



SUSTAINABILITY REPORT 2015

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COPASA

MESSAGE FROM THE BOARD

(G4-1)

2015 was a very challenging year for COPASA. Company performance, as observed in previous years, continued to decline with ever decreasing margins, due to the growth in costs outweighing the increase in revenue, which was heightened by water scarcity. This situation required a series of structural measures, which aimed to improve operational efficiency and establish economic-financial stability. In January, the situation of the reservoirs that supply the Metropolitan Region of Belo Horizonte was published and an awareness campaign was launched to reduce the spontaneous consumption of water, due to the low levels of the reservoirs. This was a result of the low rainfall recorded in the southeast of the county over the previous few years, associated with the sustained historical rates of the population's water consumption (2013, 2014).

Other actions were implemented to optimize operational efficiency and water security. These included a reduction in the time taken to deal with leakages, the daily publishing of the level of the reservoirs and the construction of a new 5 m³/s water catchment system in the River Paraopeba, for treatment in the River Manso Station. This undertaking, which began operating in December 2015, shall guarantee the supply of water to the Metropolitan Region of Belo Horizonte over the following years. The new system was developed with resources totalling R\$128.4 million from the Minas Gerais State Government, via the Advance for Future Capital Increase (AFAC) programme.

Personnel costs, which historically represent around 45% of total costs, deserve special attention. In the first semester, 490 employees were let go as part of 2 voluntary redundancy programmes. In November 2015, the Incentivised Voluntary Redundancy Programme (PDVI) was implemented, which involved 821 employees. Of these, some were made redundant in 2015 and the rest are scheduled for 2016. These programmes resulted in total expenses of R\$211.5 million, of which R\$172.9 million represents compensation and incentives, and will lead to an annual payroll saving of around R\$201 million. The organizational restructuring of the company also deserves mentioning. The programme, which has been implemented this month, has reduced the number of directorships from eleven to eight, and merged some superintendencies and management teams, reducing the number of commissioned posts from 201 to 145.

An additional measure implemented by the company to improve results was the dissolution of the leasing agreement with Economic Development Company of Minas Gerais (Codemig) to the mining rights, equipment, and installations comprising the Araxá, Cambuquira, Caxambu and Lambari mineral-water bottling activities operated by COPASA Águas Minerais de Minas (AGMM). From June 2015, the aforementioned subsidiary was contracted by Codemig to operate and maintain the installations, and sell mineral water for a minimum period of 12 months. This measure resulted in the subsidiary registered a profit of R\$4.2 million in 2015. In February 2016, AGGM went into liquidation.

The company has made a considerable effort to renew its concessions. In 2015, nine concessions have been renewed and a further nine are in the final stages of being renewed, awaiting only the formalization of the

construct, which should occur shortly. The subsidiary Saneamento Participações (Sanpart) was also created, which will enable the company to do business via societies with social objectives related to basic sanitation.

Finally, we would like to underline the commitment of the company to do business in an ethical and transparent manner with its diverse publics and incorporate socio-environmental aspects in its processes, thus contributing to sustainable development in its area of activity. As a result, the Social Responsibility Policy was formally approved in 2015 by the Board of Directors and is composed of four basic pillars: Human Rights, Community Relationships, Private Social Investment, and Stakeholder Engagement. This aims to ensure that the management of social responsibility is integrated throughout the organization and is applied to its relationships, taking into account stakeholder interests.

In December 2015, the establishment of the Socio-environmental Support Sector (SAS) in each district of the three Operational Directorships was also approved, and later renamed as the Socio-environmental Work Sector. The SAS will be responsible for many things including: conducting programmes and projects related to mobilization and environmental education; supporting employee training and the solidarity actions of employees, company and community, participating in public health campaigns (Dengue, AIDS, etc.); proposing local actions to reduce greenhouse gas emissions, in conjunction with COPASA's Climate Change Committee; participating in local events such as fairs and the educational community's activities, amongst others; imparting the company's socio-environmental responsibility message and encouraging knowledge, information and dialogue. The implementation of the actions attributed to SAS were initiated by the Metropolitan Operations Directorship.

The year 2016 will again be full of challenges given current water availability, which is still recovering. But the Board and the entire COPASA team are working hard on the programmes developed in 2015, targeting even better results in 2016, so that the company may once again generate consistent operational and economic-financial results, as well as shareholder values, in addition to improving services offered to clients.

