for this accumulation).		18
G4-41	Describes the processes used by the highest governance body to ensure the prevention and administration of conflicts of interest. Reports if conflicts of interest are revealed to stakeholders, including at least: cross participation in other management bodies (participation on other boards, accumulation of board and committee positions etc.); relevant cross shareholding interest with suppliers and other stakeholders; existence of majority shareholder and/or shareholder agreement; disclosure of information about related parties.		18
Payment and Incentives			
G4-51	a. Contains the payment policies applied to the highest governance body and to senior executives for the following: fixed salary and variable remuneration: remuneration based on performance, remuneration based on shares (shares or stock options), bonus and exercisable or deferred shares; attraction bonus or payments of incentives to recruitment; rescission payments; clawbacks; retirement benefits, including the difference between benefits plan and contribution rates for the highest governance body, upper executives and all other employees; b. Details how the performance criteria from payment policy apply to economic, environmental and social goals of the highest governance body and senior executives.		18
G4-52	Describes the process adopted for determining payment. It states if remuneration consultants are involved in determining payment and if they are independent of management as well as any other relations between them and the organization.		54

G4-54	Details the proportion between the total annual payment of the organization's best paid individual in each country in which it has significant operations and the total annual payment for all employees (excluding the best paid) in the same country	Not applicable	-
G4-55	Details the proportion between the total annual payment percentage increase of the organization's best paid individual in each country in which it has significant operations and the average percentage increase in total annual payment for all employees (excluding the best paid) in the same country.	Not applicable	-
Ethics and integrity			
G4-56	Describes the values, principles, principles, standards and rules of behavior for the organization, such as codes of conduct and ethics.		19
G4-57	Details the internal and external mechanisms adopted by the organization to request guidelines on ethical behavior in compliance with legislation, such as relationship channels (e.g.: Ombudsman).		19
ECONOMIC			
Economic Performance			
G4-EC1	Direct economic value generated and distributed.		9
G4-EC2	Financial implications and other risks and opportunities for the organization's activities resulting from climate changes		35
G4-EC3	Coverage of obligations provided for in the benefit pension plan defined by the organization.		58
G4-EC4	Financial assistance received from the government.		68
Market presence			
G4-EC5	Variation of the proportion of the lowest salary, detailed by gender, compared to the local minimum wage in important operational units.		51
Indirect economic impacts			
G4-EC7	Development and impact of investments in infrastructure and services offered.		-
ENVIRONMENTAL			
Energy			
G4-EN3	Energy consumption within the organization.		39
G4-EN5	Energy intensity.		39
G4-EN6	Reduction of energy consumption.		40

Water			
G4-EN8	Total of water removal by source.		35
G4-EN9	Water sources significantly affected by water removal.		35
G4-EN10	Percentage and total volume of recycled and reused water.		35
Biodiversity			
G4-EN11	Operational units owned, leased or managed within or adjacent to protected areas and areas of high biodiversity value located outside protected areas.		37
G4-EN13	Protected or restored habitats.		37
Emissions			
G4-EN15	Direct greenhouse gas emissions (GGE) (scope 1).		43
G4-EN16	Indirect greenhouse gas emissions (GGE) coming from energy acquisition (scope 2).		43
G4-EN17	Other indirect greenhouse gas emissions (GGE) (scope 3).		43
G4-EN18	Intensity of greenhouse gas emissions (GGE)		43
G4-EN19	Reduction of greenhouse gas emissions (GGE)		43
G4-EN20	Emissions of substances that deplete the ozone layer (ODS).		43
G4-EN21	Emissions of NOx, SOx and other significant atmospheric emissions.		43
Effluents and waste			
G4-EN24	Total number and volume of significant leaks.		35
Transportation			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used in the organization's operations, as well as employee transport.		41
General			
G4-EN31	Total of investments and expenditure on environmental protection, detailed by type.		73

