



# Sustainability Report 2021

IMAGE BANK - VÁRZEA DAS FLORES, MINAS GERAIS







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## Message from the Management

(GRI 102-14)

With the purpose of taking care of water and generating value for people, **COPASA** relates to people and the environment in a differentiated way, having established a sustainable business model, with environmental, social and governance criteria that generate results for the company and society.

The Brazilian basic sanitation sector undergoes profound transformations due to the New Regulatory Framework, introduced by Law 14,026/2020. The changes in the New Framework bring, as main points, efficiency goals for the provision of services, bidding obligation for the formalization of new contracts and requirement for universal access to basic sanitation.

The Board of Directors OF **COPASA MG** approved the Company's Strategic Planning, renewing the commitment to the customer's centrality in the business. In this sense, it was established as a strategic objective the strengthening and expansion of COPASA's performance in the market, as well as the transformation of the customer experience.

Still within the Strategic Planning, the Company strengthens its commitment to the ESG (Environmental, Social and Governance) Agenda, by defining ten specific strategic objectives, aligned with the Sustainable Development Goals - SDGs of the Global Compact.

Concerning the objective of with regard to sustainability, the Company undertakes to act in accordance with environmental, social and governance standards and ensure its economic and financial balance, acting as spokesperson for the following topics: Protection of Springs, Protection of the Rights of Children and Adolescents, Compliance, Occupational Safety, Gender Equity and Customer Service.

Regarding the requirements for the specification of services brought by the Novo Marco (99% for water and 90% for collected and treated sewage, by 2033), **COPA-SA MG** presents, in 2021, coverage rates that stand out in relation to the national average, namely: 99.4% for access to treated water and 71.9% for the collection and treatment of sewage from properties in its area of operation. The latest available national data point to rates significantly lower than those of the Company, namely 84.1% for water coverage and 43.9% for co-educated and treated sewage.

It is noted that **COPASA** achieved the universalization of treated water in the areas covered by the concessions where we operate. To overcome the challenge regarding the coverage of collected and treated sewage, the Company developed a robust Investment Program whose main objectives are to expand its supply system, meet regulatory and efficiency goals and commit to the concessions assumed.



In this sense, in 2021, within the scope of the Parent Company, R\$906.9 million were invested in water and sewage supply systems, as well as in business and operational development. The Company expects investments in the order of R\$7.4 billion for the next 5 (five) years, of which R\$1.40 billion for 2022, R\$1.41 billion in 2023, R\$1.60 billion in 2024, R\$1.60 billion in 2025 and R\$1.41 billion in 2026. Given the need for prudence in the execution of these investments, COPASA MG began the implementation of the Project Office – PMO, valuing the conduct of its projects.

Regarding the adaptations brought by the New Milestone, the Company sent to the Regulatory Agency of Services of Water Supply and Sanitary Sewage of the State of Minas Gerais (Arsae-MG) the requirement to prove the economic and financial capacity, as determined by Decree 10.710/2021. In addition, COPASA MG has been mobilizing in favor of updating its current concession agreements, including the universalization goals provided for in the New Milestone.

COPASA MG obtained representative operational results in 2021. The Company, together with its subsidiary COPANOR, ended the year with 640 concessions for the provision of services with water supply, meeting 11.8 million people. The number of water savings (consumer units) totaled 5.53 million and the extension of the water network reached 63.3 thousand km, representing, compared to the previous year, an increase of 1.3% and 11.4%, respectively.

In relation to sewage services, the Company, in addition to its subsidiary COPANOR, reached 310 concessions in December 2021, benefiting 8.4 million people. The number of economies served with this service increased by 3.3%, totaling 3.9 million, and the network extension reached 32.4 thousand km, an increase of 10.9%.

As for financial performance, COPASA MG recorded net income of R\$537.6 million. Adjusted EBITDA, which disregards extraordinary and non-recurring items (Incentivized Voluntary Termination Program, Rate Return determined by Arsae-MG, and increase in Provision for Labor Lawsuit No. 102100- 74.2008.5.03.0024), was R\$1.9 billion.

For the year 2021, in compliance with the criteria of the current Dividend Policy, R\$282.7 million were declared and paid, as Regular Dividends.

COPASA is associated with the Ethos Institute of Business and Social Responsibility, being the only mining company to sign the "Business Charter for Human Rights and the Promotion of Decent Work".

With regard to people management, it should be noted that the Voluntary Termination Program Encouraging Voluntary Separation Program (PDVI), whose dismissals are scheduled to end



in March 2022, had the adhesion of 1,098 employees of the Company and has an estimated pay-back of 11 months, with expected monthly savings of R\$14 million. With the other dismissals that occurred during the year, the number of employees reached, in December 2021, 10,692, a reduction of 6.2%, compared to the previous year.

Still regarding the management of its collaborators, it focuses on the development and recognition of the professionals who include its effective staff and, in this regard, it developed, throughout 2021, several actions aimed at the continuous improvement of its employees, among which we can highlight: (i) improvements in the career plan, positions and salaries; (ii) continuity of the Potential Leaders Development Program and the Mentoring Program for Strategic Technicians; (iii) implementation of the Female Mentoring Program, whose objective is to develop female leaders in the Company and, thus, promote a more diverse and inclusive organizational environment; (iv) continuity of the Zero Accident Program; and (v) conducting Safety Training, with 30,847 participations, which represents 32.62% of all training carried out within the Company.

**COPASA MG** is committed to good governance practices, guided by the principles of transparency, equity, accountability and corporate responsibility. And, as it is listed in the Novo Mercado segment of B3 – Brasil, Bolsa, Balcão, the Company is subject to more strict corporate governance rules, which leads to the revision of some of its internal policies in 2021 and 2022, namely, the code of Conduct and Integrity, which conveys the Company's ethi-

cal principles and fundamental values; the Related Party Transaction Policy and the Disclosure and Negotiation Policy.

In addition, the Company has some reporting instruments, such as the Ethics Line Channel. There is also the Compliance website, created in 2021, which allows users to know the pillars of the **COPASA MG** Integrity Plan and to inform themselves about the other actions developed by it within the scope of corporate governance.

With regard to actions related to corporate governance, the Company promoted the Integrity 2021 Workshop, whose theme was "New Times, New Challenges, Same Values", which was attended by more than 6 (six) thousand collaborators, being accessed via the EAD (Source of Knowledge) platform, developed by **COPASA MG**.

**COPASA** is aware of its responsibility to the community in which it is inserted and, in this sense, develops several socio-environmental actions, promoting culture and improving the quality of life of society.

Currently, **COPASA MG** participates in three (3) initiatives under the UN Global Compact: Inova 2030 - Young Innovators of the Sustainable Development Goals, the Net Zero Ambition program and the Equity Program is a Priority, with the partnership of UN Women. In addition to the representativeness in the Action Platforms for Water and Climate.

In 2021, the Company continued the Engage to Transform Program, which establishes guidelines for the Company's relationship with society. In its scope,



724 meetings were held with the Government and local disputes, almost 4 thousand training, approximately 116 thousand approaches to society, about 46 thousand registration updates and more than R\$8 million increase in revenue in water or sewage adhesions.

Also noteworthy is the Social Tariff, a benefit for low-income families, which reduces the tariffs for water and sewage services and which, considering COPASA MG and COPANOR together, benefited 652.3 thousand families (average/month) and, from these residences, 403.2 thousand (average/month) with sewage in 2021. As for the Grant Program to Philanthropic Entities, in which COPASA MG can allocate up to 0.6% of its monthly revenue, R\$16 million were made available in 2021 among the 652 benefited entities.

Fostering the richness of the arts, culture, dance, entertainment, sports and cultural heritage, the Contracting Company, through the Culture Incentive Law, has several projects, such as 15th CineBH 2021, Brazil CineMundi – 12th International Co-production Meeting, Tiradentes Arts Festival - 10 years, Citizen Sport Project, among several others.

With regard to environmental responsibility, COPASA signed the Pact for Water and Energy Residences, through which the Global Pact invited the companies.

Brazilian prisoners committed to the

Sustainable Development Goals (SDGs) to recognize the urgency and necessity of promoting concrete actions in search of water resilience in their operations and services. All this, prioritized by the protection of the hydrographic basins that permeate its activities, with the main objective of promoting engagement by the universalization of access to water and sanitation.

It is worth mentioning the Pró-Mananciais Program, which objective is to protect and recover the watersheds in the region where COPASA MG operates. The referred Project was awarded in 2021 with the trophy of the National Sanitation Quality Award (PNQS), considered the Oscar of the sector in Brazil, being the only award in the world to recognize the excellence in basic sanitation management. In 2021, the Company invested R\$22.1 million in this Program, 87.5 thousand trees were planted, 465.8 thousand meters of fences were installed to isolate Permanent Preservation Areas - app and 8.6 thousand rainwater infiltration dams were built.

In addition to the Pro-Waterfront Program, the Company proposes an environmental education program with the school community, called the Socio-Environmental Chuá, aware of the importance of preserving and recovering water sources for supply purposes.

COPASA MG obeys the current legislation, seeking the granting and environmental licensing of its enterprises in order to minimi-



ze the environmental impacts of its operations. In 2021, 112 water catchment grants, 254 licenses and 18 authorizing documents for environmental intervention for water and sewage works were obtained.

2022 will be a year of opportunities for the Company to reaffirm its strategic position and its competitive strength in the face of the changes introduced in the sector.

In addition, we thank our more than 10,000 employees, 104,000 shareholders, 11.8 million customers, suppliers and the entire community benefited by our services

for their trust and throughout our almost six (6) decades of operation.

We are committed to the 10 Principles of the Global Compact. Throughout the report, it will be possible to identify the practices and actions of **COPASA** that address the challenges proposed by the Principles and also by the Sustainable Development Goals (SDGs).

*Management team.*

IMAGE BANK - RIO MANSO, MINAS GERAIS





# I. We are motivated to serve the customer well

*Serving well is what drives us, and the customer is at the heart of our business. All the care we provide in the treatment of water and sewage directly reflects on the health and quality of life of a huge number of people. Excellence is our commitment.*



## About this Report

(GRI 102-45; 102-46; 102-50; 102-51; 102-52; 102-53; 102-54)

The **COPASA** 2021 Sustainability Report meets the requirements of Law 13.303/16<sup>1</sup> and mainly addresses environmental, social, economic<sup>2</sup> and governance issues and performance; and respective impacts of **COPASA**'s activities, which has operations in the State of Minas Gerais (MG), from January 1st to December 31st, 2021. This edition is the sixteenth, in a series started in 2005, and succeeds the 2020 Sustainability Report.

We have adopted the Global Reporting Initiative<sup>3</sup> (GRI) sustainability reporting guidelines, which are important in our corporate management and strategy. For the purpose of the report, they are related to the actions disclosed by the Global Compact's Communication on Progress (COP) and the United Nations (UN) Sustainable Development Goals (SDGs). We also present the indicators of the Materiality Map of the Sustainability Accounting Standards Board (SASB). These indicators (and results) can be seen in the GRI and SASB Content Summary at the end of the Report.

Additional information and clarification of doubts about the COPASA 2021 Sustainability Report can be obtained from the team of the Social Responsibility Unit, by the email [reso@copasa.com.br](mailto:reso@copasa.com.br).

<sup>1</sup> Also known as the "Law of State-Owned Companies", it is a provision that encompasses several topics related to public companies and mixed-capital companies, such as the appointment of directors, transparency in the disclosure of information, their advice and others, in addition to the bidding processes.

<sup>2</sup> Any quantities in dollars throughout this Report represent US dollars (US\$) and the currency quotation on 12/31/2021 was R\$5.5799 (purchase).

<sup>3</sup> GRI (Global Reporting Initiative) is a global model of ESG indicators to standardize sustainability reports in actions related to the proper management and reporting of environmental, social and economic indicators in companies.

## Materiality<sup>4</sup>

(GRI 102-40; 102-41; 102-42; 102-43; 102-44; 102-47; 102-49)

To build this Report, we maintained the Materiality of 2020, whose process involved the review of 26 topics raised in the 2018-2019 cycle. These topics were reduced to 16 – with the exclusion of redundant themes – and prioritized based on a process of consultation with the Company's stakeholders. These processes included sending an online survey – 11.66 thousand questionnaires sent and we received 2.60 thousand responses (22.30% of the total), as well as structured conversations and reflections through 17 in-depth interviews with stakeholders, which represent extremely strategic groups for the Company.

The process resulted in the 7 material themes of COPASA and which represent the relevance to operations, based on the perception of internal and external stakeholders, in line with the Company's strategic declaration and the correlation with the Sustainable Development Goals (SDGs)<sup>5</sup>: Operational Efficiency; Universalization of Sanitation Services; ESG Management/Sustainability Management; Water Security; Economic and Financial Performance; Occupational Safety; and Customer Service. These themes were also the basis for the construction of the ESG Agenda, integrated into the Company's Strategic Planning.

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<sup>4</sup> Materiality is the set of topics to be prioritized by the Company, given its influence on the capacity to generate long-term value and its environmental, economic and social impacts, which can influence stakeholder decisions. The Matrix points out the correlation of the result of the consultation carried out with the stakeholders and its relevance in the COPASA strategy.

<sup>5</sup> The Sustainable Development Goals (SDGs) are a global agenda adopted in 2015 by 193 countries, including Brazil, coordinated by the United Nations (UN), with 17 objectives and 169 goals to be achieved by 2030 (the "2030 Agenda").



The **COPASA** Materiality Matrix undergoes biennial reviews. The next one will take place in Cycle 2022.



The impacts associated with the material themes of **COPASA** are reported below.

(GRI 103-1)

## ESG<sup>6</sup>/Sustainability

(GRI 103-1; 103-2; 103-3)

One of our strategic commitments is to seek the universalization of water and sewage services, with quality and in a sustainable way.

Our *ESG Agenda* consolidates our position and crucial actions to meet the expectations of stakeholders and ensure the continuity of the Company, in the face of the environmental and social challenges of the coming years.



<sup>6</sup> ESG is the acronym for “Environmental, Social and Governance”, usually used to measure the environmental, social and governance practices of a company. ESG can be used to say how much a business seeks ways to minimize its impacts on the Environment, build a more just and responsible world for the people around it and maintain the best management and risk control processes.



ESG management is a competitive intelligence mechanism, as it collaborates in the acceleration of management and operation processes. The institution of the ESG Agenda was an innovation, occurred in 2021, to define the prioritization and inclusion of ESG themes in the Company's business model, and focused on meeting the goals of the Sustainable Development Goals (SDGs), for the generation of competitive financial return, risk mitigation and the constant adaptation of operations and relationships to environmental, social and corporate governance opportunities.

Our policies, programs and initiatives are part of Strategic Planning and are based on the International Standard ISO 26000<sup>7</sup> and the *Company's Social Responsibility Policy*.

The ESG Agenda is evaluated quarterly by the Company's governance bodies to identify adherence to the Company's purpose and best management practices, promote improvements and ensure the contribution of these practices to operational efficiency.

The Company also instituted the *Sustainability Sub-Committee*, which is formed by representatives of each Executive Board and is directly linked to the *Strategic Committee*, and its mission is to ensure the alignment of the corporate strategy with the best market practices related to Sustainability management.

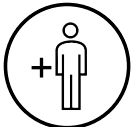









*The objective of the ESG Agenda is to reaffirm the purpose of "taking care of water and generating value for people", and to exercise the company's protagonism in its action on the themes: Protection of Springs; Customer Service; Protection of the Rights of Children and Adolescents; Safe Work Environment; Gender Equity and Compliance.*

<sup>7</sup> ISO 26000 is an international guiding standard and provides recommendations on social responsibility. It is not a certifiable standard, but it can offer the best practices for the organization, the supplier chain and the market. This standard defines Social Responsibility, as the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through ethical and transparent behavior that: i) Contributes to sustainable development, including the health and well-being of society; ii) Takes into account the expectations of stakeholders; iii) It is in compliance with applicable legislation and is consistent with international standards of behavior; iv) It is integrated and practiced throughout the organization. It is applicable to all organizations, small or large, public, commercial or non-governmental.

# Global Pact

(GRI 102-12; 102-15)

## Principles

 <p><b>1. RESPECT</b> and support the internationally recognized human rights in your</p>	 <p><b>2. ASSURE</b> the non participation of the company in the violation of human rights</p>	 <p><b>3. SUPPORT</b> association and recognise the right to the Collective Negotiation</p>	 <p><b>4. ELIMINATE</b> any sort of forced or compulsory labor</p>	 <p><b>5. ERRADICATE</b> all forms of child labor in its production chain.</p>
 <p><b>6. STIMULATE</b> practices that eliminate any type of discrimination</p>	 <p><b>7. UNDERTAKE</b> practices they adopt one approach preventive, responsible in employment.</p>	 <p><b>8. DEVELOP</b> initiatives and practices to promote and disseminate social and environment</p>	 <p><b>9. INCENTIVAR</b> development and the diffusion of technologies including environmentally extortion</p>	 <p><b>10. FIGHT</b> corruption in all their forms, responsible and bribery</p>

We have been signatories to the *UN Global Compact*<sup>8</sup> since 2020, when we formalized our commitment to follow the ten Global Compact Principles in the daily life of our operations, in addition to our contribution to the achievement of the *Sustainable Development Goals*, also known as *SDG*<sup>9</sup>, which are part of the *2030 Agenda*<sup>10</sup>.

8 The Global Compact is a call for companies to align their strategies and operations with the 10 Universal Principles of Human Rights, Labor, Environment and Anti-Corruption and develop actions that contribute to facing the challenges of society.

9 The voluntary "Global Agenda" is an offshoot of the Global Compact, with 17 objectives and 169 specific and action-oriented goals to be achieved by 2030, also known as the 2030 Agenda.

10 The 2030 Agenda is universal, indivisible and integrated. It summarizes the aspirations and integrates the economic, social, environmental and governance dimensions. Its motto, "No one left behind", is based on five guiding principles: People, Planet, Prosperity, Peace and Partnerships (5 Ps).



# Sustainable Development Goals



At the 2030 Agenda has as its premise the broad participation of several sectors of society and that the themes are treated in an integrated and transversal way. In the process of aligning our corporate strategy with the principles of the *Global Compact* and in the commitment to the *SDGs*, we identified the most impacted and strategic themes of our operations, based on the Materiality Matrix and the value chain, which guide the key themes of this Report.

## Copasa SDG Mandala

The **COPASA SDG Mandala** identifies the “Central” SDGs and what are the “Relevant” and “Marginals” for our business model. It helps to assess how much we impact and are impacted by the SDG goals and how they are linked to our performance.



The result is a scale, in which the SDG with the highest score is at the center of the mandala, being a priority for the business and for the company's strategy - **SDG 6: Ensure the availability and sustainable management of water and sanitation for everyone.**

The SDGs in the second level are those considered relevant to the business and/or that are considerably impacted by the company.

<b>SDG 3</b>	Ensure a healthy life and promote well-being for all, in all activities.
<b>SDG 5</b>	Achieve gender equality and empower all women and girls
<b>SDG 8</b>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
<b>SDG 9</b>	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
<b>SDG 11</b>	Make cities and human settlements inclusive, safe, resilient and sustainable.
<b>SDG 13</b>	Take urgent measures to combat climate change and its impacts;
<b>SDG 15</b>	Protect, restore and promote the sustainable use of land ecosystems, sustainable forests management, fight against desertification, prevent and recover land degradation and stop biodiversity loss.

The SDGs at the third level are those considered marginal, which have a punctual influence on the company's business. .





The set of goals of SDG 6 reinforce fundamental elements such as social participation, shared and integrated water management, regional development and the environment, as well as institutional strengthening and the efficient use of water.

In addition, the UN identifies that "water is at the center of sustainable development and its three dimensions - environmental, economic and social. Water resources, as well as the services associated with them, underpin efforts to eradicate poverty, economic growth and environmental sustainability. Access to water and sanitary sewage matters for all aspects of human dignity: from food and energy security to human and environmental health".

Check out the correlation of the SDGs and priority SDG goals for the business with the Maintainability, the Principles of the Pact and the approach of **COPASA** on them in the study. For 2022, the Company is committed to setting internal goals that will contribute to the achievement of the priority Sustainable Development Goals, and will ensure compliance with the Global Compact Principles.

SDG 6   DRINKING WATER AND SANITATION		
GOALS	6.1 By 2030, achieve universal and equitable access to safe and safe drinking water for all.	
	6.2 - By 2030, the objective is to achieve access to adequate and equitable sanitation and hygiene for all, and to end open defecation, with special attention to the needs of women and girls and those in situations of vulnerability;	
	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	
	6.4 By 2030, substantially increase the efficiency of water use in all sectors and ensure sustainable withdrawals and fresh water supply to address water scarcity, and substantially reduce the number of people suffering from water scarcity	
	6.4 By 2030, substantially increase the efficiency of water use in all sectors and ensure sustainable withdrawals and fresh water supply to address water scarcity, and substantially reduce the number of people suffering from water scarcity	
	6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.	
	<p>6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programs, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies</p> <p>6.b Support and strengthen the participation of local communities to improve water and sanitation management.</p>	
TOPIC MATERIAL	Universalization of sanitation services	Operational efficiency
	Water Security	ESG Management/Sustainability Management
INDICATORS	Management method   GRI 103	Governance   GRI 102-29, 102-31, 102-32
	Indirect economic impacts: GRI 203-1, GRI 203-2	Water and effluents   GRI 303-1, 303-2
	Water Affordability & Access   SASB IF-WU-240a.1, IF-WU-240a.4	Biodiversity   GRI 304-1, 304-2, 304-3

<b>PRINCIPLES OF THE PACT</b>	<ul style="list-style-type: none"> <li>• 1- Businesses should support and respect internationally recognized human rights protection;</li> </ul>
	<ul style="list-style-type: none"> <li>• 2- Make sure that they are not complicit in human rights abuses.</li> </ul>
	<ul style="list-style-type: none"> <li>• 7- Businesses should support a precautionary approach to environmental challenges;</li> </ul>
	<ul style="list-style-type: none"> <li>• 8- Develop initiatives to promote greater environmental responsibility.</li> </ul>
<b>COPASA APPROACH</b>	To achieve its central SDG, the Company develops actions and projects to modernize local infrastructures, with investments in innovation and efforts to make them sustainable.
	<ul style="list-style-type: none"> <li>• Pro-Waterfront Program: in 2021, 22,115,300 million were invested by the Program in environmental actions to recover and protect the catchment basins.</li> </ul>
	<ul style="list-style-type: none"> <li>• With the actions to combat losses implemented in 2021, it was possible to reduce the index in relation to 2020. 2.76 L/ON/day, closing the year 2021 with the index of 256.35 L/ON/day.</li> </ul>
	<ul style="list-style-type: none"> <li>• In 2021, 755.8 thousand water meters were replaced with the objective of improving the quality of the measurement.</li> </ul>
	<ul style="list-style-type: none"> <li>• Sewage hunting program: through the action of this program, 438 irregular dumps were detected in 2021.</li> </ul>
	<ul style="list-style-type: none"> <li>• Chuá Environmental Education Program, developed in 2021, which sensitized 750 students from 250 participating schools.</li> </ul>

### SDG 3 | HEALTH AND WELL-BEING

<b>GOALS</b>	3.3 By 2030, end epidemics of AIDS, tuberculosis, malaria and tropical diseases neglected, and combat hepatitis, waterborne diseases, and other communicable diseases.	
<b>TOPIC MATERIAL</b>	Universalization of sanitation services	Occupational Safety
<b>INDICATORS</b>	Management method   GRI 103	Indirect economic impacts   GRI 203-1, 203-2
<b>PRINCIPLES OF THE PACT</b>	<ul style="list-style-type: none"> <li>• 1) Businesses should support and respect internationally recognized human rights protection; and internationally</li> </ul>	
	<ul style="list-style-type: none"> <li>• 2- Make sure that they are not complicit in human rights abuses.</li> </ul>	
	<ul style="list-style-type: none"> <li>• 7- Businesses should support a precautionary approach to environmental challenges;</li> </ul>	
<b>COPASA APPROACH</b>	Quality water supply, sewage and solid waste collection and treatment reduce the incidence of diseases prevents the degradation of the environment.	
	<ul style="list-style-type: none"> <li>• PRECEND Program: its main objective is to reduce risks to human health and the environment by monitoring the quality of "non-domestic effluents", in order to contribute to the quality of life of communities. In 2021, there was a increase of 75 new companies accompanied by the Program.</li> </ul>	

SDG 5   GENDER EQUALITY		
GOALS	5.5 Ensure full and effective participation of women and equal opportunities for leadership at all levels of decision-making in the political, economic and	
TOPIC MATERIAL	ESG Management/Sustainability Management	
INDICATORS	Management method   GRI 103	Governance   GRI 102-24
	Diversity and equal opportunities   405-1, 405-2	
PRINCIPLES OF THE PACT	<ul style="list-style-type: none"><li>6 - Eliminate job discrimination</li></ul>	
COPASA APPROACH	Considering the predominantly male composition of the Sanitation Sector and the impacts related to gender, the SDG has become relevant to increase the full and effective participation of the female gender and equal opportunities for leadership in all the levels of decision-making of the Company.	
	<ul style="list-style-type: none"><li>Female Mentoring Program, launched in 2021, aims to encourage and prepare women to build their professional trajectories and evolve in their Consulting She had the selection of 10 mentees participating in the 18 promoted events.</li></ul>	
SDG 8   DECENT WORK AND ECONOMIC GROWTH		
GOALS	8.2 Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors	
TOPIC MATERIAL	Economic/Financial Performance	ESG Management/Sustainability Management
	Operational efficiency	Safety at work
	Customer Service	
INDICATORS	Management method   GRI 103	Indirect economic impacts: GRI 203-1, GRI 203-2
	Economic performance   GRI 201-1, 201-2, 201-3, 201-4	
PRINCIPLES OF THE PACT	<ul style="list-style-type: none"><li>9 - Encourage the development and diffusion of environmentally friendly technologies.</li></ul>	
COPASA APPROACH	COPASA considers it essential that there is diversification with value addition, technological modernization, innovation, management and worker qualification.	
	<ul style="list-style-type: none"><li>INOVA COPASA program, launched in 2021, which aims to develop technologies, products, services and processes that increase the efficiency, productivity and quality of services provided by the Company.</li></ul>	
	In the year, 15 projects proposed by the Company's employees were selected, in the thematic axes.	



SDG 9   INDUSTRY, INNOVATION AND INFRASTRUCTURE		
GOALS	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
TOPIC MATERIAL	Operational efficiency	
INDICATORS	Management method   GRI 103	Energy   GRI 302-1, 302-3, 302-4, 302-5
	Energy Management   SASB IF-WU-130a.1	
PRINCIPLES OF THE PACT	<ul style="list-style-type: none"> <li>Businesses should support a precautionary approach to environmental challenges;</li> </ul>	
	<ul style="list-style-type: none"> <li>Encourage the development and diffusion of environmentally friendly technologies.</li> </ul>	
COPASA APPROACH	Target 9.4 directs the Company to the use of renewable resources and the adoption of clean and environmentally sound industrial technologies and processes.	
	<ul style="list-style-type: none"> <li>Operational Efficiency Program, which aims to improve the Management of the Operation of the Water and Sewage Supply System, contributes to the performance of the operation, promoting actions for sustainable development and the generation of value to the parties that make up COPASA's business environment.</li> </ul>	
	In 2021, 700 employees were trained who evaluated 10,696 units in 503 municipalities, which generated 212 action plans, with the implementation of 1,759 measures to improve the units.	

SDG 11   SUSTAINABLE CITIES AND COMMUNITIES		
GOALS	11.1 By 2030, guarantee access for all to safe, adequate and affordable housing, basic services and urbanisation of favelas.	
TOPIC MATERIAL	Operational efficiency	ESG Management/Sustainability
	Universalization of sanitation services	
INDICATORS	Management method   GRI 103	Indirect economic impacts: GRI 203-1, GRI 203-2
PRINCIPLES OF THE PACT	<ul style="list-style-type: none"> <li>1 - Businesses should support and respect internationally recognized human rights protection;</li> </ul>	
	<ul style="list-style-type: none"> <li>8 - Develop initiatives to promote greater environmental responsibility;</li> </ul>	
COPASA APPROACH	The services we offer have an impact on ensuring access to decent housing for all, which has basic services, and promotes sustainable and inclusive urbanization.	
	<ul style="list-style-type: none"> <li>The Social Tariff guarantees access to water and sewage services, at reduced rates, to citizens who meet the requirements. In 2021, considering COPASA MG and COPANOR, 652.3 thousand families (average/month) were benefited with water supply and, from these homes, 403.2 thousand (average/month) with sanitary sewage through the program.</li> </ul>	

SDG 13   ACTION AGAINST GLOBAL CLIMATE CHANGE		
GOALS	13.1 Strengthen resilience and adaptability to risks related to climate and natural disasters in all countries.	
TOPIC MATERIAL	Water Security	ESG Management/Sustainability
INDICATORS	Management method   GRI 103	Governance   GRI 102-29, 102-31, 102-32
	Economic performance   GRI 201-2	Network Resiliency & Impacts of Climate Change   SASB IF-WU-450a.4
PRINCIPLES OF THE PACT	• 8 - Develop initiatives to promote greater environmental responsibility;	
	• 9 - Encourage the development and diffusion of environmentally friendly technologies.	
COPASA APPROACH	• Target 13.1, adapted to our strategy, expands the resilience and adaptability of the population to climate change.	
	• Climate Committee, which provides for several activities related to the theme of climate change and GHG emissions. In 2021, 15 meetings were held, participation in the Carbon Disclosure Project and ICO2, and participation of employees in courses, such as NetZero and Science Based Targets Initiative.	
SDG 15   TERRESTRIAL LIFE		
GOALS	15.1. By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements on international indexes.	
TOPIC MATERIAL	Water Security	ESG Management/Sustainability
INDICATORS	Management method   GRI 103	Water and effluents   GRI 303-1, 303-2
	Biodiversity   GRI 304-1, 304-2, 304-3	
PRINCIPLES OF THE PACT	• 7 - Businesses should support a precautionary approach to environmental challenges;	
	• 8 - Develop initiatives to promote greater environmental responsibility;	
COPASA APPROACH	• COPASA’s raw material is water collected in the springs, which directly suffers the impacts of anthropogenic actions. Thus, it is necessary to seek the conservation, recovery and sustainable use of terrestrial and freshwater ecosystems and their services ecosystem systems.	
	• Pró-Manciais Program: in 2021, 121 thousand seedlings were planted, 726 thousand meters of adjustments were made on rural roads, 449 thousand meters of APPs protection fence and 8,400 rainwater containment basins, 287 thousand meters of terrace on level curves, among other actions.	