The Board



COPASA

ORGANIZATIONAL PROFILE

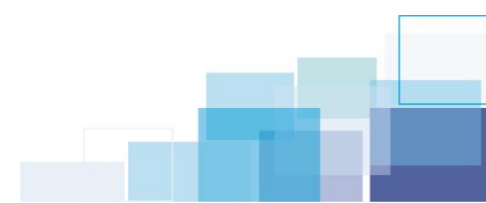
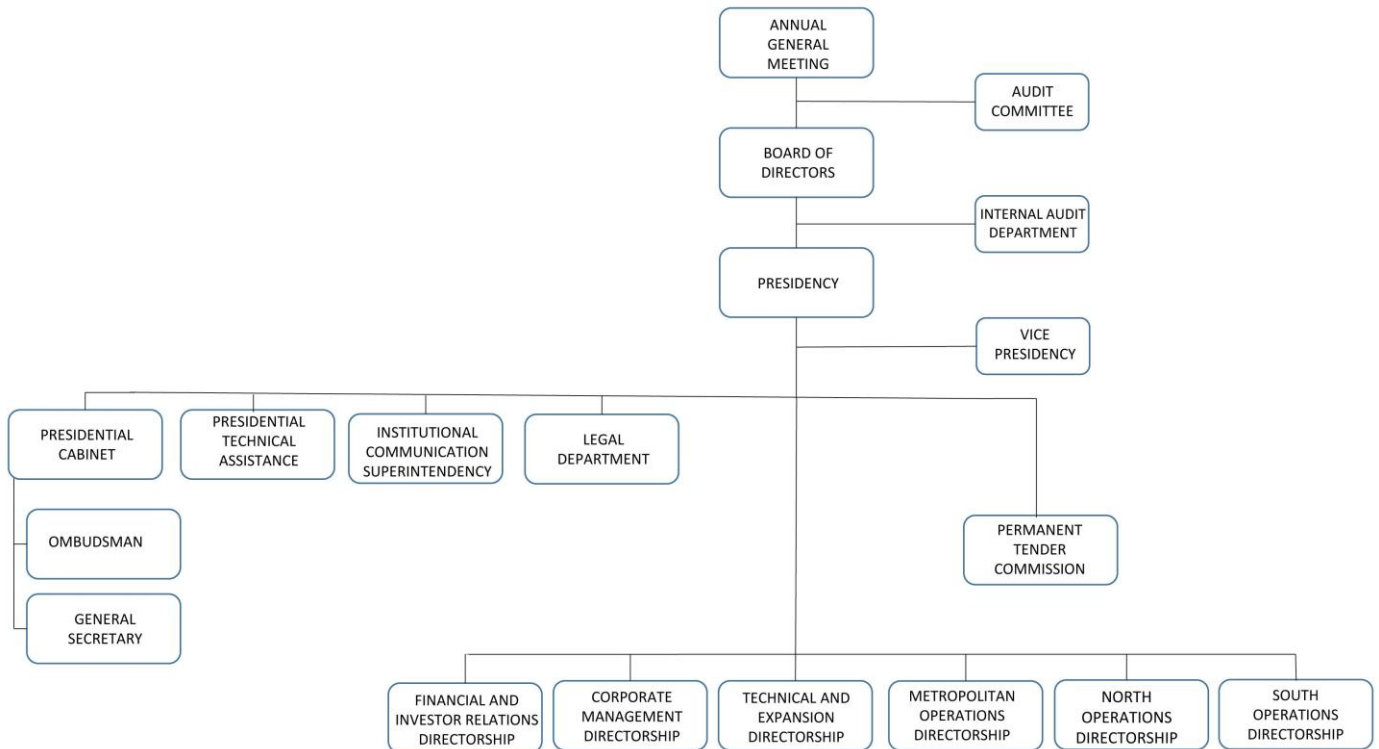
(G4-3 / G4-4 / G4-5 / G4-6 / G4-7)

The Companhia de Saneamento de Minas Gerais (COPASA MG - Minas Gerais Sanitation Company) is a semi-public company regulated by the Brazilian Corporate Law, which governs stock corporations. The Minas Gerais State Government is the controlling shareholder. The Initial Public Offering (IPO)

Took place in 2006, entering BM&FBovespa's highest level of corporate governance index - New Market. The company's headquarters and registered address are in Belo Horizonte (525, Mar de Espanha street, Santo Antônio).

As a concessionaire of the sanitation sector, COPASA's primary activity involves the development of actions connected to public water-supply and sanitary-sewage services, which includes the planning and elaboration of projects; execution; expansion; remodelling; and exploration of services in the state of Minas Gerais.

ORGANISATIONAL CHART



Stakeholder Relationships (G4-24)

COPASA's relationships with its stakeholders are conducted in line with its values, principles and beliefs, based on its Ethical Code of Conduct, in an attempt to align interests and identify the expectations of the those involved. As a result, it uses relationship channels to communicate decisions, mobilize the workforce, and consolidate partnerships with a view to the sustainable development of its business and society. These relationships are with clients, employees, government inspectors, suppliers, the Minas Gerais State Government, investors, regulatory bodies, municipal councils, and the society.