SOCIAL			
LABOR PRACTICES AND DECENT WORK			
Employment			
G4-LA1	Total number and rate of new hiring and turnover by age range, gender and region.		45 e 50
G4-LA2	Benefits granted to fixed contract employees that are not offered to temporary or part-time employees, detailed by the organization's important operational units.		57
Labor relations			
G4-LA4	Minimum timeframe for notification of operational changes and if they are specified in collective bargaining agreements.	In collective agreements, there is no minimum timeframe for notification of operational changes. Possible changes are communicated in advance and the timeframe varies according to the situation.	-
Health and safety in the workplace			
G4-LA5	Percentage of the workforce represented on formal health and safety committees, composed of employees from different levels, which help to monitor and advise on health and safety programs in the workplace.		54
G4-LA6	Types and rates of injuries, occupational diseases, missed days, absenteeism and number of deaths related to work, detailed by region and gender.		57
G4-LA8	Topics relating to health and safety covered by formal agreements with unions.		54
Training and education			
G4-LA9	Average number of training hours per year per employee, detailed by gender and job category.		53
G4-LA10	Programs in skills management and continuous learning that contribute to prolonging employability of employees in preparatory period for retirement.		58
G4-LA11	Percentage of employees who regularly receive performance and career development analysis, detailed gender and work position.		51

Diversity and equality of opportunities			
G4-LA12	Composition of the groups responsible for the governance and definition of employees by job category, according to gender, age bracket, minority and other diversity indicators.		49
Equal pay for men and women			
G4-LA13	Mathematical ratio of the salary and pay between men and women, detailed by job category and relevant operational units		48
HUMAN RIGHTS			
Investments			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or which were submitted to evaluation in relation to human rights.		63
G4-HR2	Total number of training hours for employees in human rights policies and aspects of human rights relevant to the organization's operations, including the percentage of trained employees.		53
Non-discrimination			
G4-HR3	Total number of cases of discrimination and corrective measures taken.	No cases of discrimination were recorded in Copasa in 2014.	-
Freedom of association and collective bargaining			
G4-HR4	Operations and suppliers identified as having violated or put at risk the right to freedom of association and collective bargaining and the measures taken to support this right.	No operation was identified as presenting a significant risk to the right to freedom of association and collective bargaining.	58
G4-HR5	Operations and suppliers identified as at risk of leading to cases of child labor and measures taken to contribute to the effective eradication of child labor.		63
Security practices			
G4-HR7	Percentage of security staff who received training in the organization's policies or procedures in relation to human rights which are relevant to operations.		56
Rights of indigenous and traditional peoples			
G4-HR8	Total number of cases involving the violation of indigenous and traditional people's rights and measures taken in this regard.	There was no record of violations of indigenous rights by Copasa in 2014.	-

SOCIETY			
Fighting corruption			
G4-SO3	Total number and percentage of operations submitted to risk assessment related to corruption and the significant risks identified.		19
G4-SO5	Confirmed cases of corruption and measures taken.		19
Public policies			
G4-SO6	Total amount of financial contributions to political parties and politicians, describing the country and recipient/beneficiary.	Copasa is prohibited from making any financial contributions to political parties, politicians or related institutions.	-
RESPONSIBILITY FOR THE PRODUCT			
Client health and safety			
G4-PR2	Total number of cases of non-compliance with regulations and voluntary codes relative to impacts caused by products and services in health and safety during its life cycle, detailed by result type.		59
Labeling of products and services			
G4-PR3	Type of information about products and services required by the organization's procedures relating to information and labeling for products and services and the percentage of significant categories subject to these requirements.		60
G4-PR4	Total number of cases of non-compliance with regulations and voluntary codes relative to information and labeling for products and services, detailed by result type.		60
G4-PR5	Results of client satisfaction surveys.		60 e 61
Marketing communications			
G4-PR6	Sale of prohibited or disputed products.		59
G4-PR7	Total number of cases of non-compliance with regulations and voluntary codes relative to marketing communications, including publicity, promotion and sponsorship, detailed by result type.	In 2014, there were no cases of non-compliance with codes and legislation relative to marketing, publicity, promotion and sponsorship.	-

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Disclaimer

This document may contain considerations relating to the business perspectives of Copasa which are projections based on expectations regarding the future of the business. These estimates are subject to risks, uncertainty and suppositions, including among others, economic, political, financial and commercial conditions in the market in which the Company operates. Possible investors are hereby alerted to the fact that none of these predictions is a guarantee of future performance since they involve risks and uncertainties.