## Coping with COVID-19

The Company acted effectively to minimize the impacts of the pandemic, both for its internal public, with the reinforcement of the safety protocols adopted in all its units, and for its external public.

With the attention to the most vulnerable population, we maintained the supply of water to customers benefiting from the Social Tariff, without making cuts, even in cases of delays in payment by that part of the population. In addition to the contribution to washing facilities and street disinfection.

We invest in digital technologies and tools to facilitate the interface with our customers, in a more agile and secure way. With the launch of new service channels on virtual platforms (web, chat e WhatsApp), citizens can make requests for services and clarify doubts without the need to leave home, avoiding queues and crowding in physical agencies. We also implemented digital means of payment: customers can pay the fees and other services with the use of Pix, PicPay, credit and debit card.

In the service agencies, we continue with preventive measures, such as: social distancing, scheduling of care, use of a mask and hand hygiene with hand sanitizer for the public and employees.

In addition, we have launched a differentiated debit settlement program for our customers. Named "Blue Days", the campaign was available for accession between November 29 and December 31, 2021, with installment plans up to 24 times, without entry and without interest.

Another work front was the support to entities that work with the homeless population, with the donation of more than 6 thousand cases of glasses with drinking water for consumption, distributed throughout the year.

We intensify the safety protocols in our units, with the performance of tests on employees, without charge. In total, more than 53 thousand tests have been carried out by COPASA since the beginning of the pandemic, an amount that represents almost five times the total number of co-workers.

**We provide an essential service, which the pandemic has highlighted its importance for the survival of people.**

Aware of our purpose and to guarantee the quality of life for people, we remain with our action throughout the period of the pandemic, measuring the impacts caused daily and strategically defining the adoption of new measures, according to the evolution of the scenario, in each of the locations where we are present with sanitation services.

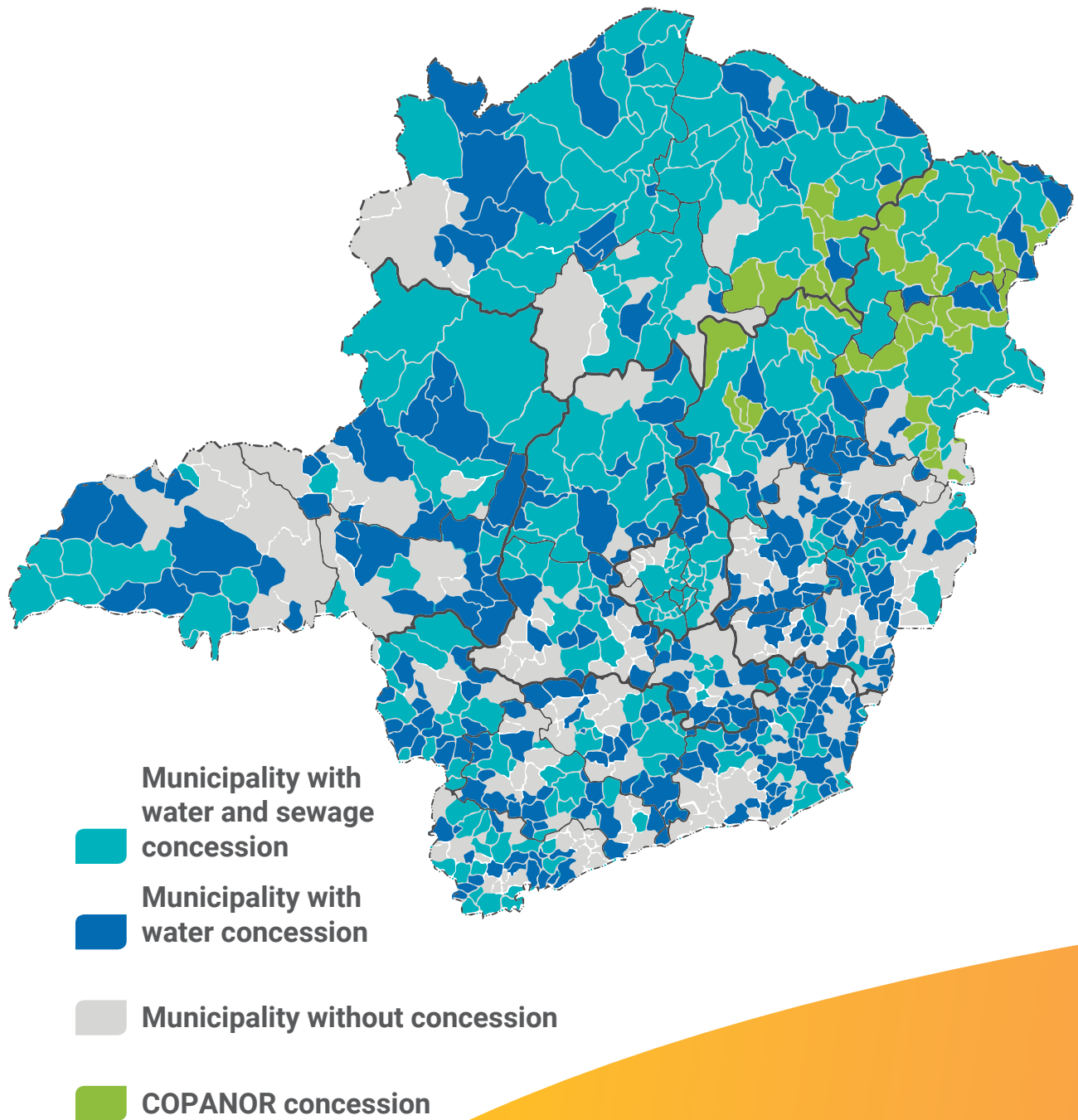




# COPASA



## Our territory



## Operational Data - 2021

### WATER

<b>640</b> concessions
<b>11.8 million</b> inhabitants served
<b>5.53 million</b> savings <sup>11</sup>
<b>63.3 thousand km</b> of network extension

### SEWAGE

<b>310</b> concessions
<b>8.4 million</b> inhabitants served
<b>3.9 million</b> savings
<b>32.4 thousand km</b> of network extension

- Net Income: R\$537.6 million
- Net revenue from water, sewage and solid waste: R\$5.2 billion
- Average Training per Collaborator: 54.1h
- Adjusted EBITDA: R\$1.9 billion
- Employees: 10.6 thousand
  - 91.1% Men
  - 8.8% Women



IMAGE BANK - ETE ARRUDAS, MINAS GERAIS COPASA

<sup>11</sup> Technical term of the Basic Sanitation sector, which defines any property or subdivision of a property considered occupiable, with its own entrance independent of the others, distinct corporate name and installation for water supply and or sewage collection.



(GRI 102-1; 102-2; 102-3; 102-4;  
102-5; 102-6; 102-7)

Companhia de Saneamento de Minas Gerais – **COPASA MG** (in this Report will be identified by “**COPASA**”, or “**COPASA MG**”, or “Company” or “Parent Company”) is a public concessionaire in the sanitation sector, with tariffs regulated by the Regulatory Agency for Water Supply and Sewage Services of the State of Minas Gerais (Arsæ-MG), which provides services to Individuals (PF) or Legal Entities (PJ), which can be characterized as “residential”, “commercial”, “public” or “industrial”, in 640 municipalities (75% of the municipalities that make up the State of Minas Gerais), in the Southeast region of Brazil.

We have 10,600 direct employees. Our activities are divided into three segments: drinking water supply, sanitation and urban cleaning, and solid waste management.

In the supply of drinking water, **COPASA** is responsible for capturing, treating and distributing treated water until the final consumption of the customer. We serve 11.8 million people. In sanitary sewage, we operate in the collection, transportation, treatment and final disposal of sewage. We have 310 concessions (36.45% of the total of municipalities in Minas Gerais) and we serve 8.4 million people.

The Company does not work with products and services that are prohibited or have any restrictions in certain markets.

We are the 5th largest *utility*<sup>12</sup> in the world in terms of population served (*water and sewage*). Our headquarters are in Belo Horizonte (MG). COPASA is a publicly traded mixed-capital company, regulated by Federal Law No. 6.404/1976, Federal Law No. 13.303/2016 and State Law No. 6.084/1973 with shares traded on B3<sup>13</sup>, under the CSMG3 code, and part of the ‘Novo Mercado’<sup>14</sup>, a segment that requires greater commitments only with the rules

<sup>12</sup> Companies that offer essential products and services, such as the supply of water, electricity or gas.

<sup>13</sup> B3 – Brasil, Bolsa Balcão, is the Bolsa de Valores do Brasil, one of the main financial market infrastructure companies in the world, operating in an exchange and over-the-counter environment.

<sup>14</sup> The ‘Novo Mercado’ is the highest standard of corporate governance B3. In it, the participating companies adopt, on a voluntary basis, governance policies far above what the legislation requires and can only issue shares with voting rights, the so-called ‘common shares’ (ON). The companies in this segment are seen as the most transparent and the ones that give the most rights to their investors and are subject to certain rules of participation: 1) The capital must be composed exclusively of common shares with voting rights; 2) In the case of disposal of control, all shareholders are entitled to sell their shares for the same price (tag along of 100%) attributed to the shares held by the controller; 3) Installation of an Internal Audit area, Compliance function and Audit Committee (statutory or not); 4) In case of exit of the company from

of transparency and corporate governance. The Government of the State of Minas Gerais is the controlling shareholder. The Company has full control of the subsidiary [COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A \(COPANOR\)](#).

Learn more about [COPASA](#). 

Learn more about [COPASA Shareholding Composition](#). 

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the Novo Mercado, holding a public offer for the acquisition of shares (OPA) for a fair value, and at least 1/3 of the holders of the outstanding shares must accept the OPA or agree to the exit from the segment; 5) The Board of Directors must include at least 2% or 20% of independent directors, whichever is greater, with a unified term of office of at most two years; 6) The company undertakes to maintain at least 25% of the outstanding shares (free float), or 15%, in case of ADTV (average daily trading volume) greater than R\$25.0 million; 7) Structuring and disclosure of the evaluation process of the board of directors, its committees and the executive board; 8) Preparation and disclosure of policies for (i) remuneration, (ii) appointment of members of the board of directors, its advisory committees and statutory executive board, (iii) risk management, (iv) transaction with related parties; and (v) securities trading, with minimum content (except for the remuneration policy); 9) Simultaneous disclosure, in English and Portuguese, of relevant facts, information on earnings and press releases (communication to the public) of results; and 10) Monthly disclosure of negotiations with securities issued by the company and controlling shareholders.

## COPANOR

(GRI 102-1)

*COPANOR* was created in 2007 to provide water supply and sewage services in the North and Northeast Regions of the State of Minas Gerais. This region of the State has one of the lowest Human Development Indices (HDI) in Minas Gerais. Its scope of action is the localities with a population between 200 and 5,000 inhabitants.

The tariffs charged are well below the tariffs of its Parent Company (**COPASA MG**), since its cost structure does not take into account the remuneration of the investments.

As of July 2017, a Tariff Subsidy was created by Arsae-MG in the **COPASA MG** tariff, to support *COPANOR*'s investments and maintenance. This subsidy consists of a mechanism for transferring subsidized resources by **COPASA MG** users to the subsidiary, whose objective is to enable investments and maintenance of infrastructure assets. The amount of the subsidy, at 2017 prices, was R\$40 million.

As part of the 2nd (second) Tariff Revision completed in June 2021, Arsae-MG defined that, for the current tax cycle, the reference value of R\$40 million defined in 2017, monetarily restated by the INCC, was maintained.

In February 2020, tariffs were adjusted,

with 4.5% of the Effect. Average Tax, which corresponds to the average impact perceived by users due to the variation of applied tariffs.

In May 2020, the process of the 3rd Periodic Tariff Review of *COPANOR* was initiated, effective as of August 1, 2021. The Average Tariff Effect was 21.84%.

In 2021, R\$36.5 million were invested in *COPANOR*. In that year, the Parent Company made two (2) contributions of R\$23.8 million each, one in March and the other in August, aiming at improvements in the Subsidiary's infrastructure, as defined by the Regulatory Agency.

In December 2021, *COPANOR* served 223 thousand inhabitants with water supply and 105 thousand inhabitants with sanitary sewage.

**For the year 2022,  
investments of R\$47.5  
million are planned for the  
subsidiary,**

that will be used in operational demands to ensure the sustainability of the business and the adequate provision of services, focusing on pillars such as the reduction of supply intermittencies, the reduction of losses and infrastructure improvements.

Learn more about [COPANOR](#). 



## Commitments and Initiatives

(GRI 102-12; 102-13)

- **COPASA** is a signatory to the “10 Principles of the UN Global Compact” (‘Global Compact’).
- The Company is part of the Rede Desafio 2030 (D2030), composed of leading organizations in Sustainability in the State of Minas Gerais (MG) and, in partnership with Rede Brasil do Pacto Global, became the first SDG HUB in the World.
- We participated in all 36 existing state river basin committees in Minas Gerais and in six federal committees. These committees are governing bodies of the water resources system, with deliberative and normative functions in their regions of operation. They promote the discussion of the technical and economic feasibility financial aspects of investment programmes and the consolidation of urban and regional structural policies for the sustainable development of the basins.
- Business Charter for Human Rights and the Promotion of Decent Work.
- Ambition for the SDGs.
- Equity is Priority.
- Inova 2030 - Young Innovators in SDGs.

## Associations and Representative Entities

- Brazilian Association of Underground Waters
- Associação Brasileira de Engenharia Sanitária e Ambiental.
- Brazilian Association of Infrastructure and Basic Industries
- Brazilian Association of Technical Standards (ABNT)
- Associação Brasileira de Recursos Humanos/RS (Brazilian Association of Human Resources/RS-ABRH/RS)
- Brazilian Association of Training and Development (ABTD).
- Commercial Association of Minas Gerais (ACMG).
- Association of State Basic Sanitation Companies (Aesbe).
- American Chamber of Commerce (AMCHAM).
- Brazilian Dams Committee - CBDB
- State Council of Water Resources (CERH).
- Municipal Environmental Councils.
- Regional Council of Engineering and Agronomy (CREA-MG).
- National Quality Foundation (FNQ).
- Instituto Brasileiro Do Concreto - IBRACON
- Ethos Institute of Business and Social Responsibility

## Awards and Recognition

- The Northern Business Unit (UNNT) won the Level III “Platinum” Chiron trophy, in the category “The Best in Management in Sanitation”, from the National Sanitation Quality Award (PNQS), recognized as a model of excellence. Passed
- by the National Quality Committee of the Brazilian Association of Sanitary and Environmental Engineering (ABES).
- The [Pró-Mananciais Program](#) was the winner in the category ‘Innovation in Health Management (IGS)’, of the National Sanitation Quality Award (PNQS).
- The initiative “Optimization of resources and expansion of automation” promoted in the city of Teófilo Otoni (MG) was the winner in the category ‘Innovation in Sanitation Management (IGS)’, of the National Quality Award in Sanitation (PNQS).
- The [Pró-Mananciais Program](#) also received the ‘Semad<sup>15</sup> Recomenda Seal’.
- The [Engage to Transform Program](#) was awarded the ‘ECO Brazil: Amcham Award ’, in the category ‘Products and Services – Large Company ’.

## Loss Adjusting

(GRI 207-1; 207-2; 207-3)

Our activities develop in a regulated business environment. The regulation and supervision of public water supply and sewage services in the municipalities served by COPASA are the responsibility of the Regulatory Agency for Water Supply and Sewage Services of the State of Minas Gerais (Arsae-MG)<sup>16</sup>.

In 2021, Arsae-MG carried out economic, technical and commercial inspections to verify and evaluate the quality of the services provided and there were no fines applied to COPASA for non-compliance related to the supply and use of products and services.

<sup>15</sup> Secretary of State for Environment and Sustainable Development of Minas Gerais.

<sup>16</sup> Arsae-MG was established by State Law No. 18.309/2009 and is responsible for editing technical, economic, accounting and social standards, including the tariff regime, for the provision of water and sewage services in the State of Minas Gerais (MG).

## Pricing

The services provided by COPASA are remunerated through tariffs charged to residential, commercial, industrial and public customers throughout the State of Minas Gerais (MG). The adjustments in these tariffs are annual, approved and authorized in advance by Arsae-MG, which analyzes the economic and financial balance of the Company and the preservation of the social aspects of public services for water supply, collection and treatment of sewage.

### Water

Tariffs are differentiated into categories – social, residential, commercial, industrial and public – for the service provided and the consumption ranges. In this way, tariffs are progressive – those who consume more pay more per cubic meter ( $m^3$ ), than those who consume less.

### Sewage

Regarding sewage tariffs, which represent a percentage in relation to water tariffs, until July/2021, the dynamic depletion tariff with collection, but without treatment (EDC), corresponded to 25% of the water tariff. For dynamic depletion with collection and treatment (EDT), it corresponded to 100% of the water tariff. As of August/2021, both tariffs represent 74% of the water tariff.

### Readjustments

In 2021, an average tariff adjustment of -1.52% was applied to the tariffs for the provision of public water supply and sewage services of **COPASA**, approved by Resolution Arsae-MG number 154, of June 28, 2021.



# Strategic Declaration

(GRI 102-15; 102-16)

## Our Purpose

- Take care of water and generate value for people.

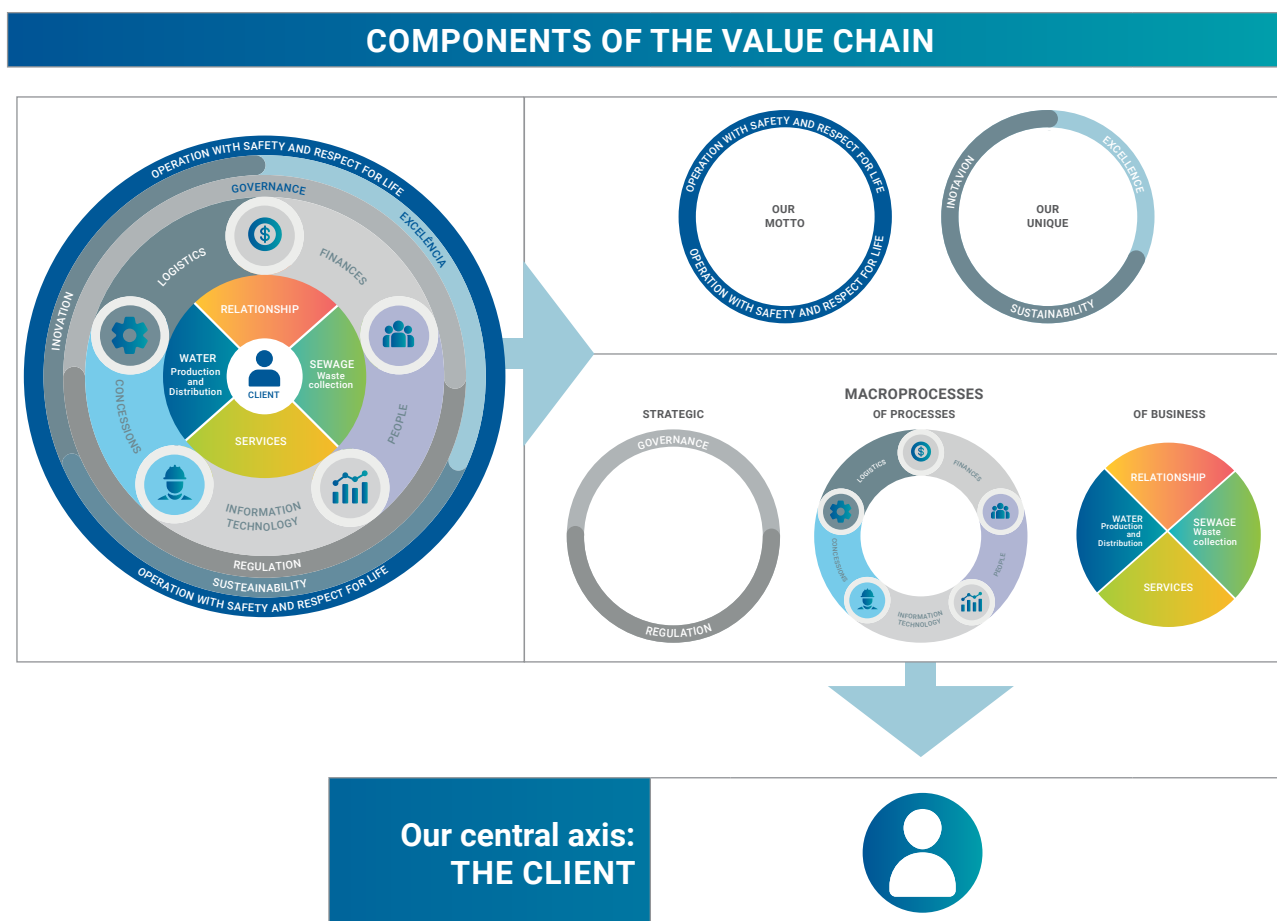
## Our Commitment

- We act with safety and respect for life.
- We are motivated to serve the customer well.
- We seek the universalization of water and sewage services, with quality and in a sustainable way.

## Our way

- We take care of safe, individual and collective behavior.
- We value people and develop their talents.
- We turn passion into quality service.
- We serve the customer with respect and enthusiasm.
- We make it happen with creativity and innovation.
- We are committed to deliveries and results.
- We respect and include diversity.
- We are in Compliance: integrity, responsibility, ethics and transparency.

## Our Processes



## Our ambition

- To be recognized for the quality and efficiency of our services.

## Excellence in Management

The *Strategic Program Rescue of Excellence*, launched in December 2020, aims to resume the application of the Management Excellence Model<sup>17</sup> (Meg), in addition to supporting [Corporate Governance](#) actions and fostering the development of a collaborative and co-creation environment, in which all units and employees of the Company are together and engaged to achieve excellence in management, processes and service.

Throughout 2021, 348 employees were trained, including managers, coordinators and teams. An assisted self-assessment process was promoted, coordinated by the National Quality Foundation (FNQ), and which involved the entire Company, which resulted in the diagnosis of management improvement.

### Cases and Awards

The assisted self-assessment process made it possible to hold workshops on management improvement plans, with the participation of leadership. **COPASA** Business Units prepared their Management Reports (RG), experienced the improvements proposed for management and thus made the applications for the [Prêmio National Sanitation Quality Award \(PNQS\)](#), e a Unidade de Negócio Norte conquistou a premiação.

In addition, eight successful cases of management practices were selected for presentation at the PNQS Benchmarking Seminar and two were the winners in the category "Innovation in Environmental Sanitation Management" (IGS): "[Pro-water sources: innovation in water sources management](#)" and "[Optimization of resources and expansion of automation](#) – Teófilo Otoni".

<sup>17</sup> MEG is the main publication of the National Quality Foundation (FNQ), one of the most important reference centers for improving the productivity and competitiveness of economic organizations. MEG is a reference model in organizational management based on eight Fundamentals of Management for Excellence and its main characteristic is to be an integrative and self-assessment model to obtain a diagnosis of management maturity: 1) Systemic Thinking; 2) Organizational Learning and Innovation; 3) Transformational Leadership; 4) Commitment to Stakeholders; 5) Adaptability; 6) Sustainable Development; 7) Process Orientation; and 8) Value Generation.



The actions of the Program contribute to the development and evolution of our management practices. In addition to being sustainable, they generate value for our stakeholders, especially for the population of the State of Minas Gerais (MG), leveraging the Company to fulfill [our Ambition: "To be recognized for the quality and efficiency of our services"](#). In the illustration, you can see the results for the period:



## Achievements

**348** MEG capabilities

- 92 program members
- 120 managers/advisors
- 38 internal evaluators
- 98 multipliers

**02** Business Units applied to PNQS

- Delivery of RG: UNNT and UNOE
- Level II Platinum Award for UNNT

**11** Eligible Cases

- 08 selected cases
- 02 finalist cases
- 02 winning cases

Delivery of AAA Diagnosis

- 109 hours of interviews
- 284 people involved
- 100% of units

Workshop elaboration of the PMG

- 23 Superintendents
- 12 managers
- 17 plans



# Corporate Governance

# COPASA Governance

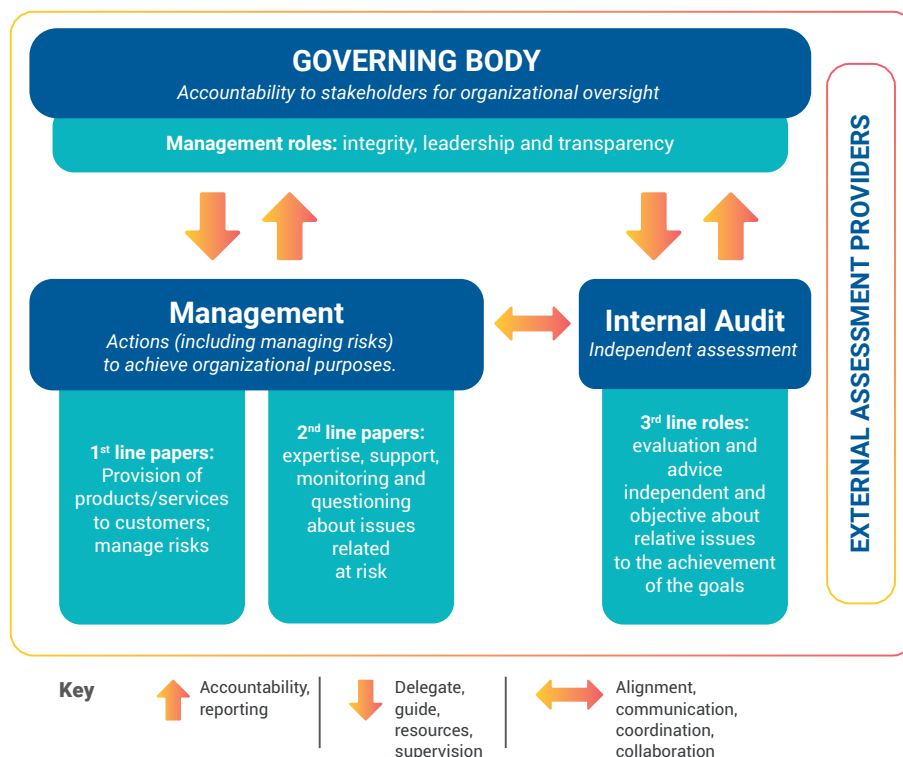
(GRI 103-1; 103-2; 103-3)

Our corporate governance structure favors the integrity environment in the Company and in its relations with society, employees, shareholders, customers and other stakeholders.

We have a corporate governance model that ensures the generation of value for shareholders, security for investors and transparency in management, in addition to complying with the requirements of regulatory bodies, legislation and market requirements - as we are a publicly traded company and aligned with the rules of the [Novo Mercado](#) (B3).

This model is based on four pillars: transparency, accountability, equity and corporate responsibility and to processes, customs, policies and laws. We operate in accordance with the Three Line Model, established by *The Institute of Internal Auditors (IAA Global<sup>18</sup>)*, an important part of the organization's risk management and control:

## The Three Lines Model of The IIA



<sup>18</sup> Created in 1941, The Institute of Internal Auditors (IIA) is an international professional association with a global headquarters in the United States. In Brazil, in 1960, IIA Brasil (Institute of Internal Auditors of Brazil) was founded, which today is among the five largest operating institutes in the world among the affiliates of The IIA.


Thus, control activities are not exclusive to a given organizational unit. All are carried out at all levels, in order to prevent errors and irregularities, which provides security in processes and compliance with corporate policies and legislation. An instrument for adequate decision-making, which helps to reduce risks, ensures the efficiency of processes and the transparency of established administrative guidelines.

In the daily life of the Company, employees and managers apply manuals, standards of practice and other management instruments that enable the prior diagnosis of impacts and risks and the implementation of measures to prevent these risks, in addition to identifying opportunities for improvement and the adoption of measures that contribute positively to the reputation of **COPASA**.

*The Annual Compliance Plan, approved by Senior Management, provides, among other actions, for the training "Compliance in Contract Management", in 2022, to reinforce to the Company's contract managers the importance of disseminating the Integrity culture, in dealing with suppliers and business partners, in addition to them so that they can be multipliers in the disclosure of the *Code of Conduct and Integrity* itself to Suppliers.*

Learn about the [Bylaws](#) of **COPASA**. 

Learn about **COPASA's** [Annual Governance](#) 

Know the [Code of Conduct and Integrity](#) of **COPASA**. 

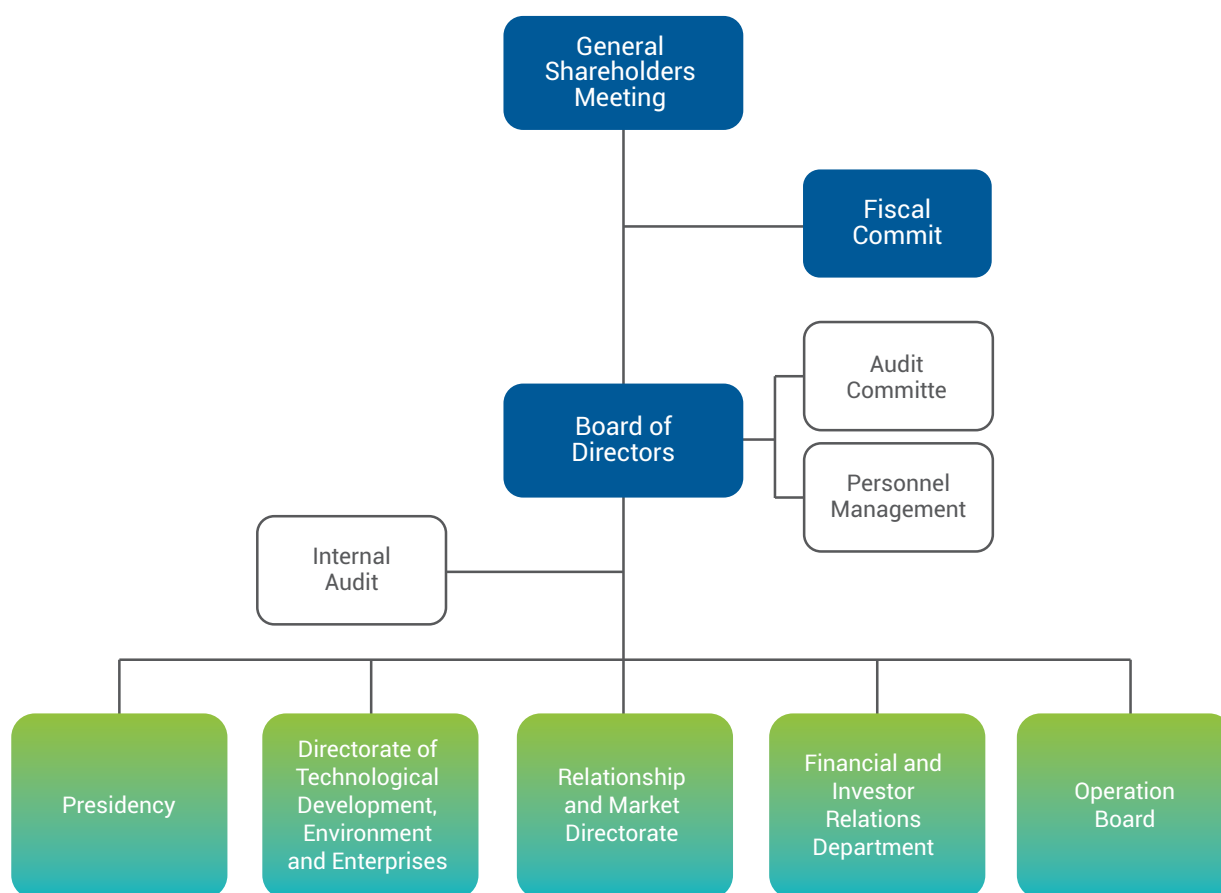




## Governance Structure

(GRI 102-18; 102-19; 102-20; 102-25; 102-26; 102-27; 102-29; 102-30, 102-31; 102-32; 102-33)

Our Corporate Governance Model is approved by the *Board of Directors*, with the objective of improving our performance and the decision-making process in senior management. Our governance structure is composed of: General Meeting of Shareholders, *Board of Directors* and its committees (Statutory Audit Committee and People Management Committee), *Fiscal Council*, Executive Board and Internal Audit.