In order to establish an appropriate relationship with society, the company uses different communication channels and conducts its dialogue, particularly via digital and print media, according to the reality of each stakeholder, for example: letters, posters, direct mailing, intranet, interviews and website, contact page, Facebook, Twitter, and the Customer Service Centre (115).

Sector Regulation

The regulation and control of the public water-supply and sanitary-sewage services of the municipalities served by COPASA and COPANOR is carried out by the Regulatory Agency of Water-Supply and Sanitary-Sewage Services of the State of Minas Gerais (Arsae-MG), as set out in State Law nº 18.309/2009, which established the rules related to water supply and sanitary sewage services. In 2015, Arsae-MG carried out economic, technical and commercial inspections to evaluate the quality of the services provided by COPASA and COPANOR. There were no non-conformity fines related to the supply and use of products and services. **(G4-PR9)**

In October 2015, COPASA and COPANOR's request for a revision of their tariffs was filed with Arsae-MG.

The first stage of COPASA's revision was concluded in April 2016, with the agency's publication of Resolution nº 82/2016, which dealt with the realignment of the tariffs based on costs, due to the variation in inflation and evaluation of the efficiency, and in light of market changes (water crisis, new consumption patterns). In addition, there was an alteration to the tariff structure via the replacement of billing per minimum consumption with billing per two fixed components: Fixed Rate and Variable Rate. The average tariff impact on users is 13.9%, based on consumption registered since 13th May 2016.

The second stage, which is forecast for 2017 and in addition to what was considered in the first stage, will cover the realignment of tariffs taking into account remuneration, amortization and re-composition of investment according to the definition of the regulatory asset base.

The revision of COPANOR's tariffs is scheduled for July 2016.

Subsidiaries

As of 31st December 2015, COPASA had full control of the subsidiaries COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S.A. (COPANOR), COPASA Águas Minerais de Minas S.A. (AGMM) and COPASA Serviços de Irrigação S.A.

The decision to wind up COPASA Serviços de Irrigação S.A was approved at the Extraordinary General Assembly held on the 15th December 2015.

COPANOR was created in 2007 to provide water supply and sanitary sewage services in the North and Northeast of Minas Gerais state. In 2015, it

provided water to around 224 thousand inhabitants and sanitary sewage to 98 thousand inhabitants.

The lease agreement between AGMM and Codemig for the mining rights, equipment, and water bottling installations of the Araxá, Cambuquira, Caxambu and Lambari mineral waters was dissolved, by mutual consent, on the 1st June 2015. AGMM was then contracted by Codemig to operate and maintain the installations and sell the mineral water for a minimum period of 12 (twelve) months.

New Business Models

COPASA has been prospecting and modelling new business opportunities, looking to expand its field of activity and strengthen the company through partnerships and strategic alliances.

COPASA and Odebrecht Ambiental - Manso S.A., a Special Purpose Entity (SPE) formed a public-private partnership as an Administrative Concession to expansion the productive capacity, from 4.2m³/s to 5.8 m³/s, of the Rio Manso Water Production System, in the Metropolitan Region of Belo Horizonte. The contract also includes the provision of services to this system.

Total investment by the end of 2015 reached R\$643.8 million, including the R\$363.9 million invested in the year. An additional investment of R\$115.1 million was also received in 2015 for raw water catchment in the River Paraopeba, as part of this project. The operation began in December 2015.

In September 2015, the Board of Directors approved the constitution of Saneamento Participações (SANPART), based on State Law 21.728/2015, whose objective will be to take a majority or minority stake in companies with social objectives related to providing services in water supply, sanitary sewage, urban cleaning and the handling of solid waste.

COPASA and the Municipality of Varginha signed a contract for the final disposal services of solid urban waste from this municipality in December 2014. This is the first landfill site to be administered by the company, who will be responsible for the service for 26 years from commencement of operations.

Technical Cooperation (G4-6)

In order to expand its area of activity as well as its institutional water supply and sanitary sewage activities, COPASA is developing technical cooperation activities with municipalities, sanitation companies, and public- and private-sector entities both in Brazil and abroad.

At the invite of The Netherlands Business Support Office Brazil, COPASA participated in a study programme on the sanitation area - Dutch Visitors Programme, in Amsterdam, Holland.

Under the auspices of the British Embassy, COPASA welcomed technical teams from the WRC Company - Water Research Centre Environmental Technology, who were interested in the activities related water quality and the control and loss reduction of water in supply systems. A technical and financial agreement was signed by the companies, with the objective of developing a water loss reduction programme for water systems that supply the municipality of Belo Horizonte.