### General Shareholders Meeting

The General Meeting (Shareholders) is responsible, according to the [Bylaws](#) of **COPASA**, for resolutions regarding legal affairs, including obtaining loans and financing and assumption of obligations in general, when the amount involved exceeds R\$100 million, as well as filing lawsuits and the conclusion of judicial and extrajudicial agreements, when the amount involved exceeds R\$100 million, and definition of remuneration of directors and officers.


## Board of Directors


(GRI 102-22; 102-23; 102-24)

The highest organ of **COPASA's** organizational structure, the Board of Directors (CA) establishes the general business orientation, decides on strategic issues, defines policies, evaluates and monitors the risks and compliance with the corporate purpose, being willing to guarantee the continuity of the Company. In its decisions, this collegiate considers the impacts of operations on society and the environment. It also determines the assignments, remuneration and goals of the executive officers.

It consists of seven directors, all elected by the General Meeting of Shareholders. Of this total, two (or 25%, according to the Statute) are independent<sup>19</sup> and one of them is the president and the other, vice-president. All are elected by the General Meeting of Shareholders – except for one employee representative, elected by the employees, in accordance with a specific regulation – for a biennial and unified management period, with a maximum of three consecutive renewals being allowed, considering the previous management periods that occurred less than two years ago; and may be dismissed by this at any time, subject to the **COPASA Statutory Member Eligibility Policy**. The accumulation of the positions of Chairman of the Board of Directors and Chief Executive Officer of the Company is not allowed.

The Board meets, ordinarily, each month, following a previously established calendar and, extraordinarily, whenever necessary. In the fiscal year 2021, 25 meetings of the Board of Directors were held, 12 ordinary meetings and 13 extraordinary meetings, including joint meetings with the Fiscal Council, COAUDI and the Executive Board.

Saiba mais sobre os [conselheiros titulares do Conselho de Administração \(CA\) da COPASA](#). 

Conheça o [Regimento Interno do Conselho de Administração](#) da COPASA. 

<sup>19</sup> Directors who have no relationship whatsoever with the company. Publicly-held companies have independent directors, leading decision-making and, thus, the composition of a Board of Directors may vary from company to company.

## Fiscal Committee

It operates on a permanent basis in the supervision of management acts, in the examination and analysis of the financial statements and guarantees the existence of COPASA, from a long-term perspective that adds considerations of order: economic, social, environmental and good corporate governance, in the definition of business and operations.

Composed of six effective directors (including the one elected by the mining shareholders and another, mandatorily, appointed by the State of Minas Gerais and who must be a public servant, with a permanent relationship with the Public Administration) and five alternates for a biennial management term, with a maximum of two consecutive renewals being allowed, considering the previous management periods that occurred less than two years ago, in compliance with the [COPASA Statutory Member Eligibility Policy](#). None of them holds a position in the Company and two women participate in the Board.

### Statutory Audit Committee

Its powers include: supervising the activities developed in the areas of internal control, internal audit and preparation of the financial statements of COPASA and COPANOR; monitoring the activities of the independent audit; monitoring the quality and integrity of the internal control mechanisms, financial statements and information and measurements disclosed by our Company and Subsidiary; evaluating and monitoring, together with the management of COPASA and the internal audit area, the adequacy and disclosure of transactions with related parties; and verifying the compliance of the evaluation process of managers and tax advisors.

It is formed by three participants, one of whom must be a member of the Board of Directors (CA), who must have a compatible academic background, preferably in the area of Accounting, auditing or in the sector where the Company operates. It may also have a former compatible professional experience, such as knowledge in audit, Compliance, controls, accounting, risks and the like, or experience in such activities, and at least one of the members must have recognized professional experience in corporate accounting matters. Learn about the [Internal Regulations of the Statutory Audit Committee \(COAUDI\)](#) of COPASA.

### Internal Audit

The Internal Audit, as provided for in Article 72 of the Company's Bylaws, is directly linked to the Board of Directors and responsible for evaluating the Company's internal control system, subordinated to the Board of Directors and reporting directly to the Audit Committee. It uses risk-based auditing to ensure that risk management processes, put in place at all levels of the Company, are operating as planned. The Annual Audit Plan is presented to senior management, addressing the metrics adopted and the main riskseconomic, social and environmental mapped, which supported the Plan.



The Compliance and Internal Audit Superintendence reports the work carried out in the quarter to the governance bodies and quarterly it is presented to the Board of Directors and to the Executive Board the evolution of the implementation of the [Integrity Plan](#).

*The Annual Report of Internal Audit Activities, available on the Company's website, presents the audit work carried out, listing the number of macroprocesses, processes or procedures evaluated in the year.*

### Internal Controls Audit Unit (UACO)

It has the competence to carry out audits on the Company's business management processes and practices; verify the effectiveness of internal controls; verify the performance of processes and the effectiveness of risk management and governance of the Company; among other duties.

[Learn about COPASA's Annual Internal Audit Activity Report \(RAINT\).](#) 

### Executive Board

The DE is composed of five members, including a Chief Executive Officer, a Financial and Investor Relations Officer, a Relations and Market Officer, an Operations Officer and a Director of Technological Development, Environment and Enterprises. They are elected by the Board of Directors, which selects them according to the criteria and prohibitions provided for in the [Eligibility Policy for Statutory Members](#) and also defines the areas of activity and attributions.

It is the responsibility of all directors, the management of the Company's business and, in the exercise of this function, to comply with and enforce the laws, the rules of the [Bylaws](#), the resolutions of the General Meeting and the Board of Directors, its Internal Regulations and good corporate governance practices. The positions of Chairman of the Board of Directors and Chief Executive Officer may not be accumulated by the same person.

The Executive Board is also advised by socio-environmental and economic impact working groups, aimed at internal and external audiences, such as *the Climate Committee; the Waste*

*Committee; the Environmental Committee, the Sustainability Subcommittee; the Working Group on Dam Safety and sectoral committees of the SEMAD Environment Program.*

### Superintendence of Compliance and Risks

Statutory unit, directly linked to the Presidency, to assist in the management or corporate risks to support the decision-making of managers, support the implementation of internal controls and their review, and disseminate the culture of integrity.

Its duties, among others, are to lead and supervise risk management activities; issue recommendations for the improvement of corporate governance, risk management and internal controls; and disseminate the Company's policies to *stakeholders* and the importance of their compliance, as provided for in the Bylaws and Guidelines.

### Performance Evaluation

(GRI 102-28)

In compliance with Article 13, item II, of Law 13.303, of June 30, 2016; State Decree No. 47.154/2017, in its art. 21, II with art. 28, item X of the Bylaws of **COPASA**, the Collective evaluations of the Board of Directors and the Audit Committee and the individual evaluations of the Executive Board and the Officers are promoted annually, under the following criteria: exposure of the management acts practiced regarding the lawfulness and effectiveness of the administrative action, contribution to the result of the year, achievement of the objectives established in the business plan and compliance with the long-term strategy. These annual performance evaluations are an important step to assess the effectiveness of the performance of the members of the Management and contribute to the improvement of corporate governance.

All board members participate, in possession and annually, in evaluation processes and specific training, related to essential topics and related to **COPASA's** activities, such as ESG, good social and environmental practices, Corporate Sustainability, corporate and capital market legislation, disclosure of information, Federal Law No. 12.846/2013 (Anti-Corruption Law), Bidding and Contracts, Internal Controls and the Code of Ethical Conduct.

## Compensation for

(GRI 102-35; 102-36; 102-37;  
202-1)

The remuneration paid to the professionals who are part of the Company's management bodies (boards of directors, auditors and directors) seeks as references the best market practices, with the focus of stimulating the alignment of the objectives to productivity and efficiency, maintaining competitiveness in the market.

Annually, the Company defines the overall remuneration of the managers and takes into account the impact on the economic and financial results projected for the next years. Our controlling shareholder, the State of Minas Gerais (MG), previously expresses its opinion on the compensation proposed to the managers. The Committee for the Coordination and Governance of State-Owned Companies (CCGE), a collegiate body formed by the Secretaries of State for Finance, Economic Development and Planning and Management, analyzes the proposal and defines the value of remuneration or adjustment. This condition meets State Decree No. 47.771/2019.

After the manifestation of the members of the CCGE, the amounts proposed for the global compensation of the members of the *Boards of Directors, the Executive Board and the Fiscal Council* are submitted to the approval of the *General Meeting of Shareholders*, as defined in the [Bylaws](#). For the calculation of variable remuneration, the percentage of achievement of the goals is considered, which is measured annually.

In 2021, the General Meeting of Shareholders was held on August 19. On that occasion, 99.7% of those present voted in favour of the proposed remuneration.

It is worth mentioning that the Board of Directors does not have the right to profit sharing, since art. 31 of State Decree No. 47.154/2017 prohibits the payment of this item to members of the Board of Directors of state-owned companies.



## Diversity In Governance Bodies

(GRI 102-24; 405-1)

Gender diversity is not a criterion considered in the appointment of members of the highest governance body. In the *Executive Board (DE)*, the *Relationship and Market Board* is occupied by one woman (or 20% participation); in the *Fiscal Council (CF)*, two women (or 18% participation).

### PERCENTAGE OF INDIVIDUALS WHO ARE MEMBERS OF THE GOVERNANCE BODIES

According to gender	2017		2018		2019		2020		2021	
	Total	%	Total	%	Total	%	Total	%	Total	%
Man	13	68.42%	11	64.71%	16	94.12%	15	88.24%	15	88.24%
Women	6	31.58%	6	35.29%	1	5.88%	2	11.76%	2	11.76%
Total	19	100%	17	100%	17	100%	17	100%	17	100%
Indicator 405-1										

By age group	2017		2018		2019		2020		2021	
	Total	%	Total	%	Total	%	Total	%	Total	%
Under 30 years	0	0.00%	0	0.00%	1	5.88%	1	5.88%	1	5.88%
Between 30 and 50 years	7	36.84%	4	23.53%	8	47.06%	8	47.06%	7	41.18%
Above 50 years	12	63.16%	13	76.47%	8	47.06%	8	47.06%	9	52.94%
Total	19	100%	17	100%	17	100%	17	100%	17	100%
Indicator 405-1										

By Diversity indicator	2017		2018		2019		2020		2021	
	Total	%	Total	%	Total	%	Total	%	Total	%
White	2	10.53%	4	23.53%	13	76.47%	12	70.59%	12	70.59%
Black	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Brown	0	0.00%	0	0.00%	2	11.76%	2	11.76%	2	11.76%
Yellow	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Indigenous	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Not informed	17	89.47%	13	76.47%	2	11.76%	3	17.65%	3	17.65%
Total	19	100%	17	100%	17	100%	17	100%	17	100%

## Ethics and Integrity

(GRI 102-16; 102-17; 205-1;  
205-2;205-3)

**COPASA** seeks a commitment to integrity on the part of all collaborators, administrators (directors, auditors and directors), members of committees and shareholders, as well as their suppliers, service providers, public authorities, representatives of regulatory agencies and any other stakeholder with whom it maintains a contractual relationship.

### Ethics and Governance Instruments

**COPASA's** Corporate Governance structure fulfills the role of providing a set of principles and rules that, when followed, prevent the violation of ethics, give autonomy to activities and improve the transparency of information and the reputation of the Company among stakeholders.

Controls related to integrity risks will be evaluated in July/2022. From the identification and analysis of these controls, we will be able to verify the residual risk and identify the significant ones.

### Code of Conduct and Integrity

(GRI 205-1; 205-2; 205-3)

Document that gathers and officializes the principles and values that guide how the Company's relations should develop and thus strengthen business ethics and integrity conduct, with the support of operational, management and relationship practices and decision-making.

Upon joining **COPASA**, all employees and administrators (tax advisors, auditors and directors) formally commit to the ethical precepts, by signing a Term of Commitment.

All suppliers, service providers, intermediary agents, associates or any other that relate to or represent **COPASA** are also subject to the Code, formally committing to comply with it, from the signing of contracts or any other instruments.

In 2021, all 18 members of the governance body (100%) of **COPASA** participated in the Annual Management Training, lasting 14 hours, in which the policies and procedures to combat corruption adopted by the organization were communicated. Among the 10,692 employees, 99% (or 10,586 employees) were communicated about the practices, policies and procedures to combat corruption adopted by the organization. Approximately 90% of the 18 members of the governing body received training in the fight against corruption and 9,070 employees, 84% of the total, received the same training.

100% of the Company's business partners received guidance on anti-corruption practices – knowledge of and adherence to this corporate policy is mandatory for all contracts in force.

[Learn about the \*\*COPASA\*\* Code of Conduct and Integrity](#) 

## Ethics Committee

The Ethics Committee is a collegiate body of an advisory and deliberative nature, with decision-making autonomy, and reports directly to the Chief Executive Officer to favor the communication, investigation, prevention and treatment of ethical complaints, related to interpersonal relations, abuse of power and harassment. Also included are reports and unlawful practices and contrary to the interests of **COPASA**, such as corruption, fraud, irregularities, conflict of interest, among others, committed by employees and administrators (directors, inspectors, auditors and executive officers) and by those related to it, based on the Social Responsibility Policy and the provisions of the Code of Conduct and Integrity (Code), the a [Policy on Transactions with Related Parties](#) and the [Integrity Plan](#).

Conduct contrary to the provisions of the Code and analyzed by the Committee is subject to the application of a sanction by the Ethics Committee or penalties provided for in the Standard of Procedure "Disciplinary System". In addition, measures taken in the event of corruption are subject to current legislation.

In 2021, four employees were fired or punished for involvement in acts of corruption.



## Policies and Regulations

The following are **COPASA's** corporate policies, regulations and other regulations, which are applicable to employees, trainees, apprentices, administrators, directors, service providers and those who, in any way, perform activities in the Company.

### Corporate Policies

<a href="#">Anti-corruption Policy</a>
<a href="#">Hospitality, Presents and Gifts Policy</a>
<a href="#">Conflicts of Interest Policy</a>
<a href="#">Internal Controls Policy</a>
<a href="#">Dividend Policy</a>
<a href="#">Disclosure and Negotiation Policy</a>
<a href="#">Donations and Sponsorship Policy</a>
<a href="#">Integrity Due Diligence Policy</a>
<a href="#">Statutory Membership Eligibility Policy</a>
<a href="#">Corporate Risk Management Policy</a>
<a href="#">Dam Safety Management Policy</a>
<a href="#">Corporate Governance Policy</a>
<a href="#">Equity Interest Policy</a>
<a href="#">Personal Data Protection Policy</a>
<a href="#">Social Responsibility Policy</a>
<a href="#">Policy on Related Party Transactions</a>
<a href="#">Integrity Plan</a>
<a href="#">Code of Conduct and Integrity</a>



The Company's Whistleblowing Channel, called the *Ethics Line Channel*, aims to inhibit illegal practices and practices contrary to the interests of **COPASA**, such as corruption, fraud, irregularities, conflict of interest, among others, as well as to favor the communication, investigation and treatment of these practices.

It is available 24 hours a day, 7 days a week, on the **COPASA** website, ([http:// www.copasa.com.br](http://www.copasa.com.br)), accessible to any citizen, who can make complaints anonymously or identified, with guarantee of independence in the investigations. The progress of the entire process can be monitored by the whistleblower, through protocol and registration on the website. Complaints can also be sent by e-mail [denuncias@copasa.com.br](mailto:denuncias@copasa.com.br) or by phone (31) 3207-7250.

The management of this Channel is the responsibility of the Internal Audit (AUDI), linked directly to the *Board of Directors (CA)* of **COPASA**, which guarantees total independence in the treatment of complaints.

## COPASA Ombudsman

The **COPASA** Ombudsman is a control and social participation body responsible for handling complaints, requests, complaints, suggestions and compliments related to the quality and service of the Company's services. It is an appeal instance of the client and is used when its demand has not been satisfactorily addressed in the other Relationship Channels **COPASA**.

The Ombudsman is also responsible for processing requests for information registered on the Transparency Portal and for ensuring compliance with the legal deadline for responding to the plaintiff, in accordance with Federal Law No. 12.527/2011. The demands registered with the Arsae-MG Ombudsman, the Public Prosecutor's Office and the General Ombudsman of the State of Minas Gerais, which involve both **COPASA** and **COPANOR**, are also met by the **COPASA** Ombudsman.

Our services and customer service are quality measured through resolution indicators, service time and average response time to user demands. In addition, periodically, satisfaction research is promoted in relation to the Ombudsman. .

COPASA OMBUDSMAN - INDICATORS			
YAE	Resolubility Index	Response Deadlines Compliance Index	Average response time of the demands
2021	70%	53.9%	25 days
2020*	-	65.5%	18 days
* 2020 does not have the indicator related to the Resolubility Index, considering that, in the period, we did not calculate this information.			

COPASA OMBUDSMAN – SATISFACTION SURVEY		
YEAR	2020	2021
Users consider the deadline for solving the demand SATISFACTORY	34%	35%
Users consider the quality of the Ombudsman's response SATISFACTORY	38%	39%
Users will trigger the Ombudsman again	68%	70%

## Risk Management

(GRI 102-11; 102-30)

**COPASA's** [Corporate Risk Management Policy](#) establishes the principles, guidelines and responsibilities to be observed in the activities related to the management of the Company's corporate risks and guides the actions for the identification, evaluation, treatment, monitoring and communication of risks. In 2021, the Board of Directors defined the strategy to meet its business objectives, approved the appetite and tolerance to risks.

It also defines, in the principles and guidelines contained in this Policy, that it must approve opportunities and foresee internal and external threats that may affect strategic, economic-financial, operational and Compliance objectives. It seeks to provide reasonable assurance of compliance with the goals established in its strategic statement.

Regarding exposure limits (appetite and tolerance) to risks, **COPASA** operates with a conservative profile, these limits being established according to the nature of each risk, as provided for in the [Corporate Risk Management Policy](#).

## Corporate Risk Matrix

(GRI 102-15)

The **COPASA** *Corporate Risk Matrix* describes 39 risks, 32 corporate risks and 7 Integrity risks identified in seven macroprocesses: Concession, Finance, Governance, Infrastructure, Logistics, Operation and Human Resources. Among them, the ten most critical risks were selected with treatment and minimization actions prepared and approved by the Board of Directors. .





**COPASA** launched, in 2021, the Research, Technological Development and Innovation Program (INOVA COPASA), for the creation and development of technologies, products, services and processes that increase the efficiency, productivity and quality of the services provided by the Company.

Structured in four thematic axes, it intends to evaluate and select solutions with the potential to generate incremental revenues to the business and contribute to the reduction or rationalization of expenses and expenses. These are:

#### AXIS 1 - CHALLENGE TO TECHNOLOGICAL INNOVATION (COPATHON)

Directed exclusively to the Company's employees to encourage inventiveness and creativity in solutions that can improve the performance and results of processes and activities. 15 projects were selected in the areas of Automation, Losses, Customers, Maintenance, Operation and Energy.

#### AXIS 2 - R&D COPASA (COPAJUMP)

Also exclusive to COPASA employees to encourage the improvement of training and improvement in *strict and lato sensu* courses, focused on topics of strategic interest to the Company. Master's scholarships are already in progress for employees in the Industrial Automation segment and actions in support of master's projects in Biological Sciences and Water Resources Management.

#### AXIS 3 - COPACADEMY

Directed to the academy and the scientific community, in Brazil or abroad, for the development of applied research, innovation and sanitation solutions for the Company. There are several actions in progress, together with the Federal University of Minas Gerais (UFMG), Federal University of Juiz de Fora (UFJF), Federal University of Viçosa (UFV), Federal University of Lavras (UFLA), UniAraxá and *Ohio State University*.

#### AXIS 4 - COPAPARTNER

Dedicated to open innovation and the startup ecosystem in the search for innovative solutions that can increase COPASA's competitive advantage. It is in the process of preparing for the publication of an open innovation notice for the MG<sup>20</sup> HUB, linked to the Secretariat for Economic Development of the State of Minas Gerais (SEDE/GOV/MG), for important challenges of the Company and whose solutions will be prospected in the startup ecosystem.

<sup>20</sup> The MG Hub is an open innovation program that supports the public sector and medium and large mining companies to remain innovative, connecting relevant challenges to technological solutions around the world, through the Open Innovation Cycle with the market and academia.

## II. We act with safety and respect for life

*We take care of safe, individual and collective behavior, and, to this end, we act preventively and guarantee health, safety and integrity by stimulating practices and healthy habits for the generation of well-being and quality life. We respect and include diversity!*



A person wearing a white hard hat and a blue shirt is crouching in a field, planting a young tree. The person is wearing a lanyard with an ID badge. The background shows a line of trees under a bright sky with a lens flare effect. The word "Stakeholders" is overlaid in large white text on the bottom left of the image.

# Stakeholders



(GRI 102-40; 102-42)

Our relationships are based on institutional values and policies, in particular the Social Responsibility Policy, the Code of Ethical Conduct, the *Related Party Transactions Policy*, the *Integrity Plan*, the precepts of the Management Excellence Model - essential factors for alignment between corporate guidelines and the needs and expectations of the parties involved.

We listen to stakeholders, through our relationship, communication and interactivity channels (surveys, virtual customer service channels, media, social networks, service agencies, among others) and the process of preparing the Materiality Matrix.

## Customers

(GRI 103-1; 103-2; 103-3) |  
(SASB IF-WU-240a.1)

Our strategy takes the customer to the heart of the business. We serve the customer with respect and enthusiasm, incorporating elements that unite innovative transformation and customer centrality. Customers are our greatest commitment and motivation to achieve the universalization of water and sewage services, with quality and in a sustainable way. Always acting based on safety and respect for life, **COPASA** invests in innovation as a means to make its deliveries increasingly efficient and sustainable.

The satisfaction, the identification of the client with the provision of services and the credibility of **COPASA** value the brand and significantly reduce the economic, social and environmental impacts. From the perspective of satisfaction, the quality of service culminates in brand loyalty, continuous improvement of the company's image and customer engagement in the Company's social, economic and environmental actions, which provide quality of life and infrastructure investments.



## 'Talk to CHICO'

In June/2021, **COPASA** presented to the public the Virtual Assistant Chico. This chatbot/webchat of customer relationship was made available in the Virtual Agency. In August/2021, Chico arrived at Whatsapp – (31) 99770-7000.

Talk to **Chico**. 



The computerized service represented a significant gain in service time, productivity and efficiency, with the inclusion of documents by the customer, directly, on the platform. In addition, digitalization provided a representative improvement in the dialogue with the customer, generating spontaneous satisfaction feedbacks. Not to mention the exponential growth in the volume of services, going from 14 WhatsApp services, June/2021, to about 250 thousand, in Dec/2021.

The user units served by **COPASA** are registered in five categories, according to the activity performed in them: *social, residential, commercial, industrial and public*.

In addition to mitigating risks and enhancing positive impacts, the purpose lies in the Company's own healthy permanence in the Sanitation market, in strengthening the brand and in the role of contributing to the quality of life of society, employees and customers. These initiatives, widely developed, accepted and expected by stakeholders and by the national and international market are linked to the change in the culture of service to customer relations that guides the search for the Commitments "To serve the customer well" and "We transform Passion into Quality Service".

Customer service is controlled, coordinated and managed through software such as CRM/BI *Business Intelligence*, Be Moby digital platform, SIGA Queue Management System, as well as frequent meetings with commercial and manager teams. In addition, performance indicators are analyzed and managed, such as the average time to meet demands and the volumes established for control.

Another form of control is the practices of benchmarking<sup>21</sup>, feedback<sup>22</sup>, including the customer – with the provision of service research to 100% of the call center customers. There are also specific regulations of the Arsae-MG Regulatory Agency, which establish standards and criteria for compliance.

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21 Company's evaluation process in relation to competition, through which it incorporates the best performances of other firms and/or improves its own methods.

22 Feed or respond to a particular request, or event (feed = feed and back = back). Term used, both in the business environment and in human relations.

## Attendance and Relationship

(GRI 416-1)

The approval of the Sanitation Framework determined a broader and more dynamic competitive environment for the sector. **COPASA** prepared, throughout 2021, to meet the normative and regulatory demands to maintain and expand market share. And customer service and relationship practices are fundamental actions to achieve this aspiration.

Customer service is carried out in service agencies, local offices and operational units; by telephone or virtual means, such as the Virtual Agency, the **COPASA** Digital application and WhatsApp (available 24 hours a day, 7 days a week). To reinforce our commitment to our customers, we started the process of hiring an Integrated Customer Relationship Solution (Omnichannel<sup>23</sup>), which will include, in addition to hiring a digital customer relationship platform that included the transformation of 100 face-to-face service agencies ("Concept Store"), self-service structures, digital payment and collection.

The evolution and improvement of services in our Relationship and Interactivity channels were managed and monitored of the results, through the CRM – Business Intelligence platform.

We also invested in the optimization and automation improvements of the **COPASA** call center, which included the training and adaptation of the Call Center operators, according to the call curve, in addition to the expansion of the URA<sup>24</sup> service services and the prioritization of service by level of complexity of the response. These adjustments resulted in a 54.1% reduction in the number of missed calls: 229 thousand (January/2021) to 105 thousand (November/2021).

<sup>23</sup> Omnichannel is the strategy of creating a unified customer experience across all of a company's operating platforms. It is not just about offering unified communication through the service and sales channels, but investing in the personalization of each contact. With it, the customer can communicate with a company through the platform that suits them best (SMS, phone, Facebook, Instagram, website, chatbot, voicebot, etc.), without having to provide your basic data and explain your problem to each contact.

<sup>24</sup> URA, or Audible Response Unit, is a type of electronic attendant capable of identifying digits and voice, and reacting from this information. The system, also known as IVR Talker, recognizes digits and voice and, through this identification, is able to transfer calls and forward calls for human agents. In addition, this resource is able to resolve quick and common demands and requests without the person having to wait for an attendant to do so. All it takes is for the customer to enter a number or say it out loud to receive the answer.



BANCO DE IMAGENS - LOJA CONCEITO COPASA, BELO HORIZONTE, MINAS GERAIS

## Privacy and Data Protection

(GRI 418-1)

The risk related to privacy and protection of sensitive data is addressed in the **COPASA** Corporate Risk Matrix and, for its containment, the Risk Response Plan "Information Security" was prepared and approved, whose treatment actions for its mitigation have been implemented and monitored. In 2020, in compliance with the *General Data Protection Law (Federal Law No. 13.709/2018)*, the Company constituted the *Personal Data Protection Commission*, instituted the *Personal Data Protection Policy* and Program, as well as created and appointed the Data Protection Officer (DPO).

In 2021, we did not receive records from the state regulatory agency (Arsae-MG), but we received and confirmed 47 customer privacy violation complaints.


Regarding the management of the relationship channels, the employees involved in the service are guided as to the procedures for changing the registration, registration and archiving of customer documentation. They received guidance on LGPD<sup>25</sup> and the developments of this Law in the custody and disclosure of sensitive information to third parties. The goal is to keep the indicator at 0%.

All reported cases are cleared. For occurrences of non-recognition of address linked to the CPF/name of the client, the existence of homonyms was identified. All internal negotiations are conducted with secrecy by the units involved, with a focus on identification and solution, as well as customer response.

<sup>25</sup> The General Personal Data Protection Law - LGPD (No. 13.709/2018) establishes important and mandatory guidelines for the collection, processing and storage of personal data. It was inspired by the GDPR (General Data Protection Regulation), which came into force in 2018 in the European Union, bringing great impacts to companies and consumers.



Learn about **COPASA's** [Personal Data Protection Policy](#). 

Learn about the [Information Protection Regulation – Strategic Commercial and Industrial Secrets of COPASA](#). 

## Employees

(GRI 102-8; 201-3; 401-1;  
401-2; 401-3; 402-1; 405-1; 407-1;  
408-1; 409-1)

People Management is one of the main pillars of the strategy at **COPASA**, which continues to invest in the training and safety of its employees.

Admission to the Company, as a direct employee, occurs mainly through a public tender, whose notices are published in the main communication channels of the State. There is also the provision for the absorption of municipal public servants working in water and/or sewage services assumed by **COPASA**, observing the qualitative and quantitative sizing of personnel, the legal provisions for appointment in the public service, the *Program Contract* established between the parties and other conditions established in the regulation of the *Careers, Positions and Salaries Plan (PCCS)*. There is also the possibility of broad recruitment to exercise positions of trust. All employment contracts are for an indefinite period. In addition, we have an internship program and we hire apprentices.

We value the performance of unions as representatives of the interests of our employees and recognize the right of free association. The Company maintains a permanent and respectful relationship with the various union entities. For this, it provides constantly open channels of communication and institutional relationship, so that any conflicts and impasses are dealt with and resolved through negotiation, to reduce and avoid negative impacts on the organizational climate and reputation.

Negotiations of Collective Bargaining Agreements are made directly with the trade unions representing the categories. In 2021, all our employees (100%) were covered by an Agreement or Collective Bargaining Agreement.