In an event held in Barcelona that brought together Water Operators Partnership (WOP) from all continents; COPASA, in its role as the WOP for Latin America and the Caribbean, presented, in conjunction with Peru, a project involving technology transfer in Water Security Plans.



Intermediated by the Ministry of Cities, as a member of the Trilateral Technical Cooperation Project involving Bolivia, Brazil and Spain, COPASA welcomed a group of Bolivians interested in the subjects of reducing water-supply system losses, energy efficiency, tariff structuring, and rural sanitation.

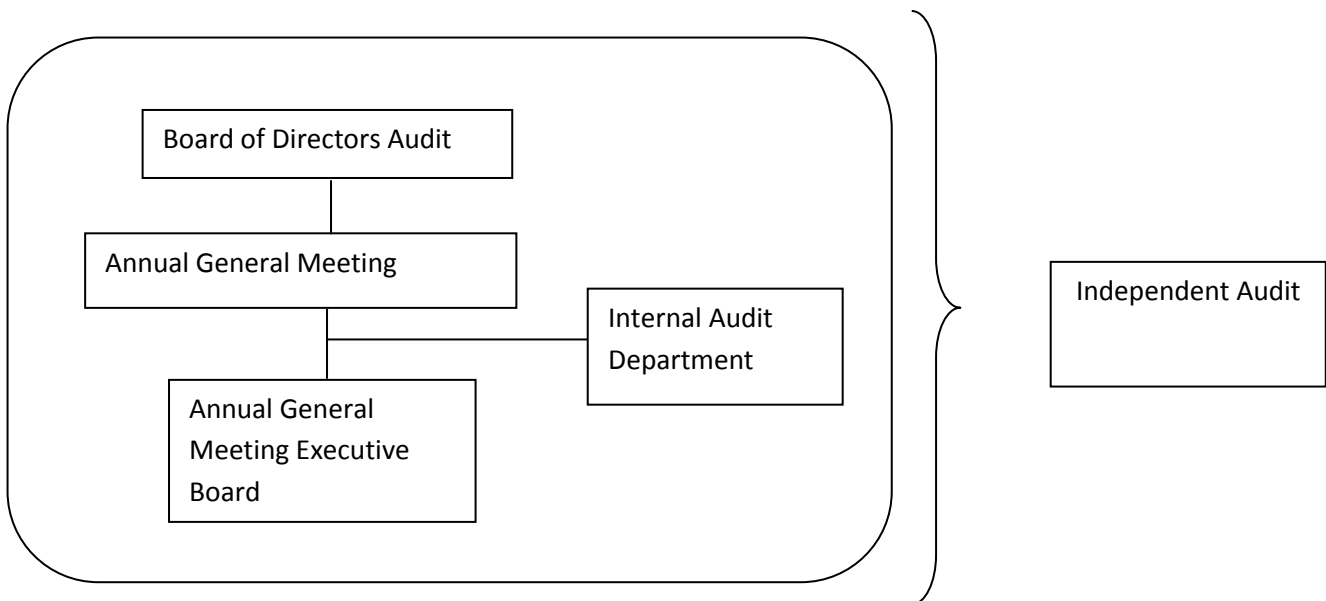
COPASA is a member of the following associations and entities, in addition to committees in the environmental area: Brazilian Association of Underground Water (ABAS), Brazilian Association of Sanitary and Environmental Engineering (ABES), Brazilian Association of Technical Norms (ABNT), Brazilian Association of Ombudsmen (ABO), Brazilian Association of Human Resources (ABRH), Brazilian Association of Training and Development (ABTD), Commercial Association of Minas Gerais (ACM), Association of State Basic Sanitation Companies (AESBE), Inter-American Association of Sanitary and Environmental Engineering (AIDIS), American Chamber of Commerce (AMCHAM), National Quality Foundation (FNQ), Brazilian Concrete Institute (IBRACON), Minas Quality Institute (IQM).

(G4-16)

CORPORATE GOVERNANCE

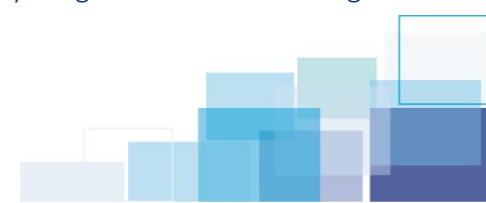
Representation of the Governance Structure

(G4-34)



Best practices adopted by the company are: being run by a Board of Directors of which at least 20% are independent members; 100% tag-along rights for minority shareholders (identical conditions to those offered to majority shareholders in the event of control being transferred); elaboration and dissemination of the Ethical Code of Conduct and the real-estate value negotiation policy; issue of common stock only, granting all shareholders the right to vote; minimum free float (shares in circulation) of 25%; the resolution of all and any disputes or issues that may arise between the company and its shareholders, administrators, members of the audit committee, via the BM&FBOVESPA Market Arbitration Chamber, in line with the arbitration clause of the Social Statute; and limiting the accumulation of presidential positions by the Board of Directors, CEO, or any other main executive within the company since 2007.

The powers and responsibilities of the Annual General Meeting, the company's highest decision-making body, the Audit Committee and the Board of Directors are defined in by Brazilian Corporate Law and the company's Social Statute. The permanent Audit Committee may be composed of between three and five active



members and an equal number of alternates elected by the Ordinary General Assembly. The statute and other information are available online at www.copasa.com.br/ri.

The Board of Directors, the collegiate decision-making body, is COPASA's highest administration body, and is formed by a minimum of five and maximum of nine members elected at Annual General Meeting. Members fulfil a unified mandate of one year, barring dismissal, between Ordinary General Assemblies, and can be re-elected. In its current format, only the Vice-President of the Board is part of the Executive Board.

The remuneration of each member corresponds to 20% of the average remuneration paid to the members of the Executive Board. 50% of this is a fixed monthly payment and the other 50% is paid according to the participation of each member in the monthly meetings. In addition, board members receive 20% of the profit sharing plan attributed to the directors.

(G4-39 / G4-51)

The Board of Directors holds a monthly meeting and extraordinary meetings maybe called whenever necessary. According to the Board of Director's Internal Rules, its members must previously declare whether any issue submitted for discussion involves private interests or conflicts with those of the Company, in turn abstaining from the discussion and vote. **(G4-41)**

Executive Board

The Executive Board is responsible for the administration of the business in general. It holds weekly ordinary meetings and extraordinary meetings whenever necessary. Following the company's organizational restructuring, approved by the Board of Directors in November 2015, the number of directorships was reduced from eleven to eight. They are: Presidency, Vice-Presidency and six Directorships: three operational (Metropolitan, North and South Operation) and three corporative (Financial and Investor Relations, Corporate Management, and Technique and Expansion). Other information regarding the Executive Board can be found at www.copasa.com.br/ri.

Audit Department

(G4-S03 / G4-S05)

The role of the Internal Audit Department is to verify that the internal controls provide reliable information for the financial statements (DFs) and create an environment that inhibits the practice of actions contrary to those provided for in the Ethical Code of Conduct and the Company's Disciplinary System.

In 2015, 35 audits were carried out, which involved 32 organizational units, representing around 17% of the company's units. The audits evaluated process risks, including the identification of potential cases of corruption. The company's main controls are the integrated operations of the Enterprise Resource Planning system, enable the units responsible to monitor the processes and identify any potential irregularities.

In the event of corruption, the measures to be taken are set out in the Rules of Procedure of the Disciplinary System and the Work Contract Termination clauses in the Ethical Code of Conduct and current legislation. In 2015, as a result of the audits, a case of corruption linked to the misappropriation of financial resources was detected and confirmed, leading to the just cause dismissal of the person involved.

The company appointed by COPASA to audit the financial statements for 2015 was PricewaterhouseCoopers. The contract, which began in March 2013, does not include any other services outside of auditing the financial statements.

Ethical Conduct and Integrity (G4-56 / G4-57 / G4-SO4)

The Ethical Code of Conduct, approved by the Board of Directors, is available at www.copasa.com.br. The Code is distributed to those publics with which the company has a relationship. With regards employees, interns and apprentices, a copy is provided following the signing of a Solemn Commitment Agreement. In terms of service providers, this condition is explicitly stated in the tenders and contracts. This Code covers aspects related to fighting corruption. Talks on ethical conduct are periodically given. In 2015, an employee of the Internal Audit department took a course on Anti-corruption Law and Compliance.

Give the need to create a forum responsible for the application and dissemination of the Code, COPASA has an Ethics Commission which was reformulated in 2015. This Commission is composed of six members, which also records and controls any allegations and instances of irregularities, investigates the cases, analyses and considers the complaints received, establishes ethical processes and/or makes recommendations to those involved, acts as a consultative body and, in an educational manner, provides guidance on ethical behaviour and potential implications for the non-observance of rules that must prevail in interpersonal relationships. Requests for guidance must be sent to the Commission via email (comissao.etica@copasa.com.br), telephone, in writing, or in person. Requests may be made anonymously if desired.

In order to implement solid internal mechanisms and procedures, as stipulated in Federal Law nº 12.846, known as the Anti-corruption Law, which was passed on the 1st August 2013 and regulated by the Minas Gerais State Decree nº 46.782 of the 23rd June 2015; and in complying with best corporate governance practices, COPASA produced the document titled "Integrity Programme", approved by the Board of Directors, which initially consists of the implementation of polices, directives and procedures to combat corruption and investigate complaints and irregularities.