**TOTAL NUMBER OF EMPLOYEES PER EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY<sup>1)</sup>), BY GENDER**

	2017	2018	2019	2020	2021
Gender/ type of contract	Permanent assets	Permanent assets	Permanent assets	Permanent assets	Permanent assets
Feminine	1042	1073	1071	1062	951
Male	10220	10474	10454	10331	9741
Total	11262	11547	11525	11393	10692

1) **COPASA** does not hire an individual to perform temporary work. The form of admission is only by public tender, all of which are permanent contractors.

**TOTAL NUMBER OF EMPLOYEES PER EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY<sup>1)</sup>), BY REGION**

	2017	2018	2019	2020	2021
Region/ type of contract	Permanent assets	Permanent assets	Permanent assets	Permanent assets	Permanent assets
Costs	823	854	863	855	801
Northern Center	716	750	749	764	733
Metropolitan BH	4400	4469	4453	4405	4105
Northeast	787	807	801	780	731
North	621	630	633	619	596
Southeast	973	1049	1048	1033	971
Southwest	765	786	783	774	719
South	1582	1598	1587	1555	1460
Vale do Aço	595	604	608	608	576
Total	11262	11547	11525	11393	10692

**TOTAL NUMBER OF EMPLOYEES PER TYPE OF JOB (INTEGRAL OR PARTIAL TIME), BY GENDER**

Active employees of <b>COPASA</b>	2017	2018	2019	2020	2021
Gender/ type of job	Integral	Integral	Integral	Integral	Integral
Feminine	1042	1073	1071	1062	951
Male	10220	10474	10454	10331	9741
Total	11262	11547	11525	11393	10692

PERCENTAGE OF EMPLOYEES BY FUNCTIONAL CATEGORY (BY GENDER)											
Functional category	Gender	2017		2018		2019		2020		2021	
		Total	%	Total	%	Total	%	Total	%	Total	%
Comittee	Men	123	73.65%	112	69.57%	92	70.23%	95	68.35%	97	66.90%
	Women	44	26.35%	49	30.43%	39	29.77%	44	31.65%	48	33.10%
	Total	167	100%	161	100%	131	100%	139	100%	145	100%
Administrative Superior	Men	142	49.82%	145	50.35%	155	52.19%	152	52.41%	132	51.76%
	Women	143	50.18%	143	49.65%	142	47.81%	138	47.59%	123	48.24%
	Total	285	100%	288	100%	297	100%	290	100%	255	100%
Operational Superior	Men	296	72.73%	303	72.32%	310	71.59%	310	71.93%	281	70.25%
	Women	111	27.27%	116	27.68%	123	28.41%	121	28.07%	119	29.75%
	Total	407	100%	419	100%	433	100%	431	100%	400	100%
Operational Technician	Men	813	93.02%	872	93.46%	868	93.53%	888	93.57%	902	93.67%
	Women	61	6.98%	61	6.54%	60	6.47%	61	6.43%	61	6.33%
	Total	874	100%	933	100%	928	100%	949	100%	963	100%
Administrative Clerk	Men	1382	75.77%	1031	69.38%	1030	69.13%	1017	69.09%	1006	72.11%
	Women	442	24.23%	455	30.62%	460	30.87%	455	30.91%	389	27.89%
	Total	1824	100%	1486	100%	1490	100%	1472	100%	1395	100%
Operational	Men	6756	98.25%	7280	98.48%	7264	98.52%	7143	98.59%	6663	98.78%
	Women	120	1.75%	112	1.52%	109	1.48%	102	1.41%	82	1.22%
	Total	6876	100%	7392	100%	7373	100%	7245	100%	6745	100%
Administrative	Men	708	85.40%	731	84.22%	735	84.19%	726	83.74%	660	83.65%
	Women	121	14.60%	137	15.78%	138	15.81%	141	16.26%	129	16.35%
	Total	829	100%	868	100%	873	100%	867	100%	789	100%
Total	Men	10220	90.75%	10474	90.71%	10454	90.71%	10331	90.68%	9741	91.11%
	Women	1042	9.25%	1073	9.29%	1071	9.29%	1062	9.32%	951	8.89%
	Total geral	11262	100%	11547	100%	11525	100%	11393	100%	10692	100%

PERCENTAGE OF EMPLOYEES BY FUNCTIONAL CATEGORY			
		2021	
Functional category	Age group	Total	%
Comittee	Under 30 years	0	0.00%
	Between 30 and 50 years	78	54.55%
	Above 50 years	65	45.45%
	Total	143	100%
Administrative Superior	Under 30 years	1	0.39%
	Between 30 and 50 years	129	50.59%
	Above 50 years	125	49.02%
	Total	255	100%

Operational Superior	Under 30 years	4	1.00%
	Between 30 and 50 years	178	44.50%
	Above 50 years	218	54.50%
	<b>Total</b>	<b>400</b>	<b>100%</b>
Administrative Clerk	Under 30 years	23	1.65%
	Between 30 and 50 years	599	42.94%
	Above 50 years	773	55.41%
	<b>Total</b>	<b>1395</b>	<b>100%</b>
Operational Technician	Under 30 years	17	1.77%
	Between 30 and 50 years	563	58.46%
	Above 50 years	383	39.77%
	<b>Total</b>	<b>963</b>	<b>100%</b>
Operational	Under 30 years	356	5.28%
	Between 30 and 50 years	3813	56.53%
	Above 50 years	2576	38.19%
	<b>Total</b>	<b>6745</b>	<b>100%</b>
Administrative	Under 30 years	36	4.56%
	Between 30 and 50 years	390	49.43%
	Above 50 years	363	46.01%
	<b>Total</b>	<b>789</b>	<b>100%</b>
<b>Total</b>	Under 30 years	<b>437</b>	<b>4.09%</b>
	Between 30 and 50 years	<b>5750</b>	<b>53.79%</b>
	Above 50 years	<b>4503</b>	<b>42.12%</b>
	<b>Overall Total</b>	<b>10690</b>	<b>100%</b>

\*The pending information is due to a change in age group criteria and lack of history due to the new data crossings requested.

## PERCENTAGE OF EMPLOYEES BY FUNCTIONAL CATEGORY

Functional category	Diversity indicator	2017		2018		2019		2020		2021	
		Total	%	Total	%	Total	%	Total	%	Total	%
Comittee	White	137	82.04%	118	73.29%	85	64.89%	94	67.63%	101	69.66%
	Black	3	1.80%	3	1.86%	4	3.05%	5	3.60%	4	2.76%
	Brown	27	16.17%	37	22.98%	33	25.19%	32	23.02%	33	22.76%
	Yellow	0	0.00%	1	0.62%	1	0.76%	1	0.72%	1	0.69%
	Indigenous	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Not informed	0	0.00%	2	1.24%	8	6.11%	7	5.04%	6	4.14%
	<b>Total</b>	<b>167</b>	<b>100.00%</b>	<b>161</b>	<b>100.00%</b>	<b>131</b>	<b>100.00%</b>	<b>139</b>	<b>100.00%</b>	<b>145</b>	<b>100.00%</b>



Administrative Superior	White	213	74.74%	191	66.32%	202	68.01%	196	67.59%	172	67.45%
	Black	11	3.86%	15	5.21%	16	5.39%	14	4.83%	13	5.10%
	Brown	61	21.40%	71	24.65%	70	23.57%	71	24.48%	62	24.31%
	Yellow	0	0.00%	1	0.35%	1	0.34%	1	0.34%	1	0.39%
	Indigenous	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	Not informed	0	0.00%	10	3.47%	8	2.69%	8	2.76%	7	2.75%
	Total	285	100.00%	288	100.00%	297	100.00%	290	100.00%	255	100.00%
Operational Superior	White	302	74.20%	266	63.48%	279	64.43%	279	64.73%	252	63.00%
	Black	13	3.19%	21	5.01%	21	4.85%	21	4.87%	23	5.75%
	Brown	91	22.36%	110	26.25%	111	25.64%	110	25.52%	106	26.50%
	Yellow	1	0.25%	7	1.67%	7	1.62%	7	1.62%	6	1.50%
	Indigenous	0	0.00%	1	0.24%	1	0.23%	1	0.23%	1	0.25%
	Not informed	0	0.00%	14	3.34%	14	3.23%	13	3.02%	12	3.00%
	Total	407	100.00%	419	100.00%	433	100.00%	431	100.00%	400	100.00%
Administrative Clerk	White	1133	62.12%	629	42.33%	628	42.15%	620	4.12%	579	41.51%
	Black	121	6.63%	157	10.57%	156	10.47%	154	10.46%	153	10.97%
	Brown	559	30.65%	650	43.74%	657	44.9%	649	44.09%	617	44.23%
	Yellow	11	0.60%	13	0.87%	13	0.87%	13	0.88%	14	1.00%
	Indigenous	0	0.00%	2	0.13%	2	0.13%	2	0.14%	2	0.14%
	Nor informed	0	0.00%	35	2.36%	34	2.28%	34	2.31%	30	2.15%
	Total	1824	100.00%	1486	100.00%	1490	100.00%	1472	100.00%	1395	100.00%
Operational	White	3409	49.58%	2691	36.41%	2686	36.43%	2648	36.55%	2450	36.32%
	Black	760	11.05%	930	12.58%	930	12.61%	913	12.60%	849	12.59%
	Brown	2648	38.51%	3135	42.41%	3142	42.61%	3095	42.72%	2896	42.94%
	Yellow	50	0.73%	80	1.08%	81	1.10%	80	1.10%	78	1.16%
	Indigenous	9	0.13%	20	0.27%	20	0.27%	19	0.26%	19	0.28%
	Not informed	0	0.00%	536	7.25%	514	6.97%	490	6.76%	453	6.72%
	Total	6876	100.00%	7392	100.00%	7373	100.00%	7245	100.00%	6745	100.00%
Operational Technician	White	491	56.18%	334	35.80%	331	35.67%	330	34.77%	321	33.33%
	Black	69	7.89%	117	12.54%	116	12.50%	119	12.54%	123	12.77%
	Brown	314	35.93%	435	46.62%	436	46.98%	451	47.52%	469	48.70%
	Yellow	0	0.00%	11	1.18%	11	1.19%	11	1.16%	11	1.14%
	Indigenous	0	0.00%	3	0.32%	3	0.32%	4	0.42%	4	0.42%
	Not informed	0	0.00%	33	3.54%	31	3.34%	34	3.58%	35	3.63%
	Total	874	100.00%	933	100.00%	928	100.00%	949	100.00%	963	100.00%
Administrative	White	450	54.28%	327	37.67%	326	37.34%	323	32.25%	275	34.85%
	Black	75	9.05%	98	11.29%	98	11.23%	97	11.19%	91	11.53%
	Brown	302	36.43%	390	44.93%	393	45.02%	389	44.87%	363	46.01%
	Yellow	1	0.12%	7	0.81%	7	0.80%	7	0.81%	8	1.01%
	Indigenous	1	0.12%	2	0.23%	2	0.23%	2	0.23%	2	0.25%
	Not informed	0	0.00%	44	5.07%	47	5.38%	49	5.65%	50	6.34%
	Total	829	100.00%	868	100.00%	873	100.00%	867	100.00%	789	100.00%

Total	White	6135	54.48%	4556	39.46%	4537	39.37%	4490	39.41%	4150	38.81%
	Black	1052	9.34%	1341	11.61%	1341	11.64%	1323	11.61%	1256	11.75%
	Brown	4002	35.54%	4828	41.81%	4842	42.01%	4797	42.10%	4546	42.52%
	Yellow	63	0.56%	120	1.04%	121	1.05%	120	1.05%	119	1.11%
	Indigenous	10	0.09%	28	0.24%	28	0.24%	28	0.25%	28	0.26%
	Not informed	0	0.00%	674	5.84%	656	5.69%	635	5.57%	593	5.55%
	Overall total	11262	100.00%	11547	100.00%	11525	100.00%	11393	100.00%	10692	100.00%

## Benefits

Our benefits program covers all employees and includes factors related to health, leisure and assistance, among the benefits, the following stand out:

Special assistance	Sickness Aid Supplement
Childcare vouchers	Payroll Deductible Loan
Special education aid	Standard snack
Education Assistance	Health insurance (Medical and Dental coverage)
Funeral Grant	Supplementary Pension Plan
Meal/food benefit	Group life insurance
Market basket	Season ticket loan scheme
Christmas Basket	

Regarding the supplementary pension plan, all employees can adhere to the New Plan of **COPASA**, of the Libertas de Seguridade Social Foundation, a closed entity of supplementary pension plan, non-profit, sponsored by companies operating in various sectors. The adherence modality is the Defined Contribution, which varies from 3% to 10% of the employee's remuneration. The contribution percentage is defined by the worker, and the sponsor (**COPASA**) contributes equally. In this plan there are no extraordinary obligations.

## Diversity and Inclusion

(GRI 405-1; 406-1)

We have made considerable progress in the area of Diversity and Inclusion in the Company. The theme was formalized in our Strategic Declaration and, in an unprecedented way, specific indicators were instituted in strategic planning.

In adherence to our ESG Agenda, in 2021, the Female Mentoring Program was created and participation in the Equity Program is a Priority, together with the Global Compact.

Our positioning represents a set of commitments and actions to expressly express that we do not admit discrimination or prejudice, respect people and invest in creating and maintaining a safe and inclusive environment at work.

Since 2003, homosexual employees can include their partners as dependents in the Association of Health Care for **COPASA** Employees (*Copass Saúde*), and the Company anticipated the implementation of Normative Precedent No. 12/2010 of the National Supplementary Health Agency (ANS).

The calls for tenders provide for 10% of the vacancies offered in each position/ specialty for admission of people with disabilities.



### - Women's Mentoring Program

Launched on March 8th, 2021, in celebration of International Women's Day, together with the gender equity issues of the Global Compact and our ESG Agenda, the Program aims to encourage and prepare women to build their professional careers and evolve in their careers, which will contribute to the strengthening of gender equity in management and strategic positions of **COPASA**.

In the months of April and May, the stages of identification of mentors and the selection of mentees were promoted. Ten pairs were selected, out of a total of 20 women. These pairs, since October, participate in fortnightly meetings – lasting approximately 60 minutes – and the closing of the first edition of the Program will take place in March/2022.

# Professional Development and Corporate Education

(GRI 404-1; 404-2; 404-3)

In 2021, we invested more than 570,000 hours in training and capacity building activities. Due to social isolation and gradual face-to-face return to work, mandatory training respected the health and distance protocols and many of them were carried out in the online format, by the Source of Knowledge Distance Learning (EAD) platform, with the varied offer of corporate and external courses.

AVERAGE HOURS OF TRAINING PER EMPLOYEE												
	2017		2018		2019		2020		2021		Δ 2020/2021	
Gender	Total hours	Total hours	Total hours	Total hours	Total hours	Total hours	Total hours	Total hours	Total hours	Total hours	Total hours	Total hours
Men	299,639.00	29.31	257,641.00	24.60	260,403.50	24.91	283,521.20	27.00	494,655.95	50.78	74.47%	88.07%
Women	39,962.00	38.35	48,291.00	45.13	40,353.38	37.68	35,421.00	33.00	84,381.89	88.73	138.23%	168.88%
Total hours of training	339,601.00	30.15	305,932.00	26.51	300,756.88	26.10	318,942.40	28.00	579,038.00	54.16	81.55%	93.43%



## AVERAGE HOURS OF TRAINING PER EMPLOYEE

	2017		2018		2019	
FUNCTION CATEGORY	Total Hours	Average Hours	Total Hours	Average Hours	Total Hours	Average Hours
Comittee	9,829.0	59.0	10,952.0	72.0	9,168.71	69.99
Administrative Superior	12,562.0	44.0	15,387.0	53.0	13,318.03	44.84
Operational Superior	20,075.0	49.0	27,486.0	66.0	20,000.82	46.19
Administrative Clerk	54,886.0	30.0	54,236.0	36.0	45,847.25	30.76
Operacional Technician	35,302.0	40.0	40,524.0	43.0	33,361.61	35.95
Administrative	25,472.0	31.0	20,517.0	24.0	19,407.16	22.23
Operational	181,477.0	26.0	136,830.0	19.0	159,653.3	21.65

	2020		2021		Δ 2020/2021	
FUNCTION CATEGORY	Total Hours	Average Hours	Total Hours	Average Hours	Total Hours	Average Hours
Comittee	11,510.98	83.0	27,014.92	186.31	134.69%	124.47%
Administrative Superior	10,136.34	35.0	28,861.97	113.18	184.74%	223.37%
Operational Superior	29,150.11	68.0	59,769.38	149.42	105.04%	119.74%
Administrative Clerk	41,774.21	28.0	82,027.61	58.8	96.36%	110.00%
Operacional Technician	30,739.44	32.0	67,872.29	70.48	120.80%	120.25%
Administrative	18,996.75	22.0	33,869.43	42.93	78.29%	95.14%
Operational	176,634.6	24.0	279,622.24	41.46	58.31%	72.75%

In the period from 08/02/2020 to 08/01/2021, 10,581 employees were evaluated, which represents a percentage of 94% of COPASA's staff, which on 07/31/2021 was 11,256 employees.

## PERFORMANCE EVALUATIONS BY CATEGORY

	2018		2019		2020		2021	
	Men	Women	Men	Women	Men	Women	Men	Women
Administrative/Operational Superior	382	225	402	245	423	245	414	239
Operational Technician	657	52	721	54	706	54	732	55
Administrative Clerk	839	395	936	423	918	425	883	403
Operational	6368	104	6557	103	6445	88	6158	83
Administrative	647	107	707	130	695	136	662	134
Medium Leadership Medium Level	607	33	659	33	640	35	632	32
Average Leadership Higher Level	6	26	27	6	19	5	18	5
Committee	104	40	108	45	82	38	92	39
Total	9610	982	10117	1039	9928	1026	9591	990

PERFORMANCE EVALUATIONS BY LEVEL OF EDUCATION					
	2017		2018		
	Men	Women	Men	Women	
Illiterate	5	1	4	1	
4th Grade Incomplete	117	-	114	-	
Complete 4th grade	297	2	292	2	
5th to 8th grade incomplete	191	3	192	5	
Complete 5th to 8th grade	716	3	712	4	
Incomplete high school	129	2	127	3	
Complete high school	6,856	368	7,000	376	
Incomplete College	132	19	139	19	
Complete higher education / Postgraduate	1,777	644	1,894	663	
<b>TOTAL</b>	<b>10,220</b>	<b>1,042</b>	<b>10,474</b>	<b>1,073</b>	

EDUCATION	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
Illiterate	2	1	2	1	1	1
4th Grade Incomplete	112	-	109	-	83	-
Complete 4th grade	283	3	273	3	221	2
5th to 8th grade incomplete	189	4	184	4	150	2
Complete 5th to 8th grade	697	4	683	4	599	3
Incomplete high school	122	3	118	3	112	3
Complete high school	6,926	365	6,795	358	6,461	301
Incomplete College	131	19	121	19	104	14
Complete higher education / Postgraduate	1,992	672	2,046	670	2,010	625
<b>TOTAL</b>	<b>10,454</b>	<b>1,071</b>	<b>10,331</b>	<b>1,062</b>	<b>9,741</b>	<b>951</b>

## Employee Integrity Program

In 2021, 9,115 participations were registered in 50 hours of training of employees in Compliance events. Of this total, 2,111 collaborators participated in person and 7,004 in the Distance Learning (EAD) modality, including **COPASA's** employees and business partners. In the opinion of the participants, the average overall quality assessment of the training was around 90%.

## Improvement Programs

We invested more than R\$2.53 million in several programs to improve competence and subsidies for employees.

- **Engineer Improvement Program** – aims to promote the updating and increase the level of knowledge of engineers, in order to prepare them to deal with the constant challenges faced by the Company.
- **Potential Leader Development Program (PDPL)** – the program aims to identify and develop employees in management skills, preparing them to occupy leadership positions in the Company. Participants who achieve more than 80% succession are included in the Succession Bank for Trusted Positions and may assume a leadership position in the Company.
- **Operational Development Program** – a program that includes training aimed at improving the employees who work in the operation.
- **Financial subsidy for employees to participate in Technical and Postgraduate courses** – regulations are released annually for the selection of employees interested in participating in the subsidy program.
- **Retirement Preparation Workshop** – Integration activities, dialogued exposure aimed at the public (professionals of different levels of education and functions) who joined voluntary dismissal programs in the company, addressing topics on psychosocial aspects in retirement, quality of life and health, time management and entrepreneurship.

SPECIFICATION					
	2017	2018	2019	2020	2021
Investment in professional development (R\$)	2,464,551.00	3,230,904.15	3,036,915.12	1,454,257.45	2,537,290.53
Number of participants (unit)	30,145	39,099	47,053	42,537	92,125
Number of professional development hours (h)	339,601	305,932	300,757	318,942	579,038
Average hours per employee (h)	30.15	26.51	26.1	28	54.16

# Occupational Health and Safety

(GRI 103-1; 403-1; 403-2; 403-3;  
403-4; 403-5; 403-6; 403-7; 403-8;  
403-9; 403-10)

Safety at Work is a value for the Company, expressed in our Strategic Declaration and ESG Agenda. The commitment to safety is expressly stated in our [Strategic Declaration](#): “We act with Safety and Respect for Life”.

## Zero Accident Program

The *Program* consists of a set of projects and actions for the consolidation of a culture based on safe behavior, operational discipline and supervision of safety conditions. It has a permanent character and a clear goal: “zero accident”. It is structured based on four pillars: a) Commitment of managers b) Involvement of employees c) Communication and d) Implementation of Occupational Safety practices that stimulate the change of habits.

Throughout the year, 30,166 participations in Safety Training were registered, which represents 32.7% of all training carried out by the Company in the period. 1,657 safety inspections were carried out throughout the State and the respective non-conformities recorded in reports addressed to the units for measures and risk mitigation.

## Safety Golden Rules

Created in 2021, nine basic guidelines for the prevention of accidents, incidents and occupational diseases are part of the Zero Accident Program. Each rule unfolds into topics with several recommendations. They are: 1) Safe Behavior; 2) Confined Space; 3) Work at Height; 4) Ditch Service; 5) Defensive Driving; 6) Tools and Equipment; 7) Electricity; 8) Cargo Handling; and 9) Health and Wellness Promotion. We have implemented an Occupational Health and Safety Management System to meet the Regulatory Standards – NR, related to Occupational Safety and Medicine, which are mandatory for the Company.

The Occupational Health and Safety Management System covers all employees of the Company and is carried out through the various existing Programs, such as the Risk Management Program, Occupational Health Medical Control Program, Zero Accident Program, Special Assistance Program, Professional Rehabilitation, Functional Readaptation, Subject Care Program in relation to Alcohol and Drugs, Health Care Program and Prevention of STI/ AIDS, Health Promotion and Well-Being Program, Ergonomic Analysis and Interventions.



The Investigation and Reporting of Occupational Accidents is institutionalized in the Operational Protocol – Investigation and Reporting of Occurrences and consists of a set of actions practiced by the investigation committee, in a documented way, to identify and block its causes, in order to prevent its recurrence.

All employees receive occupational health and safety training that enables them to carry out activities, in which they are trained regarding hazards, correct use of protective equipment and procedures. Before carrying out the activities, they are instructed to complete the Preliminary Risk Analysis, which already allows the identification of risks.

Occupational Health and Safety services, which contribute to risk mitigation, are based on the Risk Management Program (PGR) and the Occupational Health Medical Control Program (PCMSO). The PGR assumes the mapping, monitoring and establishment of strategies to minimize the risks in the work environment. In turn, the PCMSO monitors the health of the Company's employees, through admission, periodic, dismissal and other examinations.



IMAGE BANK - VARGEM DAS FLORES, MINAS GERAIS

The actions, projects and investments in Occupational Safety are monitored by the Executive Board in monthly meetings, where the main indicators, the actions carried out and in progress, as well as improvement proposals are presented.

The Occupational Health and Safety Unit, which includes the SESMT (Specialized Services in Safety Engineering and Occupational Medicine), manages the programs aimed at reducing risks.

Between 2014 and 2019, the average number of accidents was 14.72 accidents per million hours worked. In 2020, this number decreased to 7.5 and remained stable in 2021 (7.8).

WORKPLACE ACCIDENTS					
	2017	2018	2019	2020	2021
Number of deaths due to accidents at work	1	0	1	4	1
Rate of deaths due to accidents at work	0.01	0	0.01	0.04	0.01
Number of reporting accidents at work required	212	227	248	159	162
Compulsory occupational accident reporting index	12.77	13.38	14.16	7.5	7.89
Number of worked hours	16,604,786	16,961,999	17,516,842	21,192,627	20,524,351
Accidents with temporary leave	1.07	1.21	1.36	0.97	0.96
Accidents with permanent leave	0	0	0	0	0
Frequency rate - occupational accidents	12.77	13.38	14.16	7.5	7.89
Lost days - work accidents	796	782	910	1,116	963
Rate of occupational diseases	0	0.02	0.03	0	0
<b>Key:</b> n/a – data not quantified. (*) The Company still does not record the number and index of occupational accidents with serious consequences (except deaths). We quantified only the Severity Rate indicator, as stipulated by NBR 14,280.					

In addition to mandatory occupational examinations (admission, periodic, dismissal, changes of function and returns to work), Medical and Psychosocial Assessments are also carried out of employees who complain of possible work-related diseases or who report physical limitations to perform their functions.

## Health Promotion

The Health Promotion Program consists of a set of prevention actions to support employees, including due to conditions not necessarily related to work. Educational campaigns, distribution of information materials, lectures on health, meetings, psychological reception and even financial aid are promoted.

- **Special Assistance Program** – financial assistance to employees, as well as their legal dependents until the age of 24. This assistance is made through reimbursement of expenses for the treatment of diseases. It covers a list of 26 diseases that are not necessarily related to work, such as Alzheimer's, Down Syndrome, Cancers, among others. It also offers differentiated school care to dependents, as well as reimbursement of school transportation, if the dependent makes use of the public school system. Such actions aim at the comfort, welcoming and safety of the employee and their family nucleus.
- **Program of Care to the Subject in relation to Alcohol and Drugs (PASA)** – for the prevention and treatment of alcoholism, smoking and other chemical dependencies, which compromise the interpersonal and labor relationship of employees in their daily lives, in a biopsychosocial perspective for the improvement of quality of life.
- **Health Care Program in the Prevention of STI/AIDS (APA)** – offers psychological care in the treatment process, through interviews and analysis of the reports of the professionals involved (doctors and psychologists), has as its target audience the employees and their legal dependents.
- **Functional Adaptation** – process that promotes the functional movement of employees, whose professional performance or adaptation to the function is compromised, due to profile incompatibility, difficulty of interpersonal relationship, changes in the structure of the Unit or mental and/or physical illnesses, including, for situations not necessarily caused by work.
- **Ergonomic Analysis** – to list the factors that can affect the physical and/or mental integrity of workers, physiological and/or psychological disorders that can compromise the productivity, health and safety of the employee, causing discomfort, or even diseases.

## Suppliers

(GRI 102-9; 102-10; 204-1 408-1; 409-1; 414-1; 414-2)

In accordance with our Social Responsibility Policy and ESG Agenda, we take care that our partners do not employ minors under the age of 18 in night, dangerous or unhealthy work and that they do not employ minors under the age of 16, except as an apprentice and, in this case, in accordance with the legislation. We are vigilant not to use forced labor or slave-like labor in the production chain.

We include in all our contracts the requirements that translate institutional values and principles, with the objective of involving and committing suppliers with guidelines such as agility, quality, maintaining the image of **COPASA**, employee safety, sustainable use of the environment, respect for the dignity of the human person and repudiation of any form of active or passive corruption.

**COPASA** evaluates partners (suppliers, customers and others with whom it carries out or will carry out business), regarding integrity and reputation risks. Such operation includes evidence of factors related to compliance with labor legislation, occupational health and safety, social and environmental responsibility (including issues related to human rights, such as the exploitation of child labor or forced labor or slave-like labor), suitability, quality, technical capacity, certifications, performance and commercial and technological competitiveness.

The Company includes in its contracts conditions to prevent situations of social, environmental and integrity risks; verifies, during the contractual term (the periodicity of the inspection is daily and/or weekly, being defined according to the impact assessment), compliance with labor and environmental legislation; and counts on the [Ethics Line Channel](#) as an ally for the investigation of complaints, complaints and denunciations.

**COPASA** requires proof of compliance with labor obligations and the presentation of a Debt Clearance Certificate with the Government Severance Indemnity Fund (FGTS) and the National Institute of Social Security (INSS) in all its bidding processes.

**COPASA** grants differentiated and simplified treatment to micro-enterprises and small businesses, aiming at promoting economic and social development, at the municipal and regional levels, increasing the efficiency of public policies and encouraging technological innovation. So, here are some valuable tips:



- It carries out a bidding procedure intended exclusively for the participation of micro and small companies in the contracting items, whose value is up to R\$80 thousand.
- Establishes tenders for the acquisition of goods of a divisible nature, up to 25% of the object for the hiring of micro and small companies, up to the limit of R\$80 thousand.

## Supply Chain

(GRI 102-9; 102-11)

In 2021, 62% of our purchases of products and services were from local suppliers, that is, companies with an address in the State of Minas Gerais. The most significant and relevant segments are those of hydraulic-sanitary materials and chemicals, as they are more directly related to our activities. In addition to these, pipes and connections, water meters, electricity and engineering services.

## Supplier Integrity Program

The implementation of the Code of Conduct and Integrity for Suppliers was a relevant milestone in 2021.

We hire third parties for the administration of ordinance and protection of the Company's assets and environmental assets. These indirect employees (outsourced) receive training and guidance on issues related to labor rights, benefits, occupational health and safety, ethical conduct and combating corruption and fraud, as well as the **COPASA** [Code of Conduct and Integrity](#).

## Society

(GRI 103-1; 103-2; 103-3;  
413-1)

Our actions have a direct impact on quality of life, health, and socioeconomic development in the communities in which we operate. Social and environmental engagement and mobilization are important strategies to make society aware of the importance and the need for universalization of sanitation services.

### Socio-environmental impacts

We work to reduce and contain the social and environmental impacts of our operation. We are protagonists in the development of the places where we provide our services and contribute to social and economic development.

All the Company's efforts are aimed at exceeding expectations and seeking the enchantment of both the granting authority and the users of our services. To this end, **COPASA** continues to invest in improving the relationship with this important stakeholder, especially through the initiatives reported below.

### Social Development Information System (IDS)

The Social Development Information System (IDS) is a database of Social Responsibility to assist in the management and improvement of the actions developed to the administrators of **COPASA**, who receive consolidated information for decision making on social investments. IDS also offers data and reference for the development of corporate sustainability performance management tools, such as the Social Balance Sheet and the Annual Sustainability Report (Ras). IDS monitors the Company's social activities, enabling proactive action to enhance results and develop mechanisms to combat weaknesses and threats (SWOT Matrix).