ECONOMIC OVERVIEW

**ECONOMIC-FINANCIAL PERFORMANCE OF THE CONTROLLING COMPANY
(G4-EC1)**

Specification (R\$ thousand)	2015	2014	2015 X 2014	2013	2014 X 2013
Net Revenue – Water and Sewage	3.144.181	3.132.156	0,4%	3.007.736	4,1%
Costs of services sold + sales and administrative expenses	2.848.581	2.450.655	16,2%	2.286.481	7,2%
Costs of services sold + sales and administrative expenses (without depreciation/amortization)	2.299.988	1.965.048	17,0%	1.858.447	5,7%
Other Operational Income (Expenses)	14.699	(49.402)	-	27.011	-
Net Financial Result	(343.070)	(186.810)	83,6%	(158.769)	17,7%
Net Profit (Loss)	(11.592)	318.141	-	419.795	-24,2%
EBITDA	864.652	1.107.927	-22,0%	1.156.899	-4,2%
Adjusted EBITDA	1.032.785	1.091.331	-5,4%	1.140.390	-4,3%
EBITDA Margin	21,2%	26,1%	-	30,0%	-
Adjusted EBITDA Margin	30,3%	33,4%	-	36,3%	-

Net revenue for water and sewage was R\$3.14 billion in 2015, in line with expectations, which was a result of the drop in the volume of water billed per economy, due to a change in population habits and the campaign encouraging a reduction in water consumption, because of water scarcity. The costs of the services sold, sales and administrative expenses rose 16.2%, due, mainly, to the inertial growth of personnel costs and the employee voluntary redundancy programmes.

The result of the item Other Operational Revenue (Expenses) was principally due to the reclassification of legal processes, following re-evaluation of the risks involved in these processes. This change occurred via the creation, in August 2015, of a specific forum for the review and validation of the level of risks and values indicated by the legal department in processes against the company. Any reclassified values area submitted for approval by the Executive Board on a monthly basis, thus establishing more rigorous policies for the constitution of legal provisions.

The net financial result for 2015 was 83.6% higher than 2014, which was a result of an increase in interest rates and favourable exchange rates, with no impact on cashflow. The result for the year was a loss of R\$11.6 million. The generation of operating cashflow, measured by the adjusted EBITDA, was R\$1.03 billion in 2015. This figure was obtained from the addition of the non-recurrent extraordinary expenses, compensation and incentives, of the voluntary redundancy programme to the EBITDA, which totalled R\$172.9 million. In addition, the result was subtracted from the construction.

ECONOMIC IMPACTS

Infrastructure Investments

(G4- EC7)

The following table details the values invested over the last three years:

Investments (R\$ million)					
	2015	2014	2015 X 2014	2013	2014 X 2013
Water	201,1	279,8	-28,1%	321,5	-13,0%
Sewage	229,2	555,9	-58,8%	566,4	-1,9%
Paraopeba Catchment – River Manso	115,1				
Others ¹	4,8	29,4	-83,7%	21,3	38,0%
Total	550,2	865,1	-36,4%	909,2	-4,9%
Manso PPP	363,9	279,9	30,0%		

¹ Business and Operational Development Programmes.

With regards to investments made in 2015, the following works stand out:

Water Supply Systems: expansion of the River Manso Producer System and the implementation of the water catchment system in the River Paraopeba for treatment in the River Manso Water Treatment System. This undertaking will guarantee the provision of water to the Metropolitan Region of Belo Horizonte (RMBH) over the next few years; complementing the interconnection of the Northeast pipeline and the expansion of the productive capacity of the Rio das Velhas System, located in the RMBH; expansion of the capacity of the water-supply systems in various cities, including: Belo Horizonte, Sabará/Roça Grande, São Gotardo, Teófilo Otoni, Ubá and Vespasiano.

Sanitary Sewage Systems: expansion of the Belo Horizonte/Contagem, Coronel Fabriciano, Jaboticatubas, Nanuque, Pedro Leopoldo, Ribeirão das Neves systems and the Arrudas Creek Sewage Treatment Station (ETE Arrudas); construction of treatments stations in Camanducaia, Caratinga, Cataguases, Congonhas, Conselheiro Lafaiete, Diamantina, Ibirité, Mateus Leme, Perdões and Prados; implementation of sanitary sewage in this and water supply systems in Juvenília, Manga, Morada Nova de Minas, Patos de Minas, Pedras de Maria da Cruz, São Gonçalo and Várzea da Palma.

In terms of COPANOR, systems were implemented in the municipalities of Ataléia, Couto Magalhães de Minas, Itapé, Novo Cruzeiro (specifically in Lambari), São João do Manteninha and Serro.