## Engage to Transform Program

The *Engage to Transform Program*, in line with the *Sustainable Development Goals (SDGs)*, the *Social Responsibility Policy* and the *ESG COPASA Agenda*, was created to maintain sustainable social practice and add value to the Company in its operations and relationships, as shown below:



The *Program* defines the guidelines of **COPASA's** relationship with the Society – with the customer's focus – and presents a methodology that establishes the presence, dialogue and affinity with local communities.

Thus, the transformation begins through our employees, who participate in training to increase the integration and learning about the Company's services, processes and practices, which reinforces internal awareness about the value of sanitation and the importance of **COPASA** for the population. Our teams are continuously prepared to meet customer needs, helping to maximize positive impacts and mitigate negative impacts.

In 2021, the Program was developed in 521 locations and generated an estimated revenue increase of R\$8.0 million.



## Social Tax

(SASB IF-WU-240a.4)

The Social Tariff guarantees access to treated water and sewage service through a reduced tariff to citizens who meet the requirements. The client must belong to a family registered in the Single Register of Social Assistance (CadÚnico), with a monthly per capita income less than or equal to half a national minimum wage. In 2021, **COPASA** and COPANOR benefited more than 650,000 families (average/month) with the water supply



and, from these residences, another 400 thousand (average/month) with sanitary sewage.

We have improved the partnership with the granting authority, through the Secretaries of Social Development, to disseminate the Company's social programs, especially the *Social Tariff*.

## Entity Grant Program

**COPASA** may allocate up to 0.6% of its monthly revenue to the Entity Grant Program, whose benefit is equivalent to 25% of the discount, in the water and sewage tariffs for the participating philanthropic entities, and 50% of the discount for the registered public or philanthropic hospitals. In 2021, 652 institutions benefited from a total of R\$16.0 million.

**COPASA** customers can make donations to philanthropic entities in the areas of Education, Public Security and Social Assistance, through the Sponsorship Program, which provides a 25% discount on water and sewage tariffs. In 2021, R\$2.60 million were collected, which benefited 329 accredited institutions. There is also the Solidarietàágua program, which also allows customers to donate to public or philanthropic hospitals through the invoice. In 2021, R\$2.61 million were collected for 42 institutions.

## Project Come To The Network

Social mobilization project in which the Company encourages the population in the concessioned municipalities, which is not yet connected to the sewage network, to regularize the situation. It also makes residents aware of the importance of connecting properties to the public sewage system, which improves the quality of life, the environment, the health of the population and the valuation of properties. In 2021, we started charging for the availability of the sewage network in the Company.

## Resumption Project

The hiring of 30 workers for the construction works of the São Francisco System of COPASA, in the municipality of Ibiaí, in the northern region of the State of Minas Gerais, is the highlight of the Recomeço Project, an initiative of the Government of the State of Minas Gerais to unite those who employ those who need to work, developed by the State Secretariat for Social Development (Sedese).

The Project has as levers social protection, basic and professional education and employability – identified from the diagnosis made by the Secretariat, to identify the effects of the COVID-19 pandemic on families in situations of social vulnerability in the State.

From partnerships signed, the Government of Minas Gerais cross-checks data from the *Single Register of Social Assistance* (CadÚnico<sup>26</sup>) and the National Employment System (Sine), which updates the information of subscribers for referral to the jobs of project partners. **COPASA** immediately joined the project, having the opportunity to generate the training of new professionals willing to face the challenges of Sanitation.

In addition, the initiative of the Government of Minas Gerais allows it to be possible to develop new capacities, so that the population of Minas Gerais has the capacity to survive at this very important time of recovery of the economy.

In addition to the socio-environmental benefits resulting from its works, **COPASA** foresees the inclusion of new municipalities in the *Recomeço Project*, such as Coração de Jesus, in the second semester/2022, Montes Claros and São João da Lagoa, in a next stage. The initiative adheres to the *Sustainable Development Goals (SDGs)* and the *Social Responsibility Policy* that guide the Company's performance, in addition to being an opportunity to reinforce the importance of the sanitation sector for the recovery of the economy.

## Replenish Project

COPASA created, in partnership with the Public Prosecutor of Minas Gerais, the Replenish – Grey Water Reuse Project, to promote conscious consumption, through the reuse of water from sinks, washbasins, showers and washing machines (gray water) for domestic activities, such as washing patios and sanitary discharges.

The pilot project provided 1000 Replenish kits, consisting of a device to store gray waters, for families in the municipality of Ipatinga (MG) registered and selected by public call.

This project is an initiative of the *Engage to Transform Program*, which is part of the Company's *ESG Agenda* and is based on the 2030 Agenda of the United Nations, acting especially on SDG 6 - universalization of water and sewage services and SDG 11 - promotion of the development of sustainable cities and communities. In 2021, in addition to the 1,000 families included in the kit, 1,300 students were mobilized in 13 schools and 3,580 people in 4 external events.

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<sup>26</sup> The Single Registry is a set of information about Brazilian families in situations of poverty and extreme poverty. This information is used by the Federal Government, the States and the municipalities to implement public policies capable of promoting the improvement of the lives of these families.

## Volunteer Program

Our **Volunteer Program** aims to establish guidelines and procedures to promote, enhance and improve corporate volunteering that transforms the reality of people, in a sustainable way, in the municipalities where the company operates.

**COPASA** conducted a survey to learn about the desire of its employees to be part of the *Volunteer Program*, but also the profile of those who showed interest in participating.

The company contracted a tool with the characteristic of a *Software as a Service* (Software as a Service # SaaS), in order to contribute to the management of voluntary social initiatives, simplifying the process in an interactive and inspiring way for its employees. The platform will enable the efficiency, expansion of communication and engagement of the volunteer network.

Local volunteer networks are being formed in the company's Business Units, and a company has been hired to teach a preparation course in corporate volunteering. Subsequently, trained employees must be multipliers of the learning acquired, in their respective areas of work.

## Program Trusts 6%

The *Trust in 6% Program* aims to encourage the citizen participation of **COPASA's** collaborators to transform part of the Individual Income Tax (IRPF), declared annually, to help thousands of children and adolescents in the municipalities in which the Company operates, since 2005, when it was created.

The resources are intended to meet policies, programs and actions aimed at for the promotion, protection, defense and guarantee of the rights of children and adolescents, distributed by resolution of the Councils for the Rights of Children and Adolescents at different levels of government (State and Municipalities) for institutions registered in the Children and Adolescents Fund (FIA), which invest in education, health, safety and leisure.

In 2021, about R\$641.91 thousand were collected, which were destined to the work of 90 institutions, in 41 municipalities of Minas Gerais.

The restrictions imposed by social isolation and the COVID-19 pandemic, adherence to the *Voluntary Termination Incentive Program* (PDVI)<sup>27</sup>, in addition to working in a *home-office* regime, affected the results of the Program in 2021: the 8.9% decrease in the number of recipients and the 20.7% reduction in the average amount donated, when compared to the previous year: about BRL 100.00/person smaller.

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## Program Beyond the Walls

The *Program of Integration and Social Contribution Beyond the Walls* was developed to integrate the Company to the communities Vilas Pedreira Prado Lopes and Senhor dos Passos, in the municipality of Belo Horizonte (MG). Among the main activities, the *Children's Choir Drops of Song* stands out.

## Cultural Groups

**COPASA's Cultural Groups** consolidate the company's performance in the field of social responsibility, strengthening its image and the permanent search for the development of its human talents. In addition to being effective tools for social mobilization, cultural groups are recognized for their ability to transmit information, provoke reflections in the public and facilitate corporate communication, through a differentiated approach.

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<sup>27</sup> During the month of August/2021, COPASA established a deadline for workers who retired before November/2019 to join the *Voluntary Termination Program* (PDVI).



## Company investment

We invest in projects that promote social inclusion through culture, sport and health, through tax incentives and own resources. We also developed actions to combat discrimination of any kind and to enhance diversity. The Company, in the municipalities where it operates, offers a special tariff discount to encourage city halls to pay on time for sanitation services. City Hall gets a 50% discount on fares charged. These discounts contribute to the reduction of operating costs, facilitate compliance with the Fiscal Responsibility Law and, indirectly, help the municipality to save resources to invest in works and projects of social interest.

**COPASA** also develops corporate volunteering actions, through partnerships with institutions that promote social actions and projects.

## Tax incentives

In 2021, **COPASA** raised R\$6,793,458.06 in incentives, down 14.70% compared to 2020 (R\$7,964,432.58).

COPASA TAX INCENTIVES		
Promotion	Amount (In R\$)	
	2021	2020
Federal Law of Incentive to Culture	3,823,458.06	4,852,432.58
Law of Incentive to Sports	1,035,000.00	1,212,000.00
Childhood and Adolescence Fund	1,035,000.00	700,000.00
Fund for the Elderly	900,000.00	1,200,000.00
<b>TOTAL</b>	<b>6,793,458.06</b>	<b>7,964,432.58</b>

In addition, we promote environmental education actions aimed at preserving water resources and the environment, seeking to raise awareness of the population about the rational use of water, enabling the reduction of drinking water consumption.

## Environmental Investment

To ensure the quality and quantity of water from the water sources used for public supply, COPASA promotes a series of environmental protection and recovery actions for the conservation of natural resources in river basins. In 2021, the Company invested R\$291,368.00 in actions, processes, equipment and technology for prevention, compensation and environmental remediation. Check out the Company's main programs and projects:

The *Socio-environmental Program for the Protection and Recovery of Watersheds* (Pro-Watersheds) is part of the ESG Agenda and is aligned with SDGs 6, 13 and 15, in promoting the protection, preservation and recovery of watersheds and recharge areas of aquifers used by **COPASA** for public supply, as well as reducing GHG emissions. In 2021, within the scope of the *Program*, we planted native seedlings of Cerrado and Atlantic Forest.

In 2021, R\$22.115 million were invested in environmental actions to recover and protect the catchment basins. 121 thousand seedlings were planted, 726 thousand meters of adjustments were made on rural roads, 449 thousand meters of APPs protection fence, 8,400 rainwater containment basins, 287,000 meters of terracing in level curves, fireplaces in environmental protection areas, environmental studies, de-silting of watercourse, maintenance of nurseries, environmental education actions in schools, environmental diagnosis of rural properties of the catchment basin and annual event of training and exchange of experiences between local environmental collectives – *Hives*.

In this Program, **COPASA's** environmental agents guide coordinated awareness, mobilization and environmental education actions, as well as partnerships with local collectives that lead, in the territories where the Company operates, actions and discussions on the improvement of water quality and the socio-environmental development of the territories.

The Program integrates the practices of the Company's Sustainability culture and has in its conception the appreciation of the knowledge and beliefs of the communities, the stimulus to change habits and customs, the ethics of care, the collective construction of the feeling of belonging to the watershed and shared responsibility.

PRO-MANANCIAL PROGRAM		
	2021	from 2017 to 2021
Amount invested	R\$ 22.1 million	R\$ 62 million
Trees planted	87.5 thousand	542 thousand
App Protection Fence Meters	465.8 thousand	1.8 million
Rainwater infiltration dam	8.6 thousand	17.4 thousand

## Local collectives (HIVE)

The *Local Environmental Collectives (HIVE)* are formed by leaders of civil, social and environmental entities, public authorities, private initiative, public and private schools and universities, and any other actors who have the interest to make the commitment, together with **COPASA**, to provide the economic, social and environmental sustainability of the territories worked.

## Chuí Program of Sanitary and Environmental Education

In the social aspect of the ESG Agenda, the Chuá Program for Sanitary and Environmental Education stands out, which, in 2021, due to the continuity of restrictions on social contact and the pandemic, continued the project to raise awareness of environmental issues involving water, using the Internet and other virtual communication tools for students from public and private networks in the State of Minas Gerais. Here are some of the results of the Program in 2021:

- **25** Participating schools
- **750** Students (Elementary School)
- **40** Trained Teachers/Pedagogical Coordinators
- Launch of the video Chuá Socioambiental – TV **COPASA**
- Integration of 15 **COPASA** employees, representatives of socio-environmental teams from the operational centers and with a methodological proposal for online operations.

Created in 1986, *Chuá* aims to provide information on health and environmental education and make people aware of the importance of water care, with the proper disposal of waste, personal hygiene, among other important topics for the training of more responsible and conscious citizens.

Among the various activities developed, there is the promotion of guided visits to COPASA units: Water Treatment Stations (WTP) and Sewage Stations (WTP), Environmental Reserves, Environmental Education Centers - CEAM, in addition to lectures, theaters and other educational actions in the locations of the State of Minas Gerais (MG). With more than 25 years of existence, the Chuá Program has already involved more than 1 million children in its educational activities.

- The *Citizen Education Project: Virtual Chuá Meeting* aimed to sensitize and inspire students in the education network to the urgent need to protect and preserve water sources, water security, basic sanitation, sustainable consumption and quality of life, mainly aligned with the territory of the watershed where the municipality or the participating school is located.

This mobilization develops actions that strengthen the socio-environmental commitment of **COPASA** when interacting and aligning with the Company's environmental programs to **SDG 6**.

### Programa Chuá Socioambiental

Due to the pandemic and classes suspended in schools, there was no *Socio-environmental Chuá* activities in 2021. This Program created by **COPASA** in 2017, is an extension of the Chuá Sanitary and Environmental Education Program and expands the environmental awareness of students and educates citizens committed to ecological values through environmental education practices promoted in the municipalities covered by the *Pro-Mananciais Program*.

Among the activities of the *Program* is the *Socio-Environmental Gymkhana*, which comprises the following steps:

- **Oil Campaign** – encourages students to bring used cooking oil to a collection point.
- **Feira Verde** – promotes the exchange of different species of plants in schools to diversify the flora in the gardens and backyards of the homes of students and their families.
- **Detachment Fair** – encourages the donation and exchange of objects in good condition and that can still be reused.
- **News Production Workshop** – guides the production of news by the students of the participating schools about the other activities of the socio-environmental gymkhana.
- **Interactive Dialogues** – of lectures held by COPASA employees on Sustainable Development, and are aligned with planetary documents such as the Earth Charter and the UN Sustainable Development Goals and sanitation.

The educational institution that carries out all the activities of the Socio-environmental Gymkhana receives the *Chuá: School Friendly to the Environment Seal*.

The Project invests in youth protagonism for the generation of new attitudes of empathy and love for nature for the preservationist purpose. "Chuá" is a program aligned to SDG 6 and foreseen in the ESG **COPASA** Agenda.



## Environment Program

It disseminates to COPASA employees and service providers in general, information on the need for selective collection, reduction of electricity use, rational use of water and reduction of waste generation.

In 2021, it engaged 165 members of the Sector Committees, with the following results:

- **'Seal of Good' Campaign** – stimulates the donation of aluminum can seals that are destined for recycling and reverted to a financial resource for the acquisition of equipment, which are donated to institutions to support people with disabilities registered by COPASA. During the period, eight wheelchairs were donated.
- **'I Use My Cup' Campaign** – replacing 200ml disposable cups with reusable cups. In 2021, 37.5 thousand disposable cups were purchased. Before the Campaign, implemented in June/2018, 1.49 million disposable cups were used each year. This significant decrease in consumption has been maintained in the years following the Campaign.

In 2021, due to social isolation and the COVID-19 pandemic, the activities of this Program were significantly reduced.

The *"Feira do Desapego"* and *"Feira Verde"* Programs were canceled. The first was scheduled to take place in June and December, while the other for the months of March and November.

With the gradual return of **COPASA** employees to the face-to-face work regime, the perspective is to resume the weighing processes of recyclates, among other actions.

## Environmental Education Center

The Environmental Education Center COPASA was another initiative impacted by the continuity of the pandemic. Before the decree of the pandemic, CEAM received the visit of more than 4.0 thousand people from the community. In 2021, all face-to-face activities with the external public were suspended and the Center's activities were transferred to a virtual platform.

## Climate change

(GRI 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7)  
SASB IF-WU-450a.4

Climate change is a circumstance that can impact the strategy of universalization of sanitation services. Therefore, **COPASA** monitors the climatic conditions of the regions where the springs are located and identifies the springs affected by climatic variation and extreme events through a wide monitoring network composed of 599 rainfall stations and 550 fluviometric stations.

In addition, the situations of the springs at risk of not meeting the demand are monitored through a system for monitoring the drought situation and by the continuous measurement and recording of the captured flows.

**COPASA's** operations generate and are impacted by the emission of Greenhouse Gases. Our main source of GHG emissions comes from sewage treatment systems. The operation of the Sanitary Landfill of the municipality of Varginha is our second largest GHG emitter, followed by the consumption of electricity.

We participate in the *Voluntary Registration Program of Annual Greenhouse Gas Emissions Projects in the State of Minas Gerais and the Carbon Disclosure Project (CDP)*. For the preparation of inventories, 2009 was defined as the base year, when we carried out our first survey of GHG emissions.

The methodology used to construct the inventory is provided by the *Greenhouse Gas Protocol (GHG Protocol)*. GHG emission results are also disclosed by CDP.

### EVOLUTION OF DIRECT GHG EMISSIONS, INDIRECT GHG EMISSIONS FROM THE ACQUISITION OF ENERGY AND OTHER INDIRECT GHG EMISSIONS COPASA - 2021

CLASSIFICATION	2021	2020	2021 x 2020 (%)
Scope 1 – tCO <sub>2</sub> eq (mil)	900.58	745.35	120.83%
Biogenic Emissions – tCO <sub>2</sub> eq (mil)	12.79	5.68	225.25%
Scope 2 – tCO <sub>2</sub> eq (mil)	117.77	41.74	282.14%
Scope 3 – tCO <sub>2</sub> eq (mil)	0.04	0.03	125.59%
<b>Total emissions</b>	<b>1,018.38</b>	<b>787.11</b>	<b>129.38%</b>

INTENSITY INDICATOR - emissions kgCO2e/economy			
Year	KgCO2eq / n° Economy	N° of Savings <sup>1</sup>	Total net GHG COPASA (Kg CO2eq)
2017	65.9	8,497,100	559.94 x 10 <sup>6</sup>
2018	68.92	8,749,200	602.99 x 10 <sup>6</sup>
2019	64.26	8,888,695	571.19 x 10 <sup>6</sup>
2020	83.26	9,058,102	758.89 x 10 <sup>6</sup>
2021	78.56	9,252,232	999.43 x 10 <sup>6</sup>
<sup>1</sup> Considers solid waste			

The intensity indicator used to establish the annual comparative of emissions was kgCO2/economy, as it is more comprehensive in relation to all gases generated. The metric used is of a physical nature, which comprises the total number of units (water and sewage) of the Company's micromasurement. The index covers our total annual net emission (total gross emissions minus emissions offset by the planting of native seedlings from the Cerrado and the Atlantic Forest) and includes the three scopes.

GHG EMISSIONS PROFILE (BY SECTOR) COPASA – 2021			
SECTOR	2020 (%)	2021 (%)	2021 x 2020 (%)
Treated wastewater	70.69	81.48	115.26
Refuse Landfill	15.74	13.08	83.12
Electric Power	5.30	11.56	218.19
Untreated sewage	3.96	2.27	57.44
Fuels	2.04	4.68	229.43
Land Commuting	0.00	0.00	-

HISTORY OF COPASA GHG EMISSIONS BY SECTOR (tonCO <sub>2</sub> eq)					
	2009	2010	2011	2012	
COPASA	324,524.18	397,873.17	440,939.92	539,148.95	
Treated wastewater	208,051.49	271,988.26	331,065.86	404,681.97	
Refuse Landfill	-	-	-	-	
Electric Power	18,331.94	40,144.06	23,466.00	55,033.88	
Untreated sewage	84,928.17	71,388.43	70,184.37	64,920.46	
Fuels	13,028.69	13,997.38	15,909.31	14,358.54	
Air Travel	183.89	355.04	314.37	154.10	
	2013	2014	2015	2016	2017
COPASA	607,172.81	691,124.59	611,991.53	560,883.94	569,975.40
Treated wastewater	453,099.86	499,552.38	449,436.37	435,137.15	433,554.68
Refuse Landfill	-	-	-	-	-
Electric Power	82,979.60	119,830.81	102,225.86	66,839.06	85,103.50
Electric Power	55,652.73	55,267.95	44,432.12	45,014.85	35,320.46
Fuels	15,128.95	16,343.44	15,845.60	13,839.00	15,931.91
Air Travel	311.67	130.02	51.59	53.89	64.85
	2018	2019	2020	2021	
COPASA	691,436.46	731,253.77	787,111.93	1,018,380.66	
Treated wastewater	435,795.34	491,712.79	556,398.22	829,749.55	
Refuse Landfill	128,287.76	115,612.20	123,871.20	133,235.51	
Electric Power	63,204.30	67,515.94	41,738.03	117,767.13	
Electric Power	27,797.61	40,497.68	31,183.06	23,163.48	
Fuels	16,278.94	15,818.29	16,082.51	47,664.08	
Air Travel	72.51	96.88	29.60	36.42	

The *Blue Fleet Program* performs the control, management and sequestration of CO<sub>2</sub> emissions in the Company's vehicles. The Fleet Management System organizes CO<sub>2</sub> Emissions Inventory reports by fuel type, plate and unit. It also calculates CO<sub>2</sub> compensation.

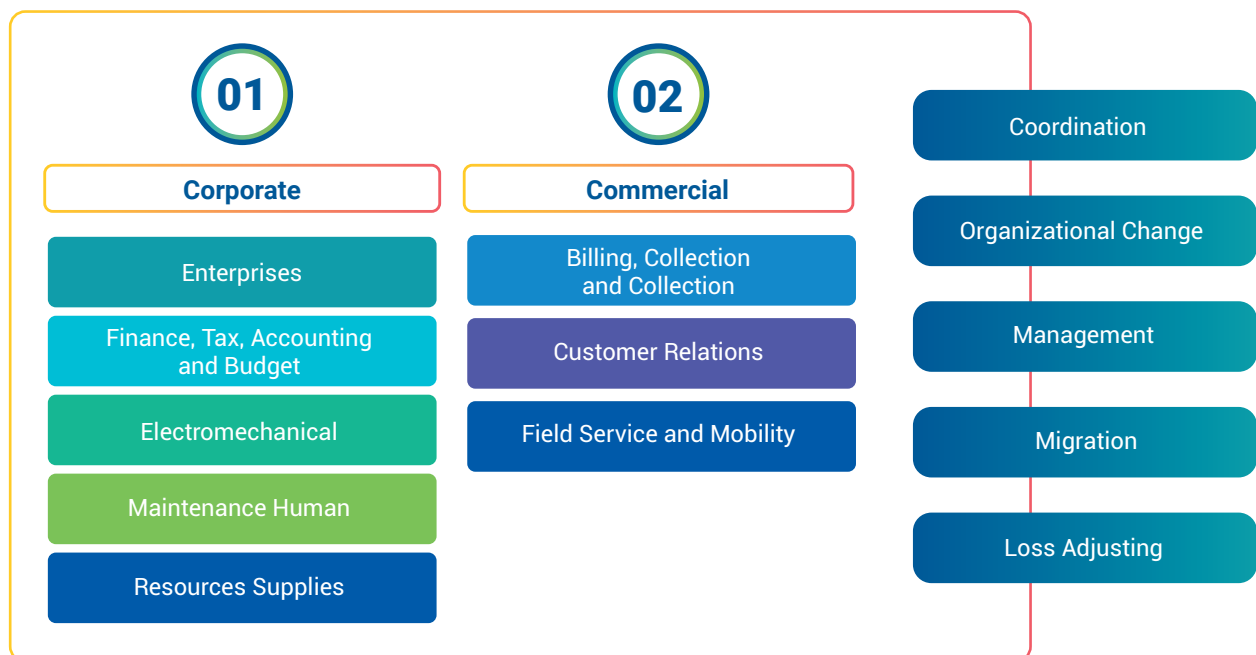
## Climate Committee

This Committee was established by the Executive Board to outline strategies and goals for the control of *greenhouse gas (GHG)* emissions and thus contribute to reducing global warming.

Two members of the Committee, during the year, participated in activities developed by the *Global Compact Brazil*, enrolled in the course of the *SBTI (Science Based Targets Initiative)* and the *Ambition Net Zero* program, opportunities for technicians and experts from companies participating in the UN initiative to contribute to making the organizations in which they work in reference to the national and international climate agenda, which reinforces the commitment to responsible social and environmental action, innovation and long-term sustainability practices.

## Copatec

To improve the management of processes and the relationship with stakeholders, we continue with the *Copatec Project*, for the implementation of SAP S/4 Hana at **COPASA**, which will last about two years to improve and integrate our business and commercial processes, through SAP technology, to meet the needs of customers and position the Company among the most efficient in its segment. The implementation is being carried out on two fronts: Business/Corporate and Commercial.





# III. We seek the universalization of water and sewage services, with quality and in a sustainable way

*We work every day to fulfill our purpose of “taking care of water and creating value for people.” Universalize water services and sewage, with quality and in a sustainable way is our daily commitment to our customers, because we understand our contribution, through our services, to the socioeconomic development and quality of life of the people of the places where we operate.*





# Sanitation Path

## Universalization of Sanitation Services

(GRI 103-1; 103-2; 103-3)

In order to ensure the availability and sustainable management of water and sanitation for all people, based on the legal framework and **SDG 6** (Potable Water and Sanitation), we plan to increase the percentage of coverage with water and sewage supply services.

For this to happen, Strategic Planning underwent a review in 2021, for the 2022-2026 cycle, with its four strategic perspectives (Sustainability, Customers and Market, Innovation and People), with their respective objectives, initiatives and strategic indicators.

Our commitment is to seek the universalization of water and sewage services, with quality and in a sustainable way. Due to the requirements of universalization of the services brought by the Novo Marco (99% for water and 90% for sewage collected and treated by 2033), COPASA MG presents, in 2021, coverage rates that stand out in relation to the national average, namely: 99.4% regarding access to treated water and 71.9% regarding the collection and treatment of sewage from the properties in its area of operation. The latest available data point to national rates significantly lower than those of the Company, which are 84.1% for water coverage and 43.9% for collected and treated sewage.

## Water Trajectory

(GRI 103-1; 303-1; 406-1)

We provide water supply services in the State of Minas Gerais and have 600 surface abstractions and 969 underground abstractions as sources. The sum of these flows granted totals 59.54 m /s.

Groundwater is fundamental for water and ecological balance, as it supports surface water sources and aquatic ecosystems in times of drought. Thus, the monitoring of the amount extracted from underground abstractions and water level reflects the sustainable and systematic relationship between production, consumption and preservation.

For quantitative monitoring, we followed the deep tubular wells to identify their influence on the various mining aquifers. Our technicians check the water levels, the flow rate collected and the pumping. In this verification, there is the analysis of several seasonal variables, such as rainfall (rainfall level), territoriality, and others for the construction of a



profile (read, the elaboration of predictions of public supply, the diagnosis of interference, the containment of damage and the provision of resources) of water sources in current and future supplies, to ensure the economic and environmental sustainability of the operation.

Qualitative monitoring, in turn, is the study and analysis of the physicochemical and biological variables of surface and groundwater, as well as of the receiving water bodies that also meet the laws, conditions of grants and environmental regularization of our enterprises.

We carry out detailed water quality monitoring in the main supply springs in which we operate, to identify possible changes related to the environmental degradation promoted in the river basin. These monitoring are called Special Studies and, by way of example, include springs such as the Rio das Velhas in Nova Lima, the Manso river dam in Brumadinho, the Serra Azul dam in Juatuba, the Juramento dam in Montes Claros, the Todos os Santos river dam in Teófilo Otoni and, finally, the Viamão river dam in Mato Verde.

In addition to systematic monitoring, another equally important step is the treatment of the captured water, carried out in the Water Treatment Stations (WTPs), where the raw water goes through the stages of coagulation, flocculation, decantation, filtration, chlorination, fluoridation and pH correction. To evaluate the efficiency of the process, an analysis of all these steps is made in the laboratories of the water treatment units, meeting the legal and internal quality control requirements.

## Granting and Capture: where it all starts

Water abstraction can occur superficially or underground. The surface is made in rivers, lakes or dams by gravity or by pumping, when a machine house equipped with a set of motor pumps transforms the electromechanical energy into kinetics, so that the water collected from the spring can be sent to ETA.

Underground catchment takes place in tubular wells, with perforations ranging from 50 to 180 meters deep. The water from the aquifers is captured by immense submerged pumps and sent to the surface through pipes.

To carry out the activities of water collection, treatment, distribution, pricing and depletion, a company such as **COPASA** needs an authorization for the use of water resources and, in the case of the State of Minas Gerais, the Instituto Mineiro de Gestão das Águas (IGAM) is the one that issues it. The water grants in the domain of the Union are issued by the National Agency of Waters and Basic Sanitation (Ana).

## A well-planned system

The construction of a complete water supply system requires in-depth studies and highly specialized labor. Everything begins with the definition of the population to be supplied, the growth rate of the city and its industrial needs. Based on this information, the system is designed to serve the community for many years with sufficient amount of treated water. A conventional water supply system consists of collection units, adduction, treatment station, reservation, distribution networks and, finally, home connections.

The selection of the water supply source is fundamental for its construction. The location, the topography of the region, the flow of the spring and the presence of possible sources of contamination are also taken into account, taking into account quantitative, quantitative, social and technical-economic aspects.



## We preserve water, fauna and flora

The protection of the springs, as well as the fauna and flora that live close to them, is the guarantee of the continuity of the Company's operations. We act as guardian of water resources, maintaining almost 25,000 hectares of protected areas in the Atlantic Forest and the Cerrado, which constitute, in whole or in part, state Special Protection Areas (SPAs), municipal Environmental Protection Areas (EPAs) and state or federal Conservation Units. In these APAs and APEs, the occurrence of endemic and endangered species stands out.

## Environmental Licensing

(GRI 304-1; 304-2; 304-3; 307-1;  
419-1)

The Environmental Licensing phase in the competent bodies, authorize the location, installation, expansion and operation of enterprises and activities using natural resources and assess the potential impacts and possible environmental degradation, as well as issue recommendations to avoid, reduce or compensate for the externalities of the activities that require the grant. At the end of 2021, the Company had 80% of the Water Treatment Stations (WTP) licensed or exempted from licensing. The remaining units, which correspond to 20%, are in the process of preparing documents and administrative/operational adjustments, that is, with a process already in progress in the environmental agencies. In the same reference period, 83% of the projected Sewage Treatment Stations (ETE), in implementation and operation, were licensed. All other stations remain in the process of regularizing the licensing in the environmental agency.

The projects release treated effluents that can change the characteristics of the water body, through the introduction of substances and/or chemical compounds. One can highlight impacts on the quality of water in the water body, impacts on aquatic life or other beings that use it. The effects of the launch shall be monitored by comparing the pre-existing upstream conditions against the conditions encountered downstream after the launch. The treated sewage can also contain pathogens such as viruses, bacteria, protozoa, helminth eggs, among others, and cause the reduction of aquatic species.

## Water Security

(GRI 103-1; 103-2; 103-3)

Water Security, for us, means ensuring the supply of water, with regularity and quality, to customers in all segments: residential, social, commercial, industrial and public. Thus, our focus is related to the issue of scarcity, as this subject is comprehensive and deals with topics such as the management of water demand and distribution, the improvement and expansion of production and distribution infrastructure and the reduction of losses.

In extreme conditions, measures such as rotation and rationing can be applied, which impair the relationship with stakeholders such as customers, the power of choice and investors.

**COPASA** invests in the improvement and implementation of new infrastructure for water supply systems, which ensures greater resilience and water security of the supply systems defined according to the unavailability of water and impacts on the provision of services, such as construction solutions for new abstractions in the municipalities of Montes Claros and Paracatu.

**Among the Water Security actions, we mention the [Pró-Mananciais Program](#) (see page 90).**



# Water Situation

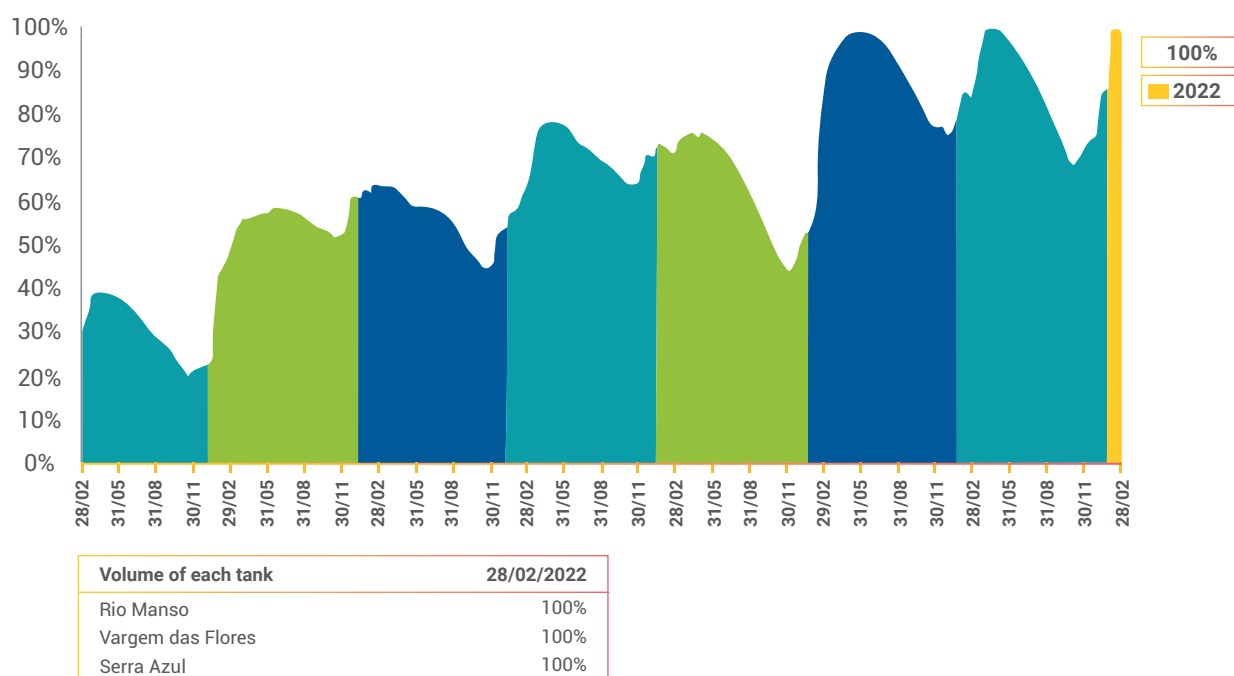




## Metropolitan Region of Belo Horizonte

### Rio Manso, Vargem das Flores and Serra Azul

Next, the evolution of the levels of the reservoirs of the Paraopeba System (Manso River, Vargem das Flores and Serra Azul), which are responsible for 49% of the distributed volume of the RMBH. Due to the rainfall recorded from December/2021 to February/2022, there was a significant increase in the volumes of these reservoirs, which, on 02.28.2022, were full, as shown below.



Due to the collapse, on 01.25.2019, of the Córrego do Feijão mine dam in Brumadinho, operated by Vale S.A., the environmental, sanitary and inspection agencies determined the suspension of water abstraction in the Paraopeba river for human consumption and public supply purposes. For this reason, the Company interrupted the water abstraction in the Paraopeba River and carried out actions to identify and mitigate the risks to its operation. Preventively, the Company closed the floodgates of the water abstraction unit on the Paraopeba river, on the same day of the collapse, aiming at the preservation of the abstraction facilities, whose assets did not deteriorate and, therefore, were not compromised.

In July 2019, a Term of Commitment (TC) was signed between the Public Prosecutor's Office of the State of Minas Gerais and Vale, with COPASA MG as one of the intervening parties, for the construction of a new catchment point on the Paraopeba River, upstream of the rupture point and the congruence of the Iron Coal stream and Paraopeba river.

Vale reported that it started, in September 2021, pumping water from the new Paraopeba River catchment system in Brumadinho, with a flow of 1 (one) thousand liters per second, reaching 2 (two) thousand liters per second in November of the same year. According to information provided to the Public Prosecutor's Office of the State of Minas Gerais by Vale, on 02.25.2022, the structures implemented are already in technical conditions for the start of pumping tests, with a flow of 5 (five) thousand liters per second.

However, due to the need to maintain the continuity of the public supply of RMBH and the level of water consumption registered in recent days compared to the current production capacity, the Company considered it more prudent to wait for a more stable consumption table to authorize the start of pumping tests of the new system, which, as it is being operated integrally for the first (first) time, is subject to inter- mitences that may directly impact the distribution of water to the population.

The final adjustments necessary for the start of the assisted operation and effective delivery of the funding to **COPASA MG** are in progress.

**COPASA MG** points out that the current levels of the reservoirs of the Paraopeba basin allow the initial tests of the new catchment to be temporarily postponed without prejudice to the regular supply of the population of the RMBH.

## Rio das Velhas

The catchment in the Rio das Velhas, responsible for approximately 42% of the volume distributed in the RMBH, is carried out by the water, being greatly influenced by the occurrence of rainfall, given its location in the upper part of the river basin. The following is a table with information about this funding:

RIO DAS VELAS SYSTEM	
Percentage of RMBH's distributed volume	42%
Fundraising grant	8.7 m³/s
Average flow of Rio das Velhas in the last 15 days prior to 02.28.2022	72.2 m³/s
Average flow used in the last 12 months	6.9 m³/s



## The State of Minas Gerais

The Company's activities in the interior of the State are pulverized in several municipalities and different river basins. In general, most of the locations where the Company provides its services have a source of local water production. Thus, any water restriction in the supply impacts only locally and marginally the Company's total revenues.

On 02.28.2022, only the locality of Bom Jesus de Cardoso (municipality of Urucânia) was in a rationing situation, which has about 800 water connections while, in February 2021, the localities of Jesus de Cardoso (municipality of Urucânia) and Vale Verde de Minas (municipality of Ipaba) were in rationing, which together represent about 1,300 water connections.

In order to minimize the impacts of the water situation, the Company uses means that contribute to the regularization of supply in the affected locations, through the use of water trucks, well drilling and investments in alternative abstractions, according to the options available in each region and the degree of criticality of the area in each case. In addition, awareness campaigns regarding the rational consumption of water are intensified.

Specifically regarding Montes Claros, a municipality with an estimated population of 413.5 thousand inhabitants and the largest concession of the Company in the interior of the State, which historically faces drought problems, works were started to implement the São Francisco System, which has a capacity of 500 l/s. This system, in addition to promoting water security in the municipality of Montes Claros by the year 2050, also provides for the supply of the municipalities of Coração de Jesus and Ibiaí, and can also be considered as an alternative to other locations in the region, potentially benefiting about 430 thousand inhabitants. The completion of the project is expected to be completed by the end of this semester, with an expected contribution of R\$257 million.

## Water Quality

(GRI 303-1)

**COPASA** has strict quality control of distributed water. The Company performs analyzes before, during and after the treatment process, always respecting the determinations of the Ministry of Health. In 2021, 18 million analyzes were carried out to ensure the standards established by the Ministry of Health. The objective of these analyzes is to verify and meet the established physicochemical and biological standards, such as water potability indicators.

It is a network formed by a central laboratory in Belo Horizonte (MG), and six other regional units located in hub cities. Internationally recognized for quality management and technology, four of these laboratories and the ETE Arrudas laboratory are accredited by Inmetro in ISO 17025 and the other three are in the process of accreditation. In addition, more than 20 district laboratory units are strategically distributed throughout the mining territory.

The water quality control system adopted by **COPASA** is rigorous and decentralized. The analyzes to define the parameters of the dosages of the chemicals, of the filtration rows, among other items, in the WTPs are done every two hours and, in the large WTPs, are done hourly by the operators. The objective of the Company is to ensure that control actions are processed quickly and reliably.

## Materials

(GRI 301-1; 301-2)

Regarding the inputs used in our operational processes, we do not use chemicals that are renewable. The consumption of the products varies according to the characteristic of the water or sewage to be treated, which are impacted mainly due to the climate (volume and intensity of rainfall). The percentage of recycled materials (Fluosilicic Acid) in relation to other chemicals used in water and sewage treatment is 6.77%.

NON-RENEWABLE MATERIALS USED						
Measurement unit		2017	2018	2019	2020	2021
Liquid Aluminum Sulfate	Liter	17,678,204	17,003,277	13,291,286	14,442,762	10,917,650
Ferric Chloride	Liter	10,980,744	10,778,614	11,488,351	12,556,283	9,279,295
Aluminium polychloride	Kg	1,501,652	6,641,843	8,384,785	11,666,039	11,620,515
Bulk Hydrated Lime	Kg	7,799,310	7,708,281	7,797,649	9,349,000	7,426,450
Hydrated Lime bag 20 kg	Kg	3,264,454	3,420,183	3,526,337	3,736,600	3,244,740
Bulk Liquid Chlorine - Tank Truck	Kg	1,586,622	1,609,875	1,905,821	1,898,000	2,043,331
Liquefied Chlorine - Cylinder 900 kg	Kg	820,026	779,995	894,875	837,000	922,361
Granulated Calcium Hypochlorite 40 kg	Kg	404,131	783,374	743,116	788,920	734,936
Sodium Hydroxide - Scales bag 25 kg	Kg	745,645	676,251	648,637	684,659	633,456
Liquefied Chlorine Cylinder 50 kg	Kg	427,390	443,760	431,850	421,750	405,150
Sulfate Aluminum Solid - bag 25 kg	Kg	981,793	733,300	486,200	298,650	159,450

## Recycling

We developed water recycling and effluent utilization initiatives processed in the Company's processes. The Rio Manso System WTP, located in Brumadinho, treats waste from the water treatment process, which allows the reuse in the processes. The volume of recirculated water is not yet measured. As for the wastewater from the WTPs from the washing of the clarifiers and filters, **COPASA** seeks the reuse/recirculation and/or return of the treated effluent to the receiving body, after the implementation of Waste Treatment Units.

## Reuse

In the **COPASA** WTPs, the treated effluent has been used for irrigation of gardens and lawns, for cleaning decanters and machines and for the preparation of polymer solution for dehydration. The case of ETE Ibirité stands out, in which all the water used in the process comes from the reuse of the treated effluent: cleaning of the grid and sieves, in the tertiary system, in the dehydration (dilution of the polymer and cleaning of the machine), in the thermal dryer and in the irrigation of garden and lawns.

## The Transformation of the Sewage

(GRI 303-1; 303-2)

The sewage system most used by **COPASA**, and also basically used throughout Brazil, is of the "absolute separator" type. This system is the transmission of sanitary sewage (domestic, industrial and infiltration) in an independent system, called the sanitary sewage system. Rainwater is collected and transported in a totally independent rainwater drainage system.

Regarding the universalization of sanitation, our greatest challenge is in the sanitary sewage services. In 2021, the average rate of service with sewage network in concessions operated by **COPASA** was approximately 80% and about 80% of the effluents collected were sent and treated in our ETEs, facilities with a treatment capacity greater than 16 m<sup>3</sup>/s. Our ETEs treated, in the period, an average of approximately 10 m<sup>3</sup>/s, with an average efficiency greater than 83% of removal of the affluent organic load, measured in terms of Chemical Oxygen Demand (BOD).



Regarding the regulations that provide for the minimum standards for the disposal of treated sewage, there is: Joint Normative Resolution COPAM/CERH-MG No. 1 of May 5, 2008; CONAMA Resolution 430 of May 13, 2011; Resolution

Arsae-MG 130, of November 11, 2019; CERH-MG Normative Resolution No. 65, of June 18, 2020 and Technical Note DIMOG/DISAN NT – 002/2005, which are fulfilled within the scope of each pertinent legal determination.

### ***PRECEND program***

Non-domestic effluent is one that is different from that generated in homes, whether in quantity and quality. To address the impacts of this type of sewage on the environment and the health of the population, **COPASA** maintains the *Program for the Receipt and Control of Non-Domestic Effluents (Precend)*, which monitors the quality of so-called “non-domestic effluents” that are destined to our collection network and to ETEs.

The effluent received must meet regulatory standards so that it can be treated together with domestic sewage in **COPASA** *Sewage Treatment Units*, under the physical and biological aspects.

The *Program* has more than 1,900 establishments with a signed contract, which perform self-monitoring analyzes with a predefined frequency. It should be noted that, in 2021, there was an increase of 75 new companies accompanied by the Program teams.

### ***Sewage tank program***

*Program* that identifies and eliminates improper releases in rainwater networks and streams to reduce environmental and social impacts, as a result of the inappropriate use of sewage and rainwater drainage systems. The action promotes the reduction of the organic load launched in watercourses and provides increased service capacity of the collecting system, reducing problems related to the maintenance of the system.

## Treatment

We apply appropriate technologies to the treatment of sewage in our ETEs, from the definition of the pollutant removal efficiency required in the region of installation of the unit, combined with its size, available area and the optimization of the investment and the operation of the treatment. All ETEs have preliminary treatment consisting, at least, of grating and desanding, with the following technologies used for the treatment of the liquid phase: Anærobic Reactor of Ascending Flow UASB (used in 85% of our ETEs), Aerobic Biological Reactor with Biofilm followed by Decantation, Activated Sludge, Anærobic Reactor with Biofilm, Anærobic Pond, Facultative Pond, Aerated Facultative Pond, Polishing Pond, Septic Trench and Disposition in the soil.

The sludge digested in the UASB Reactors or Digesters of the WTPs is dewatered by centering or by natural drying in drying beds and, once dried, is sent, as well as the solid material removed in the preliminary treatment, to landfills or landfilled in the own area of the Station. The biogas production obtained in the anærobic treatment processes is used for energy cogeneration and all the unused surplus goes through a combustion process to reduce the emission of *Greenhouse Gases*.

## Monitoring

We monitor the effluent and the body of water in which it is released, after treatment in quantitative (flow measurement) and qualitative terms (measurement of temperature, pH, sedimentable readings, suspended solids, Biological Oxygen Demand (BOD5), Chemical Oxygen Demand (COD), among other parameters). Qualitative evaluations of the receiving bodies are also carried out to subsidize studies and measures to reduce the impacts of the releases of treated effluents.

## Solid Waste

(GRI 301 -1; 306-1; 306-2)

**COPASA** has a concession to operate the Varginha Sanitary Landfill in the south of Minas, from 2017 to 2042. The deposited municipal solid waste is compacted and covered daily with land from the site itself, giving better landfill structuring. The drainage system of leached liquids resulting from the decomposition of the organic mass of the landfilled waste allows these liquids to be conveyed to a reservoir pond and subsequently pumped to the WWTP.

The gases produced by the decomposition of organic matter are collected and burned by a drain system, and can be used as an energy source in the future.

The operation includes constant monitoring of the compaction of waste, liquid drains, gas drains and solids to assess their influence on the environment.

## Operational Efficiency

(GRI 103 -1; 103-2; 103-3)

Operational efficiency is critical to fulfilling our purpose and achieving the ambition formalized in our [Strategic Declaration](#). In this sense, we developed the Operational Efficiency Program, which establishes a set of periodic evaluations and the availability of information that will subsidize the preparation and implementation of action plans for adjustments and improvements. This management assists the operational areas in identifying problems and, consequently, in making decisions and correcting them quickly, mitigating the impacts of losses, as well as identifying opportunities for improvements in energy contracting and in the efficiency of consumer units.

We used Total Quality Management<sup>28</sup> (TQM) and the 5H<sup>29</sup> Methodology to improve

28 Management approach to long-term success, through customer satisfaction. In a TQM effort, every member of an organization participates in improving the processes, products, services, and culture in which they work.

29 Corporate quality management program developed in Japan to improve aspects such as organization, cleaning and standardization. The principles used by the 5S Programme to achieve improvement and the total quality are no different from some fundamental principles for human and professional growth. It is usually implemented as a strategic plan so that some key aspects of the company begin to show improvements towards total quality. The junction in the number "5" with the letter "S" comes from five Japanese words that

management of the operation of our Water Supply Systems and Sanitary Sewage Systems in line with the standards and requirements of the Regulatory Agency and other control and inspection bodies. It is part of the objectives to increase the performance of the operation with the promotion of actions for sustainable development and the generation of value for the Company's stakeholders.

In the first evaluation cycle of the Program - between November 2020 and February 2021 - about 700 employees were trained as evaluators or facilitators.

After the end of this cycle, it was possible to identify the evaluation of 10,696 units, distributed in 503 municipalities. In the evaluations, 11,671 evidences were included in the system database, 212 action plans were created and inserted, with the implementation of 1759 measures to improve the units.

Finally, the evaluations were audited by a Committee created in compliance with the Program's methodology.

## Energy Efficiency

(GRI 302-1; 302-3; 302-4; 302-5) | (SASB IF-WU-130a.1)

Electricity is an essential input to ensure the performance of public services for the supply of drinking water and sanitary sewage.

The high energy consumption and exposure to price fluctuations in the market lead us to act with the implementation of actions with an economic and sustainable bias, seeking to reduce this impact through the promotion of energy efficiency actions and self-production of electricity, in addition to initiatives to combat water losses.

Expenditure on electricity represents 14% of our total expenditures. The increase of 23.9%, comparing the expenses observed in 2021, with those of the previous year, was mainly due to the increase in expenses with tariff flags and growth in the average cost of energy due to the reduction in the subsidy. The electricity supply of our consumer units and units operated in a Public Private Partner (PPP Rio Manso) is made from the National Interconnected System (SIN).

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begin with S: Seiri – Sense of use; Seiton – Sense of organization; Seiso – Sense of cleanliness; Seiketsu – Sense of standardization and Shitsuke – Sense of discipline. The main advantage of the 5s program is how easy it is to bring about behavioral changes in all sectors of companies.



In addition to the changes in energy consumption resulting from operational demands, there are economic variables that interfere with the cost of electricity, such as: the constant changes in the tariff composition of the Brazilian Electricity Sector and its adjustments; the monthly variations in rates and taxes that affect energy tariffs and the incidence of tariff flags. In this context, we started the process of purchasing energy for our largest consumer units in the Free Market.

The management of our energy consumption and expenses is carried out through the Electricity Control System (Sicoe), which allows us to identify opportunities for improvement in energy contracting and in the efficiency of consumer units.

The year 2021 was marked by the selection of two projects conducted by COPASA, in partnership with private companies in the energy sector, in the Public Call for Energy Efficiency Projects – CPP 2020 – of Companhia Energética de Minas Gerais (CEMIG), which aims to select proposals that contribute to the conservation and conscious use of electricity, from the energy use of biogas from sewage treatment.

To expand the self-production of electricity, we published a Expression of Interest Procedure, through a Public Call, with the objective of seeking, in the Strategic Business Partnerships market, renewable energy generation projects to supply part of the energy consumed.

Hi, I'm **Chico**. Pleased to meet you!  
How can I help you?

Talk to **Chico**. 



**ENERGY INTENSITY INDICATOR**

Indicators	Units	2018	2019	2020	2021
Electricity consumption/m of water distributed	kWh/m³	0.82	0.83	0.83	0.83
Electricity consumption/m of collected sewage	kWh/m³	0.18	0.19	0.2	0.19

**POWER CONSUMPTION REDUCTION INDICATOR**

Indicators	Units	2018	2019	2020	2021
Reduction of Energy Consumption for Distributed Water	%	-0.23	-4.14	-2	-1.71
Reduction of Energy Consumption for billed sewage	%	-26.61	-13.1	-3.31	-1.76

**REDUCTIONS IN ENERGY REQUIREMENTS**

Indicators	Units	2018	2019	2020	2021
Reductions in energy requirements/ m of distributed water - kWh/m	%	-2.38	-1.22	0.1	-0.05
Reductions in energy requirements/ m of collected sewage - kWh/m	%	-63.64	-5.56	-3.03	-1.7

**CONSUMPTION OF POWER WITHIN THE ORGANIZATION**

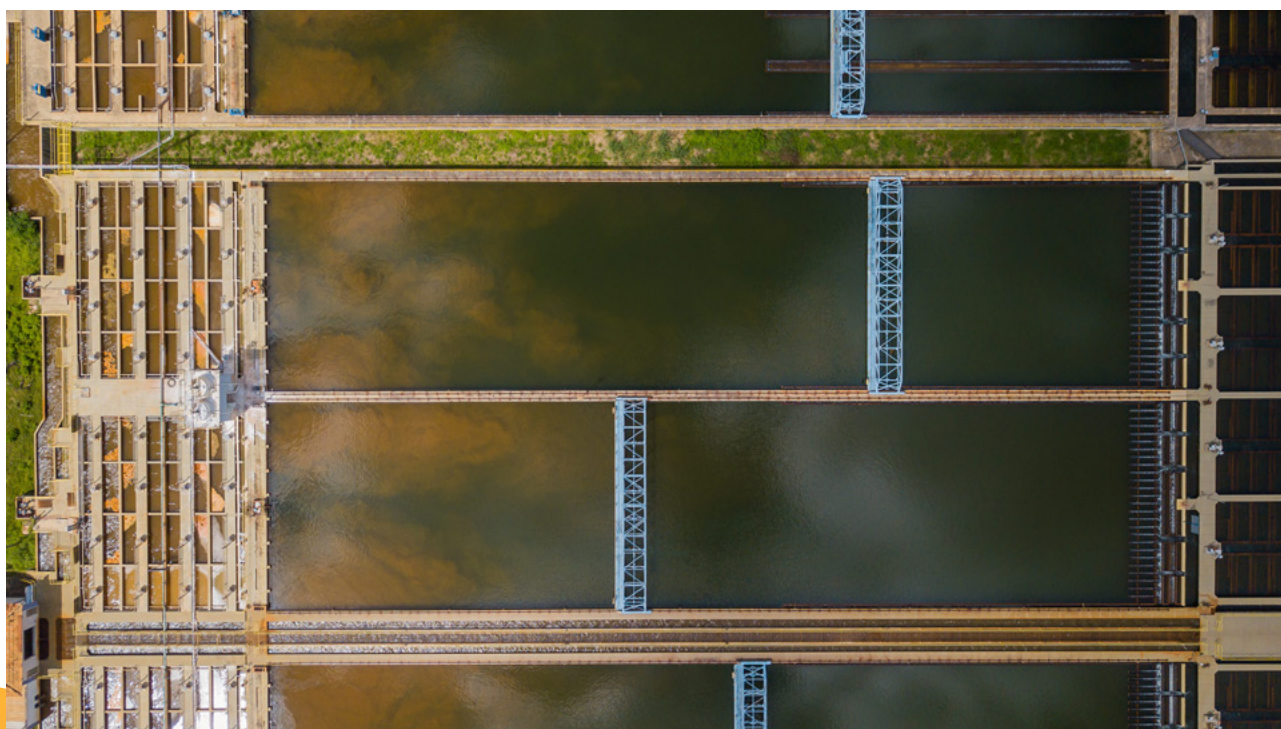
	2018	2019
Non-renewable fuels	201,948.4	153,113.8
Automotive gasoline	77,698.4	19,988.8
Diesel	124,250	133,125
Renewable fuels	19,185	82,111.8
Ethanol	19,185	82,111.8
Electricity consumption	3,309,861.60	3,412,303.20
Purchased	3,066,670.8	3,213,262.8
Self-production	22,658.4	17,276.4
PP1 do Manso - EAT 4¹	220,532.40	181,764.00
Total energy consumption	3,530,995.00	3,647,528.80

	2020	2021	Δ2020/2021
Non-renewable fuels	155,301.8	203,227.38	30.86
Automotive gasoline	26,436.8	70,061.44	165.01%
Diesel	128,865	133,165.94	3.34%
Renewable fuels	72,647.2	390,448.57	437.46%
Ethanol	72,647.2	390,448.57	437.46%
Bracket	3,473,845.20	3,526,653.86	1.52%

Electricity acquired	3,267,446.4	3,332,737.12	2.00%
Electricity - self-production	13,035.6	4,017.83	-69.18%
PP1 do Manso - EAT 4 <sup>1</sup>	193,363.20	189,898.91	-1.79%
Total energy consumption	3,701,794.20	4,120,329.81	11.31%
<sup>1</sup> Public-Private Partnership in the form of Administrative Concession, to expand the production capacity of the Rio Manso Water Production System, located in the Metropolitan Region of Belo Horizonte			
Note: There is no sale of energy			

The actions aimed at energy efficiency include the adequacy of the contracted demands, the installation of capacitor banks to reduce surplus reactivities, operational adjustments and the replacement of inefficient equipment.

The self-production of electricity, in turn, is a means that we use to promote the generation of sustainable energy, making use of its by-products, mainly by the energy use of bio-gas from sewage treatment. Currently, there are two systems in operation in the Company: at the Sewage Treatment Station of Ribeirão Arrudas (ETE Arrudas) and at the Sewage Treatment Station of Ibitiré (ETE Ibitiré). The reduction in self-produced energy was due to technical problems in the generation of Arrudas.



## Performance - Water and Sewage

**COPASA** and **COPANOR** ended 2021 with 5.5 million water savings, a 1.3% growth compared to 2020, serving approximately 11.8 million people.

The following are the main operational data related to water distribution and the evolution in the comparative periods 2021 and 2020 for **COPASA** and **COPANOR**:

SPECIFICATION - CONSOLIDATED (COPASA+COPANOR)					
Water	2021	2020	2021 X 2020	2019	2020 X 2019
Connections (1,000 units)	4,591	4,529	1.4%	4,401	2.9%
Savings (1,000 units)	5,532	5,458	1.3%	5,310	2.8%
Population Served (1,000 inhabitants)	11,833	11,804	0.2%	11,608	1.7%
Distributed Volume (1,000m <sup>3</sup> )	1,056,135	1,034,704	2.0%	1,016,917	1.7%
Measured Volume (1,000m <sup>3</sup> )	628,709	611,118	2.9%	604,241	1.1%
Extensão de Rede (km) <sup>(1)</sup>	63,316	56,859	11.4%	55,838	1.8%
(1) CopaGIS, a corporate GIS platform tailored to the Company's operational management, started to include, as of 2021, 100% of the water distribution network and sewage collector of the Company, which resulted in more accurate network extension data. The system consists of a set of tools, images and data necessary for the execution of the management of water networks, sewage networks, urban mapping, water projects, sewage projects, control of interruptions in supply, georeferencing of service orders and advanced spatial analyzes. Thus, obtaining data regarding the water and sewage network of the georeferenced platform allowed a better management of this important asset for the service to users with treated water and sewage collection.					

The charge for the use of water resources is an economic instrument for water management, provided for in the National Water Resources Policy and the State Water Resources Policy of Minas Gerais. This charge covers, at the state level, the basins of the Piracicaba and Jaguari Rivers (PJ), Araguari (PN2), Velhas (SF5), Pará (SF2), Piracicaba (DO2), Caratinga (DO5), Piranga (DO1), Suaçuí Grande (DO4), Santo Antônio (DO3) and Manhuaçu (DO6), Pomba and Muriaé (PS2), Preto and Paraibuna (PS1). At the federal level, the collection involves the basins of the Doce Rivers (DO), Paraíba do Sul (PS), São Francisco (SF), PCJ - Piraci- caba, Capivari and Jundiaí, and Verde Grande (SF10). In 2021, the amount accounted for as expenses was R\$12.5 million (R\$21.3 million in 2020). It is worth mentioning that such collection is passed on, in full, to the customer through a specific iSteystm eomn ts hoef wseatrvier cesu inppvoliy cea nd sewage.

SPECIFICATION-CONSOLIDATED (COPASA+COPANOR) <sup>(1)</sup>					
Sewage	2021	2020	2021 X 2020	2019	2020 X 2019
Connections (1,000 units)	3,064	2,992	2.4%	2,921	2.4%
Savings (1,000 units)	3,888	3,764	3.3%	3,676	2.4%
Population Served (1,000 habitants)	8,447	8,332	1.4%	8,211	1.5%
Measured Volume (1.000 m³)	428,813	414,326	3.5%	410,222	1.0%
Treated Volume (1.000 m³)	339,981	314,169	8.2%	303,350	3.6%
Extensão de Rede (km) <sup>(2)</sup>	32,376	29,189	10.9%	28,166	3.6%
(1) The data refer to COPASA MG and COPANOR jointly, except for the volume treated, the information of which is from the Parent Company.					
(2) CopaGIS, a corporate GIS platform tailored to the Company's operational management, will include, as of 2021, 100% of the Company's water distribution network and sewage collector, which resulted in more accurate network extension data.					

CONSOLE-SPECIFICATION						
Specification	Unidades	2021	2020	2021 X 2020	2019	2020 X 2019
Employees/Connections <sup>(1)</sup>	emp./mil ligações	1.45	1.58	-8.2%	1.64	-3.9%
Water Metering Index	%	99.8	99.8	-	99.8	-
Índice de Perdas na Distribuição <sup>(2)</sup>	%	40.1	40.5	-0,44p.p	40.1	0.4p.p
Índice de Perdas na Distribuição <sup>(3)</sup>	(L/ligxdia)	256.31	257.82	-0.6%	256.21	0.6%
Inadimplência <sup>(3)</sup>	%	3.50	4.52	-1.0p.p	4.23	0.29 p.p
(1) Number of Employees / 1,000 Water and sewage connections - COPASA + COPANOR data.						
(2) Difference between the volume distributed and the volume measured, divided by the volume distributed, of the last 12 months - <b>COPASA</b> data.						
(3) Difference between the volume distributed and the volume measured, divided by the number of calls answered and the number of days in the period - <b>COPASA</b> data.						
(4) Difference between the volume distributed and the volume measured, divided by the number of calls answered and the number of days in the period – <b>COPASA</b> data.						