Capital Market and Shareholder Remuneration

The company's share capital total R\$2.77 billion, represented by 119,684,430 ordinary shares. Of these, 51.1% are held by the Minas Gerais State Government, 48.6% are free float, and the rest, 0.3%, are held by the company's treasury. COPASA shares, whose ticker symbol is CSMG3, are listed on the BM&FBOVESPA's New Market index and were available in 100% of the trading sessions, registering an average daily trading volume of R\$3.6 million with an average 1,191 trades per day. The share price in 2015, adjusted for Interest on Equity (IOE) fell by 38.1% compared to the previous year, whilst the Ibovespa index dropped by 13.3%. On 31st December, the company's unit share price on the BM&FBOVESPA was R\$15.50.

In relation to shareholder remuneration, the Board of Directors, in compliance with the company's Dividend Policy, opted to distribute 25% of the net profit for the year as dividends in the form of IOE, the minimum obligatory percentage as stated by law, declared per trimester.

In addition, in accordance with this policy and considering the company's performance up to September 2015, three payments were declared, totalling R\$8.16 million (R\$ 0,0683 per share). Payment will be made on 31st May 2016. In terms of the fourth quarter in 2015, as a result of the expenses arising from the Incentivised Voluntary Redundancy Programme (PDVI), a loss was recorded for the period and, consequently, there was no IOC declaration.

Operational and Commercial Performance (G4-8 / G4-9)

Water concessions for nine municipal capitals were renewed in 2015: Carvalhópolis, Estrela D'alva, Guarará, Ibiraci, Jordânia, Machacalis, Rubim, São Francisco de Sales and Volta Grande. The renewal of the concession in Ibiraci included the assumption of the sanitary-waste system.

COPASA therefore finished 2015 as a concessionaire for water services in 634 municipalities and for sanitary waste in 294 municipalities, as per the following table:

Concessions and operations	2015			2014		
	Total	Controlling Company	COPANOR ³	Total	Controlling Company	COPANOR ³
Water						
Concessions ¹	634	585	49	635	586	49
Operations ^{2 2}	623	576	47	618	573	45
Sewage						
Concessions ¹	294	239	55	288	239	49
Operations ²	240	204	36	233	204	29

1 Total municipalities where the company holds a concession: capitals, towns, villages or others.

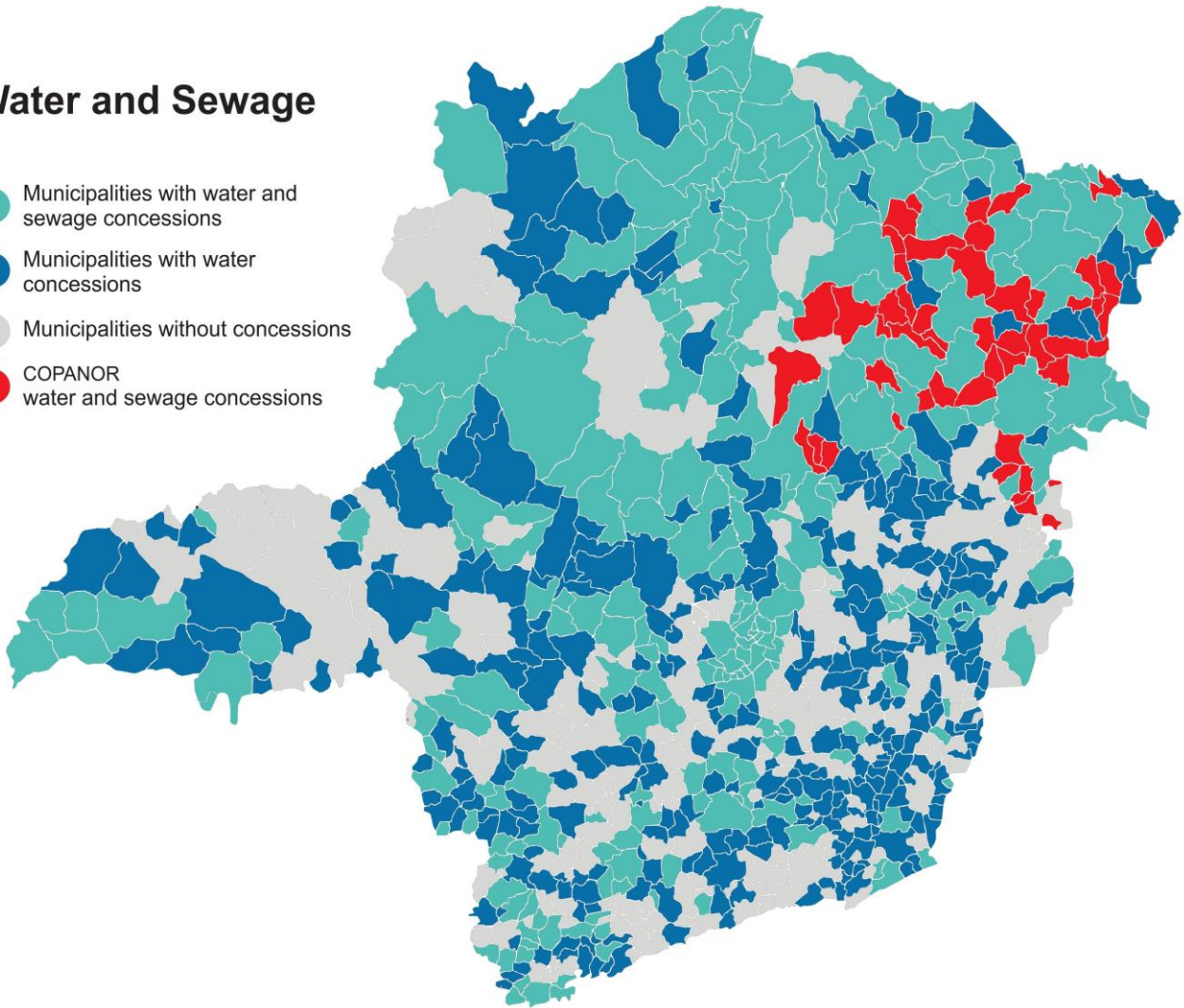
2 - Total municipalities where the company operates a concession: capitals, towns, villages or others.