The employee/call indicator, which shows the number of employees for each thousand calls answered, fell 8.2% in 2021, compared to 2020, reflecting the Incentivized Voluntary Termination Program. The hydrometry index, which shows the percentage of connections of the Company whose consumption is hydrometric, was in line in the comparative periods. The distribution loss index shows the relationship between the volume of water measured and the volume of water distributed, with a drop of 0.4 percentage points in 2021. The loss rate in liters/Linkxday decreased by 0.6%, compared to 2021 with the previous year.

### Combating losses

COPASA has adopted a series of measures aimed at reducing losses, as well as adapting to the current context of regulation and alignment with the relevant legislation. In this sense, several actions are being developed, with emphasis on the installation and replacement of micrometers and macrometers, whose investments were R\$44 million in 2021. They were also operations to combat fraud and illegal connections in the Metropolitan Region of Belo Horizonte were carried out, and R\$8 million were invested in equipment to identify non-visible leaks and to reduce pressure in the distribution networks. In 2021, the "Operational Audit of Losses" training was carried out, training 36 professionals in the course of 350 hours so that the goals of loss reduction are more assertive.

### Hydrometry

In addition to actions to combat real losses, there is the Hydrometer Application Planning, which includes the mapping of equipment by time of use, obsolescence or inadequacy to the customer's consumption profile and the replacement of meters that have a defect or impediment to reading.

For management, we have improved our database management control mechanisms, using the "Business Intelligence" (BI) management methodology, which allows better and more dynamic monitoring of information in the processes of planning and applying water meters. In 2021, 755.8 thousand water meters were replaced. The objective is to improve the quality of the measurement, which also contributes to the conscious use by the customer.

We have improved the Macromasurement System, composed of a platform – "ISAA/ M-chromedition" – that aggregates technology and allows the georeferenced registration of Macromasurement Stations, the monitoring of equipment, as well as the launches of volume measurements, consolidations and graphs, calibration results and integration

The Company maintains a laboratory equipped with modern computerized benches, intended for metrological tests and performance studies of meter parks. In 2021, we continued the Micrometer Quality Improvement Program, which includes a set of actions for the modernization of the water meter park, preventive maintenance and replacement of meters that have low measurement performance, in addition to the application of new technologies with the use of electronic meters, less subject to wear and tear in relation to conventional equipment.

Our company ended 2021 with 640 water concessions and 310 water concessions. The ownership of basic sanitation services is the responsibility of the municipalities, which can provide the services or delegate them to a concessionaire, in accordance with current legislation. **COPASA** benefits the population of the localities covered by the contracts signed with the granting powers.

CONCESSIONS <sup>1</sup>	December 31, 2021			December 31, 2020		
<b>WATER</b>	Total	Parent company	Coponor	Total	Parent company	Coponor
Concessions	640	591	49	640	591	49
In Operation	631	583	48	630	582	48
<b>SEWAGE</b>	Total	Parent company	Coponor	Total	Parent company	Coponor
Concessions	310	254	56	310	254	56
In Operation	266	225	41	265	224	41
1) Only one concession/operation per municipality is considered, regardless of whether there is more than one contract, in cases of COPASA MG and COPANOR service in the same municipality, or whether it is a contract that covers only districts and localities						

The 10 (ten) main concessions that, on 12.31.2021, together represented about 50% of the Company's net revenue from water and sewage, as well as the respective maturities, are listed below:

COUNTY	DUE
Belo Horizonte	11/2032
Contagem	02/2073
Betim	12/2042
Montes Claros	07/2048
Ribeirão das Neves	05/2034
Divinópolis	06/2041
Ipatinga	02/2022
Santa Luzia	02/2050
Pouso Alegre	08/2046
Varginha	06/2047

In December 2021, 83% of the Company's water and sewage revenues were from concessions, whose maturity dates occur after January 2032. On the same date, concessions were due for 10 municipalities and the contracts of 2 municipalities together account for about 1.4% of water and sewage revenues. In compliance with the principle of continuity of the provision of essential public services, the services continue to be provided and invoiced normally by the Company both in municipalities with overdue concessions, and in municipalities where contractual nullity was decreed.

Hi, I'm **Chico**. Pleased to meet you!  
How can I help you?

Talk to **Chico**. 





# Economic/Financial Performance

# Investments

(GRI 103-1; 103-2; 103-3; 203-1; 203-2)

As shown in the table below, in 2021, considering **COPASA** and **COPANOR** jointly, R\$943.4 million was invested. Investment in 2021 was substantially higher than in the previous year, and the amount was applied in water supply systems, sewage systems, as well as in business and operational development.

INVESTMENTS (BRL R\$ MILLION)			
	2021	2020	2019
Water	537.1	147	260
Sewage	317.5	213	279
Business and Operational Development	52.3	99	47
<b>Total - Parent Company</b>	906.9	459	586
COPANOR	36.5	22	34
<b>Total - COPASA MG and COPANOR</b>	943.4	481	620

## Water supply systems.

- Expansion of the production capacity of the Water Supply Systems of the municipalities of Barroso, Frei Lagonegro, Lagoa Santa, Mato Verde, Montes Claros, Nova Serrana, Patos de Minas, Ubá and Várzea da Palma;
- Expansion of the Water Supply Systems of the municipalities of Curvelo, Extrema, Ipatinga, Lavras, Montes Claros, Nazareno, Nova Resende, Sabará and São Gotardo;
- Implementation of Water Supply Systems in the municipalities of Cambuquira, Campestre, Conselheiro Lafaiete, Guaraciama, Ijaci, Montalvânia, Montes Claros, Palma, Patos de Minas and São João Nepomuceno;
- Improvements and optimization of Water Supply Systems in the municipalities of Belo Oriente, Conceição do Mato Dentro, Lavras, Medina, Paracatu, Perdigão, Resplendor, Santa Luzia, Teófilo Otoni and Timóteo;
- Execution of Waste Treatment Unit (UTR) of Water Treatment Stations (ETA) of the municipalities of Araxá, Belo Horizonte, Betim, Caratinga, Cataguases, Divinópolis, Ibirité, Itajubá, Lavras and Varginha;
- Acquisition of flow micrometers, aiming at the efficiency of hydrometry and the reduction of losses;
- Acquisition of operational equipment for modernization and optimization of Water Supply Systems in several municipalities operated;
- Execution of distribution networks and water connections in several municipalities in the state of Minas Gerais.



## Sanitary Sewage Systems

- Expansion of Sanitary Sewage Systems in the municipalities of Carmo da Cachoeira, Diamantina, Estrela do Sul, Fronteira, Ibirité, Ipatinga, Medina, Nova Lima, Ribeirão das Neves and Sabará;
- Implementation of the Sanitary Sewage System of the municipalities of Caratinga, Divino, Espinosa, Inhapim, Leandro Ferreira, Santana do Paraíso, São João Nepomuceno, Ubá, Verdelândia and Visconde do Rio Branco;
- Execution of works aimed at the treatment of sewage in the municipalities of Bom Despacho, Cataguases, Jacinto, Mateus Leme, Minas Novas, Paracatu, Patos de Minas, São Gotardo and Serra da Saudade;
- Acquisition of operational equipment for modernization and optimization of Sanitary Sewage Systems in several municipalities operated;
- Execution of collecting networks and sewage connections in several municipalities in the state of Minas Gerais.

## Business and Operational Development

- Modernization of the computer infrastructure, with the implementation (in progress) of the SAP S/4Hana system, seeking improvements and speeding up customer service and internal processes;
- Procurement of tools in order to ensure data and information security, as well as in compliance with the General Personal Data Protection Law (LGPD).

## Investment Program – 2022 to 2026

The Company's Board of Directors approved, at a meeting held on December 15, 2021, the Multiannual Investment Program projected, referring to the Controller, for the period from 2022 to 2026, as detailed in the table below:

INVESTMENTS PROGRAM					
	2022	2023	2024	2025	2026
Amount (BRL million)	1.395	1.410	1.600	1.600	1.410

The level of contributions provided for in the Investment Program aims to expand the water supply and sewage systems, extension of networks, water security, loss prevention, business development, compliance with regulatory and efficiency goals, concession commitments assumed, replacement of impaired assets, as well as the achievement of the Company's corporate purpose and mission, ensuring sustainability and perpetuity of the Company. With this, the Company seeks to meet the demands of customers and the granting powers, seeking the universalization of services.

## Fund raising

The Extraordinary General Meeting (AGE), held on August 18, 2021, approved the contracting of a long-term credit operation, through the 16th public issue of simple debentures, not convertible into shares, of the unsecured type, in 2 (two) series, for public distribution, with restricted distribution efforts, in the amount of R\$750.0 million. The funds from this operation, which was settled on September 29, 2021, will be allocated to the execution of part of the Company's Investment Program.

At the end of 2021, the Company had a balance of R\$1.68 billion in funds contracted and not yet disbursed, of which R\$42.8 million with BNDES, R\$312.2 million with FGTS, 74.7 million (equivalent to R\$472.1 million) contracted with KfW and 135.0 million (equivalent to R\$853.3 million) with the European Investment Bank (EIB). The accounting record of the debt will be carried out when these funds enter the Company.

## Project Office (PMO)

With the edition of the New Regulatory Framework for Basic Sanitation (Federal Law No. 14,026/2020), the challenges of basic sanitation increased. The goals of universal access to water and sewage services must be met by 2033, in a context in which basic sanitation becomes part of a competitive market. Thus, the expansion projects developed by the Company become even more relevant.

Therefore, in line with the best management practices adopted by the market, and seeking the management of its strategic projects, **COPASA** is implementing the project, program and portfolio management methodology, with the respective structure of the *Project Management Office (PMO)*. The objective of this change is to improve the efficiency in planning and conducting the Company's projects, providing objective, structured and transparent information, allowing the monitoring of the physical and financial evolution of the projects, as well as subsidizing strategic decision-making.

## Indirect economic impacts

**COPASA's** investments generated several indirect economic impacts, such as:

- Generation of indirect jobs;
- Increased HDI; mitigation of the risks of waterborne diseases;
- Harmonious relationship between basic sanitation and the environment;
- Better opportunities and indicators in the education of the general population, depending on the appropriate levels of basic sanitation;
- Reduction in school delays or loss of productivity due to lack of access to sewage treatment or water distribution network;
- Appreciation of the region contemplated with water distribution network and sewage collection.



IMAGE BANK - VARGEM DAS FLORES, MINAS GERAIS

# Financial Performance

(GRI 103-1; 103-2; 103-3; 102-45; 201-1; 201-2; 201-3; 201-4) |  
(SASB IF-WU-450a.4)

## Revenues

**COPASA** acts in accordance with good corporate governance practices, guided by the principles of transparency, equity, accountability and corporate responsibility. Net revenue from water, sewage and solid waste in 2021 totaled R\$5.2 billion, 3.3% higher than the previous year, as shown in the table below:

(GRI 201-1)

NET REVENUE (R\$THOUSAND)					
	2021	2020	2021 X 2020	2019	2020 X 2019
Net Revenue - Water	3,355,225	3,193,744	5.1%	2,995,036	6.6%
Net Revenue - Sewage	1,824,296	1,819,243	0.3%	1,688,185	7.8%
Net Revenue - Solid Waste	2,265	2,090	8.4%	2,062	1.4%
Net Revenue - Water, Sewage and Solid Waste	5,181,786	5,015,077	3.3%	4,685,283	7.0%

The main factors that influenced the net revenue of water, sewage and solid waste in the comparative periods:

- Application of new tariffs by the Company, as authorized by Arsæ-MG, being +3.04%, as of November 2020, due to the tariff adjustment of that year; and -1.52%, as of August 2021, resulting from the result of the 2nd Tariff Revision of COPASA MG;
- Growth in the number of water savings (consumer units) by 1.3% and sewage by 3.3%, within the scope of the Parent Company;
- Increase of 0.6% in the volume measured by water savings and 0.3% in the volume measured by sewage savings.

## Costs and Expenses

Costs and expenses, which correspond to the sum of costs of services sold, sales and administrative expenses arising from the operation of water, sewage and solid waste services, totaled R\$4.1 billion, against R\$3.7 billion in 2020, an increase of 11.0%. The following table shows the costs and expenses in the comparative periods:

COSTS AND EXPENSES (R\$ THOUSAND)	2021	2020	2021 X 2020	2019	2021 X 2020
Manageable Costs	2,710,966	2,501,764	8.4%	2,293,452	9.1%
Personnell <sup>1</sup>	1,492,208	1,413,472	5.6%	1,381,495	2.3%
Incentivized Voluntary Termination Program - PDVI	152,171	-	-	-	-
Third Party Services	474,963	413,953	14.7%	442,774	-6.5%
PPP do Rio Manso	86,058	77,792	10.6%	75,693	2.8%
Material	70,859	58,860	20.4%	56,695	3.8%
Loss due to Reduction in the Reportable Value of Accounts Receivable	221,416	369,880	-40.1%	189,655	95.0%
Transfer of Tariff to Municipalities	171,917	133,432	28.8%	105,803	26.1%
Miscellaneous Operating Costs	41,374	34,375	20.4%	41,337	-16.8%
<b>COSTS NOT MANAGEABLE</b>	<b>635,845</b>	<b>530,516</b>	<b>19.9%</b>	<b>499,160</b>	<b>6.3%</b>
Electric Power	560,363	452,287	23.9%	476,198	-5.0%
Telecommunications	13,308	12,037	10.6%	13,349	-9.8%
Treatment Material	87,716	94,487	-7.2%	77,579	21.8%
Fuel & Lubricants	31,942	25,089	27.3%	26,343	-4.8%
Tax Credits	(57,484)	(53,384)	7.7%	(94,309)	-43.4%
<b>CAPITAL COSTS</b>	<b>741,456</b>	<b>641,791</b>	<b>15.5%</b>	<b>600,613</b>	<b>6.9%</b>
Depreciation and Amortization	741,456	641,791	15.5%	600,613	6.9%
Charging for the use of water resources;	12,546	21,252	-41.0%	9,853	115.7%
<b>TOTAL COSTS AND EXPENSES</b>	<b>4,100,813</b>	<b>3,695,323</b>	<b>11.0%</b>	<b>3,403,078</b>	<b>8.6%</b>
Total Costs and Expenses (without PDVI)	3,948,642	3,695,323	6.9%	3,403,078	8.6%
Costs and Expenses (R\$ thousand)	2021	2020	2021 X 2020	2019	2021 X 2020
Manageable Costs	2,710,966	2,501,764	8.4%	2,293,452	9.1%
Pessoal <sup>1</sup>	1,492,208	1,413,472	5.6%	1,381,495	2.3%
Incentivized Voluntary Termination Program - PDVI	152,171	-	-	-	-



Third Party Services	474,963	413,953	14.7%	442,774	-6.5%
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Miscellaneous Operating Costs	41,374	34,375	20.4%	41,337	-16.8%
Non-administrable costs	635,845	530,516	19.9%	499,160	6.3%
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Telecommunications	13,308	12,037	10.6%	13,349	-9.8%
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Total Costs And Expenses	4,100,813	3,695,323	11.0%	3,403,078	8.6%
Total Costs and Expenses (without PDVI)	3,948,642	3,695,323	6.9%	3,403,078	8.6%

1) Considers Employee Profit Sharing, of which R\$33,295 thousand in 2021, R\$52,025 thousand in 2020 and R\$47,899 thousand in 2019.

## Other Operational Income (Expenses)

The following is a table with the values of Other Operating Revenues (Expenses) in the comparative periods:

OTHER OPERATING INCOME (EXPENSES) (R\$ THOUSAND)					
Year	2021	2020	2021 X 2020	2019	2020 X 2019
Other Operating Revenues	177,380	171,341	3.5%	107,937	58.7%
Revenue from Technical Services	145	(63)	n.m	130	-148.5%
Reversal of non-deductible provision	33,650	103,076	-67.4%	32,659	215.6%
Recovery of Accounts Settled	64,628	53,010	21.9%	56,775	-6.6%
Other Revenues	78,957	15,318	415.5%	18,373	-16.6%
Other Operating Expenses	(503,664)	(197,260)	101.1%	(221,171)	-10.8%

Payment and Non-Deductible Provision	(332,567)	(92,368)	n.m	(128,079)	-27.9%
Occasional or Extraordinary Losses	(68,333)	(14,352)	n.m	(12,314)	16.6%
Inspection Fee on Services	(42,949)	(39,408)	9.0%	(37,548)	5.0%
Other expenses	(59,815)	(51,132)	17.0%	(43,230)	18.3%
Total	(326,284)	(25,919)	n.m.	(113,234)	n.m.

## Other Operational Revenues

Other operating revenues were in line in the comparative periods.

## Other Operational Revenues

The increase observed in Other Operating Expenses was due to:

- Provision for returns determined by Arsæ-MG, within the scope of Administrative Proceedings No. 05/2019 and 28/2021. The total amount of provisions made, referring to these processes, totaled R\$126.8 million, of which R\$82.6 million were accounted for in "Other Operating Expenses" and R\$44.2 million in Financial Expenses (interest and monetary restatement), which were accounted for in September 2021.
- Supplement of R\$217.4 million in the provision for labor lawsuit No. 102100-74.2008.5.03.0024, of which R\$110.3 million were accounted for as Other Operating Expenses and R\$107.2 million were accounted for as Financial Expenses. This lawsuit was filed in 2008 by the main union of the Company's employees, regarding the termination of employment contracts due to the application of an extinct dismissal policy. On 06.18.2019, the Company filed a Constitutional Complaint with the Federal Supreme Court - STF (Case No. 35.342), and a favorable decision was issued to COPASA MG, on 11.21.2019.

On 09.30.2021, the STF revised its decision, in which the judgment of the Regional Labor Court of Minas Gerais - TRT-MG, by the merits of the action, would again prevail. The Company filed a Regimental Appeal in the Complaint, but it was rejected, with a decision published on 12.01.2021.

On 12.07.2021, the Company filed a Motion for Clarification on the decision, for understanding it as omitted. This lawsuit was classified as probable loss, and the amount, until then provisioned, was R\$33.5 million. Considering the recent judicial decisions, the Company decided to review the amount of the provisioning, even if there is no amount of the conviction in said action. To this end, it carried out preliminary calculations, and in view of the best accounting practices, increased the provision for this process by approximately R\$217 million, whose accounting occurred on 12.31.2021.

## Financial income and expenses

FINANCIAL INCOME (EXPENSES) (R\$ THOUSAND)					
	2021	2020	2021 X 2020	2019	2020 X 2019
Financial Revenues	285,168	145,962	95.4%	115,547	26.3%
Financial Expenses	479,749	321,935	49.0%	249,442	29.1%
Financial Result	195,581	175,973	10.6%	133,895	31.4%

### Financial Revenues

Financial revenues increased by 95.4%, compared to 2021, due to:

- Increase in gains from financial investments, resulting from higher cash available for investment, associated with the increase in the Brazilian basic interest rate;
- Dividends and interest on equity received from GS Inima Industrial Jeceaba S/A, whose amount in 2021 was R\$52.6 million (R\$14.1 million in 2020);
- Increase in the Capitalization of Financial Assets.

### Financial Expenses

Financial expenses increased by 49.0%, compared to 2021 and 2020. The items that presented the most significant variations are as follows:

- Complement, in December 2021, of R\$217.4 million in the provision for labor lawsuit No. 102100-74.2008.5.03.0024, of which R\$107.2 million were accounted for as Financial Expenses and R\$110.3 million as Other Operating Expenses;
- Increase in monetary variations and interest on financing as a result of new funding, as well as an increase in the basic Brazilian interest rate;
- Decrease in exchange rate variations, and in 2020 there was a significant appreciation of the dollar and the euro against the real. Additionally, there was a decrease in the amounts of foreign currency debt.

## COPANOR

The equity method result for the year 2021 refers to the wholly-owned subsidiary *COPANOR* and was negative by R\$12.7 million (negative by R\$12.6 million in 2020).

COPANOR 'S SYNTHETIC STATEMENT (R\$ THOUSAND)					
	2021	2020	2021 X 2020	2019	2020 X 2019
Net Revenue from Sales and / or Services	41,381	35,849	15.4%	32,738	9.5%
Construction Revenue	23,134	18,546	24.7%	-	n.m.
Other Operating Revenues	1,805	6,492	-72.2%	3,165	105.1%
Operating Costs and Expenses	(55,061)	(49,239)	11.8%	(47,406)	3.9%
Building Costs	(23,134)	(18,546)	24.7%	-	n.m.
Other Operating Expenses	(3,091)	(1,387)	122.9%	(2,080)	-33.3%
Net financial revenues (expenses)	2,275	898	153.3%	811	10.7%
Impairment	-	(5,200)	n.m.	-	n.m.
Net profit (loss)	(12,691)	(12,587)	0.8%	(12,772)	-1.4%

## EBITDA Consolidated

Consolidated EBITDA is a non-accounting measurement adopted by **COPASA MG**, calculated in accordance with CVM Instruction No. 527/2012, consisting, according to the table below, of net income plus taxes on profit, financial result, depreciation and amortization.

Consolidated EBITDA reached R\$1.6 billion in 2021. Adjusted EBITDA, which disregards extraordinary and non-recurring items (Incentivized Voluntary Severance Program, Rate Return determined by Arsæ-MG, and increase in Provision for Labor Lawsuit No. 102100-74.2008.5.03.0024) reached R\$1.94 billion (0.7% higher than in the previous year).

The adjusted EBITDA Margin, which is calculated by dividing the adjusted EBITDA by the sum of net revenue from water and sewage and other operating revenues, reached 35.9% in 2021 (36.8% in 2020).

EBITDA - CONSOLIDATED (R\$ THOUSAND)					
	2021	2020	2021 X 2020	2019	2020 X 2019
Profit for the period	537,587	816,477	-34.2%	754,374	8.2%
(+) Taxes on profits	116,862	288,798	-59.5%	267,930	7.8%
(+) Financial Result	192,307	175,075	9.8%	133,084	31.6%
(+) Depreciation and Amortization	748,652	646,216	15.9%	603,081	7.2%
(=) EBITDA	1,595,408	1,926,566	17.2%	1,758,469	9.6%
EBITDA margin	29.5	36.8%	-9.2p.p.	36.4%	+0.4 p.p.
Adjustments - Non-Recurring Items					
(+) Voluntary Termination Program - PDVI	152,171				
(+) Rate Return - Arsae-MG	82,639				
(+) Increase in Provision - Labor Process	110,324				
Adjusted EBITDA	1,940,542	1,926,566	0.7%	1,758,469	9.6%
Adjusted EBITDA Margin	35.9%	36.8%	-0.9p.p.	36.4%	+0.4 p.p.



# Financial Result

## Taxes on profits

(GRI 207-1; 207-2; 207-3)

The following is a table with taxes on profit:

TAXES ON PROFIT (R\$ THOUSAND)					
	2021	2020	2021 X 2020	2019	2020 X 2019
Income tax and social contribution on net income	116,862	288,798	-59.5%	267,930	7.8%

The reduction observed in taxes on profits is mainly due to the 59.5% increase in income before taxes on profit, comparing 2021 with 2020, as well as obtaining the tax incentive.

## Net Income

The Company recorded net income of R\$537.6 million in 2021, compared to R\$816.5 million in 2020, as shown in the following table:

NET INCOME (R\$ THOUSAND) AND EARNINGS PER SHARE (R\$)					
	2021	2020	2021 X 2020	2019	2020 X 2019
Income before financial results and taxes	849,031	1,281,248	-33.7%	1,156,199	10.8%
Net Financial Result	(194,582)	(175,973)	10.6%	(133,895)	31.4%
Earnings before Income Taxes	654,449	1,105,275	-40.8%	1,022,304	8.1%
Taxes on profits	(116,862)	(288,798)	-59.5%	(267,930)	7.8%
Net Income	537,587	816,477	-34.2%	754,374	8.2%
Outstanding Shares at the end of the Period (thousand)	379,181	379,181	-	379,181	-
Net Income per Share (R\$) <sup>1</sup>	1.42	2.15	-34.2%	1.99	8.2%

1. The amounts of net income per share for 2019 were adjusted considering the split occurred on 11.25.2020, in the proportion of 1 (one) to 3 (three) shares. Thus, the amounts prior to the date of the operation were divided by three.

## External Audit

In compliance with CVM Instruction 381/2003, **COPASA MG** and the subsidiary *COPANOR* inform that KPMG Auditores Independentes was hired on April 9, 2019 and had the contract renewed to perform the external audit services of the Financial Statements of the Parent Company and its subsidiary, in the year ended December 31, 2021. During 2021, the external auditors, in addition to the services related to the audit of the Financial Statements, also provided an audit service of the consolidated economic and financial indicators, in compliance with the provisions of Decree 10.710/21 and Federal Law 11.445/2007 (Sanitation Law). The amounts paid for the services provided in 2021 totaled R\$1.53 million.

In the process of hiring Audit services, the Audit Committee is responsible for giving an opinion on the hiring and dismissal of an independent auditor, as well as supervising the activities and the quality of the services provided, evaluating its independence from the Company, reporting to the Board of Directors.

**COPASA MG** respects the principles that preserve the independence of the external auditor as to not audit its own work, not exercise managerial functions and not advocate for its client, in order to avoid the existence of conflict of interest, loss of independence or objectivity of the independent auditors.

# Waiver Indebtedness and Rating

## Debt

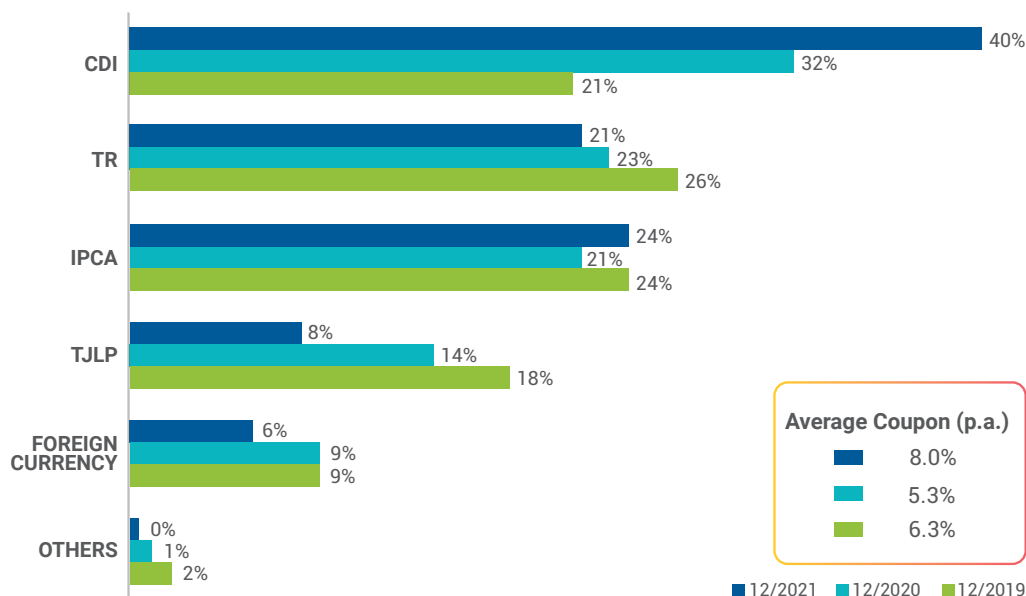
Gross debt, which considers the balances of loans, financing and debentures, reached R\$3.99 billion in December 2021, representing an increase of R\$190 million, compared to the amount recorded in December 2020.

Net debt went from R\$3.0 billion in December 2020 to R\$2.7 billion in December 2021. The leverage ratio, measured by the Net Debt/EBITDA ratio of the last 12 months, reached 1.7x in December 2021. The index was 1.6x in the same period of the previous year.

SPECIFICATION (R\$ THOUSAND)					
	2021	2020	2021 X 2020	2019	2020 X 2019
(+) Loans and Financing	1,068,394	1,273,997	-16.1%	1,281,386	-0.6%
(+) Debentures	2,916,950	2,507,144	16.3%	2,028,851	23.6%
(+) Other Onerous Obligations (Released)	-	4,669	n.m	30,001	-84.4%
(=) Gross Accounting Debt	3,985,344	3,785,810	5.3%	3,340,238	13.3%
(-) Cash and cash equivalents	1,279,469	786,377	62.7%	521,304	50.8%
(=) Net Debt	2,705,875	2,999,433	-9.8%	2,818,934	6.4%
EBITDA	1,595,308	1,926,566	-22.7%	1,758,469	9.6%
Net Debt/EBITDA	1.7	1.6	-	1.6	-

Foreign currency indebtedness represented 5.9% of the gross debt in December 2021, and referred to debt with the German bank KfW and the European Investment Bank (EIB), whose balances plus short-term interest were 27.6 million (equivalent to R\$174.2 million in December 2021) and 10.0 million (equivalent to R\$63.2 million in December 2021), respectively. For these operations there was no hedging mechanism contracted.

Below, the Company presents the evolution of the average coupon and the representativeness of the debt by contractual index in December 2021, 2020 and 2019:



The CDI now represents 40% of COPASA MG's debt, and this increase can be attributed mainly to fundraising through the Second Series of the 16th Issue of Debentures, which occurred in September 2021, in the amount of approximately R\$507.0 million. The decrease observed in the representativeness of the TJLP reflected the amortization of debts indexed to this rate, carried out in 2021.

The Average Coupon increased to 8.0%, due to the increase in CDI.

## Waiver

The Company has loans, financing and debentures with certain contractual conditions, which require compliance with restrictive clauses (covenants) based on certain financial ratios and non-financial indicators, as established in the respective contracts. Some contracts provide that, in the event of non-compliance with these indexes and indicators, the Company must present additional collateral to the creditor or restore the financial indexes provided for in the contracts in a given period. Finally, if the temporary exemption from compliance with these indices is not obtained, the creditor may decree early maturity of the debt.

Non-financial covenants were impacted by recent judicial decisions made in Labor Lawsuit No. 102100-74.2008.5.03.0024, filed in 2008 by the main union of the Company's employees, regarding the termination of employment contracts due to the application of an

extinct dismissal policy. As reported in a Material Fact on 12.27.2021, COPASA MG decided to review the amount of the provision, even if there is no amount of the conviction in said action, having increased the provision for this process by about R\$217.0 million, whose accounting occurred in December 2021 (see item 9.3).

Also in December 2021, negotiations began with the debenture holders of the 12th, 13th, 14th and 15th issues, since the deeds of these debentures provide that it constitutes an Event of Default that may result in the early maturity of the obligations arising from the unfavorable decision of 2nd (second) degree in lawsuits whose value exceeds R\$50 million. Such provision can be verified in the text extracted, for example, from item IX, clause 7.26.2, of the deed of the 12th issue, as follows:

"7.26.2 Events of Default that may result in the maturity of the obligations arising from the Debentures, applying the provisions of Clause 7.26.4 below, any of the events provided for by law and/or any of the following Events of Default:

(...)

*IX. decision in the second degree of judicial, administrative or arbitral proceedings, of any nature, against the Company and/or any of its Subsidiaries or Affiliates (a) whose value, individual or aggregate, exceeds R\$50,000,000.00 (fifty million reais) or its equivalent in another currency; (...);"*

In the case of the debentures of the 16th Issue, negotiations with the debenture holders were also initiated in December 2021, since the deed of this issue provides that it constitutes the Event of Default that may result in the early maturity of the obligations arising from the unfavorable decision of 2nd (second) degree in judicial proceedings whose value exceeds R\$75 million.

As a result of this provision, the debenture holders, at the General Meetings of Debenture Holders (AGDs) of the 13th, 14th, 15th and 16th issues, held on 03.10.2022, and the 12th issue on 03.21.2022 decided to waive the fulfillment of the contractual default (waiver), receiving 0.10% per year, on the outstanding balance, calculated on the date of payment of the premium (waiver fee). Considering the actions taken by the Company, which resulted in the effective acquisition of the waivers, the debts are not due or payable in the short term, so that said debts remain classified in non-current liabilities.

The Company's Management considers that these financial statements present in an appropriate manner the financial and equity position, performance and cash flows of the Company, and applied all technical pronouncements, interpretations and guidelines applicable CPC actions, except for the non-application of item 74 of Technical Pronouncement CPC 26 – "Presentation of Financial Statements", issued by the Accounting Pronouncements Committee (CPC 26).



According to said item, the Company should reclassify its debts from non-current liabilities to current liabilities. However, considering the obtaining of the waivers from the creditors, the Company's debts are not configured as "liabilities due and payable to the order of the creditor" in the short term and thus the compliance with item 74 of CPC 26 would consist of serious distortion of the Balance Sheet, as it would cause the financial statements of COPASA MG to present in the short term debts in the amount of R\$1,933 million that, on the date of publication of the financial statements, were not due in the short term.



Thus, in accordance with item 19 of said CPC 26, if the debt was claimed for current liabilities, the Management understands that a misleading information would be presented to the users of the Financial Statements, violating the purpose of reliable representation of these statements, in conflict with the Technical Pronouncement "*CPC 00 – Conceptual Structure for financial reporting*". .

## Rating

On 07.02.2021, the Rating Agency Fitch published a report, raising the National Long-Term Ratings and their issues of unsecured debentures from AA(bra) to AA+(bra). The corporate rating outlook remained stable.

On 09.14.2021, the Moody's Rating Agency published a report, with the attribution of the Corporate Rating AAA.br to COPASA MG, and the outlook is stable.

The following is a table with a summary of the ratings:

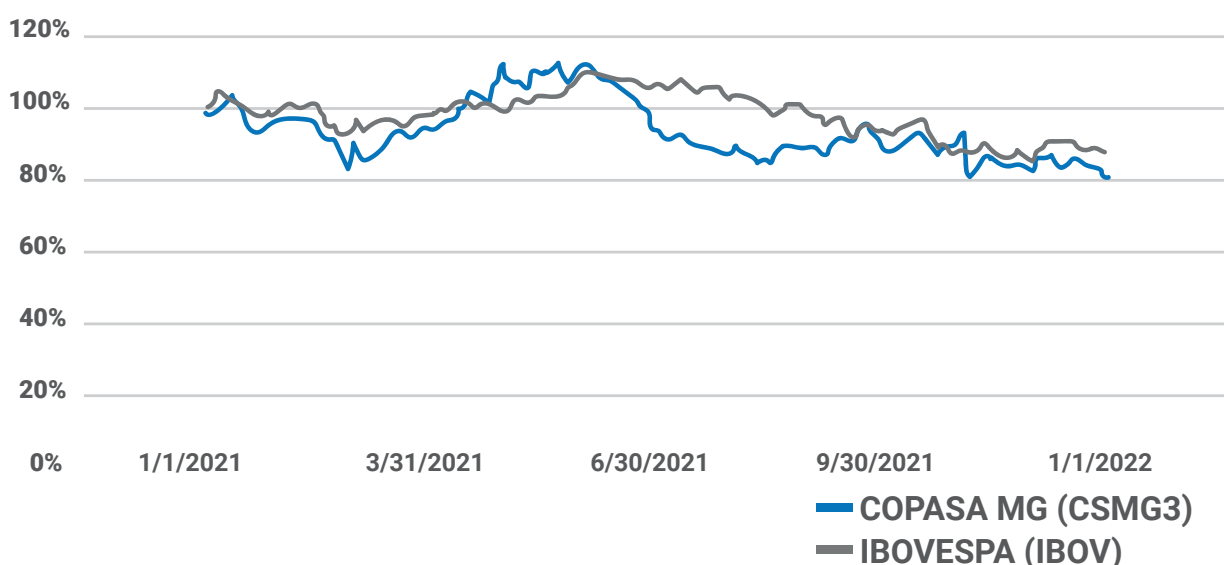
Agency	At national level?	Perspective	Date	The Report
Fitch Ratings	AA+(bra)	Stable	02.07.2021	<a href="#">Report</a> 
Moody's Latin America	AAA.br	Stable	14.09.2021	<a href="#">Report</a> 

## Stock Performance

The unit price of COPASA's shares (B3:CSMG3), adjusted by the declared earnings, depreciated 17.9% in 2021, with the price reaching R\$12.71 at the close of the last trading session of that year.

The average daily volume traded in 2021 was R\$32.1 million. The average number of daily businesses in 2021 was 7,800, an increase of 44.4% compared to the average of 5,400 daily businesses in 2020.

### Performance of COPASA MG shares (CSMG3) versus Ibovespa (IBOV) - Base 100: 01.01.2021



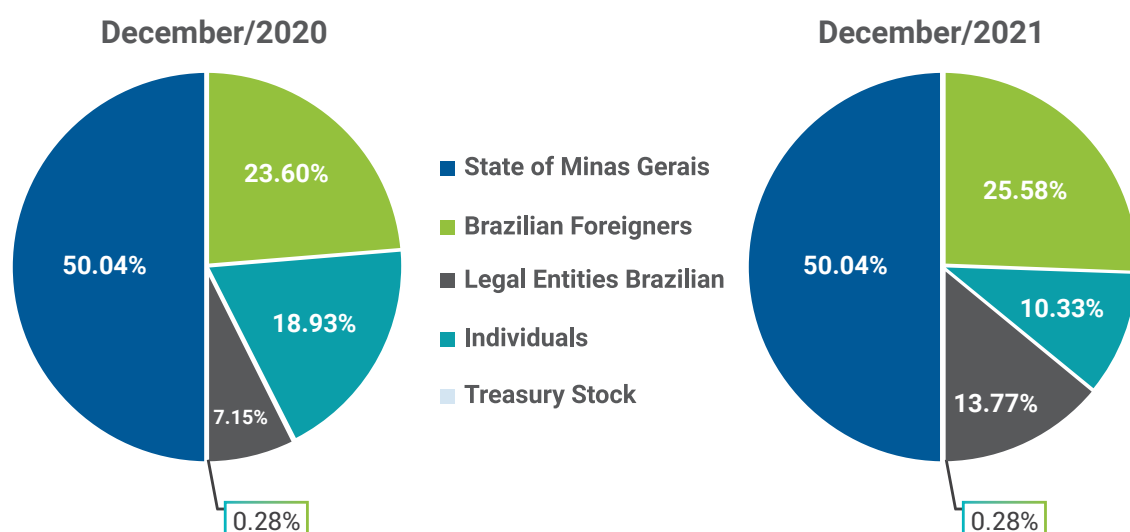
**COPASA** included, at the end of 2021, 8 (eight) B3 indexes, namely: Broad Brazil Index (IBRA), Corporate Governance Index (IGCX), Differentiated Corporate Governance Stock Index (IGC), Corporate Governance Index - Novo Mercado (IGC-NM), Differentiated Tag Along Stock Index (ITAG), Dividend Index (IDIV), Small Cap Index (SMLL) and Public Utility Index (UTIL).

In 2021, the Company celebrated 15 years of listing in B3's Novo Mercado de Governança Corporativa. During this period, the capital market presented a significant evolution, contributing to the increase of governance practices, as well as socio-environmental initiatives. At the same time, basic sanitation has come to be at the center of important discussions at the national level, bringing new challenges and opportunities.

**COPASA** has been following this trend and has constantly evolved, becoming a more diverse and inclusive company, showing that it is possible to combine the social character, strongly present in its segment of operation, with solid economic results-

Finances Proof of this is the growth in the number of shareholders of the Company, particularly individuals, who, when allocating their savings to **COPASA**, reflect their trust and credibility in the Company.

The number of shareholders of the Company grew by 140%, from about 43 thousand at the end of 2020 to more than 104 thousand shareholders at the end of 2021. It is worth mentioning that for the evolution of Individuals shareholders, which jumped from 42 thousand in 2020 to 103 thousand in 2021. Below, the representativeness of the shareholders' groups in the composition of the Company's shareholding base.



## Compensation to shareholders

For the year 2021, in compliance with the criteria of the current Dividend Policy, R\$282.7 million were declared and paid, as Regular Dividends, as shown in the table below:

Reference	Corporate Event	LAW	Total Amount (R\$ Million)	Payment Date
JCP - 1T21	RCA 19.03.2021	24.03.2021	64,84	18.05.2021
JCP - 2T21	RCA 17.06.2021	22.06.2021	55,17	16.08.2021
JCP - 3T21	RCA 21.09.2021	24.09.2021	105,28	19.11.2021
Dividends - 3Q21	RCA 21.09.2021	24.09.2021	57,38	19.11.2021
Fiscal Year 2021			282,68	

The Company informs that, due to the extraordinary and non-recurring events related to the return of tariffs determined by the Regulatory Agency and the complement in the provision for labor lawsuit No. 102100-74.2008.5.03.0024, whose accounting occurred in December 2021, the amounts declared until September 2021 reached the limit established for that year. Thus, there is no JCP or dividend declaration for the 4th (fourth) quarter of 2021.

## Annual Social Accounting / 2021

### Social Balance/DVA

ANNUAL SOCIAL ACCOUNTING						
Sanitation Company of Minas Gerais - COPASA						
1 - Calculation Basis	Amount (Thousand BRL)			2020 Amount (Thousand BRL)		
Net revenue from water, sewage and solid waste (SW) <sup>1</sup>	5,181,786			5,015,077		
Total Net Revenue	5,830,194			5,288,943		
Operating Income (OI)	654,449			1,105,275		
Gross Payroll (FPB)	1,611,084			1,361,447		
2 - Internal Social Indicators	Value (thousand)	% on FPB	% on RL	Value (thousand)	% on FPB	% on RL
Meals	170,608	10.59%	3.29%	174,726	12.83%	3.48%
Compulsory social responsibilities	308,989	19.18%	5.96%	292,153	21.46%	5.83%
Private pension	55,155	3.42%	1.06%	51,918	3.81%	1.04%
Health	99,781	6.19%	1.93%	79,651	5.85%	1.59%
Work Safety and Health	9,270	0.58%	0.18%	7,139	0.52%	0.14%
Education	3,115	0.19%	0.06%	2,936	0.22%	0.06%
Training and professional development	2,593	0.16%	0.05%	1,705	0.13%	0.03%
Nurseries or day-care assistance	1,288	0.08%	0.02%	1,206	0.09%	0.02%
Profit or losses participations	33,295	2.07%	0.64%	52,025	3.82%	1.04%
Others	11,732	0.73%	0.23%	9,121	0.67%	0.18%
Total - Internal Social Indicators	695,826	43.19%	13.43%	672,580	49.40%	13.41%

3 - External Social Indicators	Value (thousand)	% on FPB	% on RL	Value (thousand)	% on FPB	% on RL
Education	2,686	0.41%	0.05%	1,451	0.13%	0.03%
Culture	4,032	0.62%	0.08%	5,332	0.48%	0.11%
Health and sanitation	437,334	66.82%	8.44%	342,552	30.99%	6.83%
Sports	2,835	0.43%	0.05%	1,220	0.11%	0.02%
Others	689	0.11%	0.01%	517	0.05%	0.01%
Total social contribution	447,576	68.39%	8.64%	351,072	31.76%	7.00%
Taxes (excluding social charges)	650,325	99.37%	12.55%	800,166	72.40%	15.96%
Total - External Social Indicators	1,097,901	167.76%	21.19%	1,151,238	104.16%	22.96%
4 - Environmental Indicators	Value (thousand)	% on FPB	% on RL	Value (thousand)	% on FPB	% on RL
Investments related to the production / operation	263,298	40.23%	5.08%	144,665	13.09%	2.88%
Investments in programs and/or external projects	28,070	4.29%	0.54%	18,784	1.70%	0.37%
Total investments in the environment	291,368	44.52%	5.62%	163,449	14.79%	3.26%
Regarding the establishment of annual targets to minimize toxic waste and general consumption during production / operation and increase efficiency in the use of natural resources, the company:				(X) has no goals		( ) meets from 0 to 50%
				( ) meets from 51 to 75%		( ) meets from 76 to 100%
5 - Workforce Indicators	2021			2020		
Number of Employees at the End of the Period	10,692			11,393		
Number of admissions during the period	39			14		
Number of Outsourced Employees <sup>2</sup>	1,219			1,148		
Number of trainees	147			38		
Number of employees over 45 years	5,959			6,265		
Number of Women Working at the Company	951			1,062		
% of management positions held by women	33.10%			31.65%		



Number of black employees who work for the company	5,802			6,120		
% of management positions held by blacks (blacks + browns)	25.52%			26.62%		
Number of people with disabilities Special needs	532			582		
<b>6 - Information relating to corporate citizenship</b>	<b>2021</b>			<b>2020</b>		
Total number of workplace accidents	162			111 <sup>3</sup>		
The social and environmental projects developed by the company were defined by:	( ) Board of Directors	(X) Board of Directors and Managers	( ) All employees	( ) Board of Directors	(X) Board of Directors and Managers	( ) All employees
The safety and health standards in the workplace were defined by:	(X) Board of Directors and Managers	( ) All employees	( ) all + Cipa	(X) Board of Directors and Managers	( ) All employees	( ) all + Cipa
Concerning freedom of association, the right to collective bargaining and internal employee representation, the company:	( ) does not get involved	(X) follows ILO standards	( ) encourages and follows the ILO	( ) does not get involved	(X) follows ILO standards	( ) will encourages and follows the ILO
Private pension plans include:	( ) Board of Directors	( ) Board of Directors and Managers	(X) All employees	( ) Board of Directors	( ) Board of Directors and Managers	(X) All employees
The Profit Sharing include:	( ) Board of Directors	( ) Board of Directors and Managers	(X) All employees	( ) Board of Directors	( ) Board of Directors and Managers	(X) All employees
When selecting suppliers, the same ethical and social responsibility standards adopted by the company:	( ) are not considered	( ) are suggested	(X) are required	( ) will not be considered	( ) will be suggested	(X) shall be required
Regarding employees participation in volunteer work, the Company:	( ) does not get involve	( ) support it	(X) organizes and encourages it	( ) will not get involve	( ) will support it	(X) will organizes and encourages it

Total number of complaints and criticism from consumers:	in the company: 1,577,640	in Procon: 822	in Justice: 2,715	in the company: 1,093,135	in Procon: 500	in Justice: 2.000
% of claims and criticisms solved:	in the company: 100%	in Procon: 100%	in Justice: 53.92%	in the company: 100%	in Procon: 100%	in Justiça: 70%
<b>Total added value to be distributed (in thousand R\$):</b>	<b>In 2021: 3.348.704</b>			<b>In 2020: 3.387.047</b>		
Distribution of Value Added (DVA)	23.74% government	44.05% employees		28.01% government	37.09% employees	
	8.44% shareholders	16.16% third parties		6.73% shareholders	10.80% third parties	
	7.61% retained			17.37% retained		

#### 7) Other Information

CNPJ 17.281.106/0001-03, sector: sanitation.


Clarifications on the information declared: Social Responsibility Unit, telephone 55 31 3250-2024, email [reso@copasa.com.br](mailto:reso@copasa.com.br). Copasa does not use child labor or slave labor and has no involvement in prostitution or sexual exploitation of a child or adolescent and is not involved in corruption.

We respect and include diversity.

1 - For the calculation of the indicators, the value of the Net Revenue from the services provided by Copasa is being considered.

2 - The number of outsourced employees is estimated considering the labor allocated in the service contracts, as Copasa does not hire third parties directly.

3 MAXIMUM ADMISSIBLE VALUE The company has invested in the improvement of the theme, especially through the Zero Accident Program, consisting of a set of projects and actions aimed at the development of a safety culture involving safe behavior, discipline and inspection and aiming at the goal of zero accidents

The Financial Statements (DF) of the  
**COPASA** you check [here](#). 

## GRI Content Summary

(GRI 102-10; 102-48; 102-49;  
102-53; 102-54; 102-55; 102-56)

This report was prepared in accordance with the GRI Standards: Comprehensive option. In relation to the previous reporting cycle, we have included Sustainable Development Goal 5 (SDG 5) as a priority. No reformulations of information of scope and limits of material topics or any change in the organizational structure of the Company and in its supply chain were recorded. The contents of the Report have not been subject to external verification. For more information and clarification of doubts, please contact: [reso@copasa.com.br](mailto:reso@copasa.com.br).

	GRI INDICATORS	NOTE	PAGE
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<b>ORGANIZATIONAL PROFILE</b>			
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102-3	Location of headquarters		28
102-4	Location of operations		28
102-5	Nature of ownership and legal form		28
102-6	Markets served		28
102-7	Organization size		28
102-8	Information about employees and other workers	Outsourced companies are contracted to provide concierge administration services and protection of patrimonial and environmental assets to work. These employees receive training in their companies that address issues related to labor rights, benefits, occupational health and safety, ethical conduct and the fight against corruption and fraud. In 2021, 629 outsourced employees provided services in the duties of watchman/motorcyclist and watchman/doorman throughout the State of Minas Gerais.	62
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102-10	Significant changes in the organization and its supply chain	No, there has been no change	77, 144
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102-31	Analysis of economic, environmental and social topics		41
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102-43	Stakeholder engagement approach		11
102-44	Main concerns and topics raised		11
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102-45	Entities included in the financial statements consolidated financial	The Consolidated Financial Statements present the results of <b>COPASA</b> and <i>COPANOR</i> .	10, 126
102-46	Defining Report Content and Topic Limits		10
102-47	List of essential topics		11
102-48	Restatements of information		144
102-49	Changes in reporting	No significant changes were identified	11, 144
102-50	Reporting period	January to December 2021	10
102-51	Date of the most recent report	May 2021	10
102-52	Reporting cycle	Annual	10
102-53	Contact for questions about the report		10, 144
102-54	Reporting Statements in accordance with GRI Standards	Essential	10
102-55	GRI Content Summary		144
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103-2	The management approach and its components		14, 39
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102-31	Analysis of economic, environmental and social topics		41
102-32	Role played by the highest governance body in the sustainability report		41
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205-1	Operations assessed for risks related to corruption	We do not have in the company the total number of operations of the company. The risks of corruption will be evaluated by July/2022.	48
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201-1	Direct economic value generated and distributed		126
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201-4	Financial support received from the government	<b>COPASA MG</b> is controlled by the Government of the State of Minas Gerais, which owns 50.04% of the Company's total shares. We inform that COPASA MG did not receive funds from its controlling shareholder in 2021, related to capital contribution.	126
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GRI 201: ECONOMIC PERFORMANCE			
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SASB NETWORK RESILIENCE & IMPACTS OF CLIMATE CHANGE			
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GRI 303: WATER AND EFFLUENTS			
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303-2	Management of impacts related to water disposal		108
SASB WATER AFFORDABILITY & ACCESS			
IF-WU-240A.1	Average Retail Water Rate for (1) residential, (2) commercial and (3) industrial customers	Extra Info	57
IF-WU-240A.4	Discussion of the impact of external factors on water accessibility to the customer, including the economic conditions of the service territory	Extra Info	81
GRI 304: BIODIVERSITY			
304-1	Own operational units, leased or managed within or adjacent to environmental protection areas and areas of high biodiversity value located Environmentally Protected Areas	<p>All operational units/infrastructures accounted for in response are located within protected areas and areas of high biodiversity value. In addition to being inserted in hotspots areas of the Atlantic Forest and Cerrado biomes, they are also – for the most part – inserted in the territory of Biosphere Reserves.</p> <p>The types of operation performed in these areas are: Water collection, treatment, reservation and distribution units: Boosters, Captures – Ferries, Captures – Accumulation Dams, Captures – Level Dams, Catchments – Direct Outlets, Raw Water Lifts, Treated Water Lifts, Water Treatment Stations (WTP), Deep Wells and Reservoirs. Given the number of units/operational infrastructures accounted for, it was not possible to survey the size of the area of each of them</p>	101
304-2	Significant impacts of activities, products and services on biodiversity		101
304-3	Habitats protected or restored		101

OPERATIONAL EFFICIENCY			
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary		111
103-2	The management approach and its components		111
103-3	Evaluation of the management method		111
GRI 302: ENERGY			
302-1	Consumption of power within the organization		112
302-3	Power intensity		112
302-4	Reducing power consumption		112
302-5	Reductions in energy requirements for products and services		112
SASB ENERGY MANAGEMENT			
IF-WU-130A.1	(1) Total energy consumed, (2) percentage of electricity grid, (3) renewable percentage	(1) 4,120,329.81 GJ (2) 85% (3) 95%	112
WORK SAFETY			
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary		73
103-2	The management approach and its components		73
103-3	Evaluation of the management method		73
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
403-1	Health and Safety Management System		73
403-2	Hazard identification, risk assessment and incident investigation		73
403-3	Occupational health services		73
403-4	Worker participation, consultation and communication to workers concerning occupational health and safety		73

403-5	Training of workers in occupational health and safety		73
403-6	Worker health promotion		73
403-7	Prevention and mitigation of directly linked occupational health and safety impacts Business relations		73
403-8	Workers covered by an occupational health and safety management system	As listed in the social series 403-1, the current Occupational Health and Safety Management System is based on the care of NRs and initiatives aimed at making the work environment increasingly healthy and safe. It covers all employees and not specific percentages. It is not yet certified by ISO (with the respective audits), which is why the information in items 403-8 (a; b) has not been filled in.	73
403-9	Workplace accidents		73
403-10	Professional Diseases		73
CUSTOMER SERVICE			
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary		57
103-2	The management approach and its components		57
103-3	Evaluation of the management method		57
GRI 418: CUSTOMER PRIVACY			
418-1	Proven complaints regarding breach of privacy and loss of customer data		61
DISCLOSURES GRI EXTRAS - INDICATORS NOT CONTEMPLATED IN THE MATERIALITY, BUT WHICH <b>COPASA</b> DECIDES TO REPORT TO MAINTAIN THE HISTORICAL SERIES AND COMPARABILITY			
GRI 202: MARKET PRESENCE			
202-1	Proportion between lowest wage and local minimum wage, with gender discrimination	Salary tables are always readjusted based on the Collective Bargaining Agreements entered into with the Unions. In 2021, the minimum base salary was 29% higher than the minimum wage. In 2022, with the signing of the new Collective Bargaining Agreement, this percentage became 36%.	46
GRI 204: BUYING PRACTICES			
204-1	Proportion of spend with local suppliers		77



GRI 207: TAXES			
207-1	Tax Approach		32, 133
207-2	Governance, control and management of tax risk		133
207-3	Stakeholder engagement and management of their tax concerns		133
GRI 301: MATERIALS			
301-1	Materials used, broken down by weight or volume		107, 111
301-2	Raw materials or recycled materials used		107
GRI 305: EMISSIONS			
305-1	Direct emissions (Scope 1) of greenhouse gases (GHG)	The history of the increase has been uniform and is mainly due to the entry of operation of Sewage Treatment Stations.	91
305-2	Indirect emissions (Scope 2) of greenhouse gases (GHG) from the acquisition of Energy	The increase in the CO2 emission factors of the Brazilian energy matrix in 2021 was due to water scarcity, which caused it to be changed to thermoelectric energy, consequently increasing GHG emissions. The calculation basis of the Climate Committee includes the Brazilian energy matrix.	91
305-3	Other indirect emissions (Scope 3) of greenhouse gases (GHG)		91
305-4	Greenhouse Gas Emissions (Ghg) Intensity		91
305-5	Reduction of GHG emissions	The Greenhouse Gas Emission Reduction Plan - GHG will be built in 2022, with a limit of two years to define the reduction goals, according to instructions obtained through the Global Compact, in the Adaptation to Net Zero. The base year for goal setting will be defined with the preparation of the GHG Plan.	91
305-6	Emissions of substances that destroy the ozone layer (SDOs, in Portuguese)	The methodology applied does not include the items listed in this GRI.	91
305-7	NOx, SOx and other significant air emissions	The methodology applied does not include the items listed in this GRI.	91

GRI 306: WASTE			
306-1	Generation of waste and significant impacts related to waste		111
306-2	Management of significant wasterelated impacts	<p>"Copasa does not currently have measures in place to reduce waste generation. The Waste Policy is in the process of being drafted. Waste is managed by COPASA itself and by third parties.</p> <p>Operational plants generate controls for recording the waste from operations. These controls subsidize the preparation of the MTR - Waste Transportation Manifest - which allows the collection and monitoring of data. With the issuance of the DMR - Declaration of Waste Movement, prepared every six months, the quantities of operational waste generated are consolidated. "</p>	111
GRI 307: ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations		100
GRI 308: ENVIRONMENTAL EVALUATION OF SUPPLIERS			
308-1	New suppliers that were selected using environmental criteria	<p>"The company so far does not have indicators based on these criteria.</p> <p>However, it adopts some sustainability criteria, such as applying a prequalification questionnaire with questions related to the company's Environmental Management, with different weights."</p>	
308-2	Negative environmental impacts in the supply chain and measures taken	<p>8 chemical suppliers were identified as potential causes of negative environmental impacts, linked to possible environmental accidents resulting from the transport, loading and unloading of dangerous products. Copasa guides on good practices for handling dangerous products and requires correct compliance with current legislation.</p> <p>In 2021, there was no closure of business relationships.</p>	
GRI 401: EMPLOYMENT			
401-1	New hires and employee turnover		62
401-2	Benefits offered to fulltime employees that are not offered to temporary or part-time employees		62
401-3	Parental Leave		62
GRI 402: LABOR RELATIONS			
402-1	Minimum notice period on operational changes	The notice periods are established in each case, and there is no specified minimum period.	62

GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year, per employee		69
404-2	Programmes for the improvement of employees' skills and assistance for career transition		69
404-3	Percentage of employees who receive regular evaluations of performance and career development		69
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity in governance bodies and employees		47
GRI 406: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	There were no cases related to discrimination in 2021, as specified by the indicator , and no corrective measures were necessary.	68, 97
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A As recommended by the terms for contracting, companies must follow collective agreements, in accordance with municipal, state and federal laws.	62
GRI 408: CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labour		62, 77
GRI 409: FORCED LABOR OR ANALOGOUS TO SLAVE LABOR			
409-1	Operations and suppliers with significant risk of forced or slave-like labor		62, 77
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-2	Employee training on human rights policies or procedures	The percentage of employees trained in 2021 was 96.79% and for newly hired employees it was 64.1%. However, we do not have sufficient information to separate participants from human rights training in newly hired employees or employees.	
412-3	Investment agreements and contracts that include human rights clauses or that have undergone human rights assessment	100% of significant investments include some kind of human rights clause. Any type of investment that requires third-party financing can be considered as significant investments.	

GRI 414: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were selected using social criteria		77
414-2	Negative social impacts on the supply chain and measures taken	There were none.	77
GRI 416: CONSUMER HEALTH AND SAFETY			
416-1	Assessment of health and safety impacts caused by product and service categories		60
GRI 419: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	<p>There were 60 infractions in the total amount of R\$1,538,414.52. There were 6 non-monetary sanctions.</p> <p>Number of Administrative Proceedings in 2021: 18 – total: R\$97,924,475.68</p>	

## Corporate Information

### Sanitation Company of Minas Gerais (COPASA)

- Administrative Headquarters: Rua Mar de Espanha, 525 - Bairro Santo Antônio CEP 30.330-900 - Belo Horizonte (MG)
- Taxpayer ID No.: 17.281.106/0001-03 Entry
- Web: <https://www.copasa.com.br/>

### COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A (COPANOR)

- Administrative Headquarters: Rua Joaquim Ananias de Toledo, 125 - Bairro Laerte Lander - CEP 39.803-171 - Teófilo Otoni (MG)
- CNPJ: 09.104.426/0001-60
- Web: <http://www.copanor.com.br/>

## Complaints Channel<sup>30</sup>

(GRI 102-17; 102-33)

- E-mail: [denuncias@copasa.com.br](mailto:denuncias@copasa.com.br)
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## Credits

(GRI 102-53)

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<sup>30</sup> Accessible to any citizen, who can make complaints anonymously, with guarantee of independence in the investigations. The progress of the entire process can be monitored by the reporter, through protocol and password registered on the website. Reports can also be forwarded by email.



**Content, Editorial Project and GRI Consulting**

- blendON | esg services

**Graphic Design**

- Buffalo Digital

## Note to Readers

This Report may contain considerations regarding the business prospects of the company and Subsidiary, which are projections and are based on expectations regarding the future of the business. These estimates are subject to risks, uncertainties and assumptions, which include, among others, economic, political, financial and commercial conditions in the markets in which the Company operates. Potential investors are hereby advised that none of these forecasts is a guarantee of future performance, as they involve risks and uncertainties. We are not obliged to update such forecasts in the light of new information or its future developments.

(GRI 102-53)

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Additional information on economic and financial performance, corporate acts, among other information is available at <https://ri.copasa.com.br/>

Belo Horizonte (MG), March 2022.



IMAGE BANK - NOVA LIMA, MINAS GERAIS