3 - Considers municipality capitals only when the concessionaire is COPANOR.

The following map illustrates the company's area of activity:

Water and Sewage

- Municipalities with water and sewage concessions
- Municipalities with water concessions
- Municipalities without concessions
- COPANOR water and sewage concessions



The Company closed 2015 having added 92 thousand water connections and implemented 1,355km of new distribution networks, providing water to a total of 11.3 million inhabitants in the state of Minas Gerais, via 5.0 million economies and 50 thousand km of distribution network. Sanitary waste services were increased by 64 thousand connections and 750km of sewage network, now benefitting 7.6 million inhabitants via 3.3 million economies and 24 thousand km of sewage network.

With regards to the number of inhabitants served, the demographic projection data of the locations, used by the company to evaluate the coverage of the services provided, was revised in 2015, based on the data published in the 2010 census by the IBGE. It was discovered that the inhabitant per residence variable that had been used for the estimation of the population served by the sanitation services was too high. The population forecast of the various locations in Minas Gerais were therefore recalculated with the new parameter, resulting in a reduction in the calculation of the population served. The revised data is only for statistical purposes and do neither interfere in the quantity of economies savings? served nor in the company's billing.

(G4-22)

The volume of treated sewage was 245.4 million cubic metres, which represents 78% of the total sewage collected. In 2015, 12 new Sewage Treatment Stations (ETEs) began

operating, including stations located in the municipalities of Ibitaré, Pedro Leopoldo, Ribeirão das Neves and Três Corações.

The following table shows the operational data of the company's water supply services for the last three years:

ESPECIFICAÇÃO	UNIT	2015	2015 x 2014	2014	2013	2014 x 2013
Connections	thousand units	4.134	2,28%	4.042	3.915	3,24%
Population served ¹	thousand inhabitants	11.270	0,44%	11.221	11.125	0,86%
Network extension	1.7Km	49.886	2,79%	48.531	46.620	4,10%
Volume of water produced	1.000 m ³ / year	910.484	-6,50%	973.764	973.885	-0,01%
Volume of water billed	1.000 m ³ / year	644.251	-6,56%	689.736	684.359	0,79%

1 - The data refers to Copasa.

The 6.5% reduction in volume of water produced and 6.6% fall in the volume of water billed, despite the increase in number of connections, occurred due to the water shortages that hit the Southeast of the country, consequently impacting the company's turnover.

The following table shows the operational data of the company's sanitary sewage services for the last three years:

ESPECIFICAÇÃO	UNIDADE	2015	2015 X 2014	2014	2013	2014 x 2013
Connections	thousand units	2.593	2,51%	2.529	2.404	5,20%
Population served ¹	thousand inhabitants	7.593	0,73%	7.538	7.328	2,87%
Network extension	km	24.125	3,21%	23.375	22.138	5,59%
Volume of sewage billed	1.000 m ³ / year	423.606	-6,58%	453.448	446.754	1,50%
Volume of sewage treated	1.000 m ³ / year	245.423	-2,61%	252.009	237.291	6,20%

1 - The data refers to Copasa.

In order to meet the cost reduction strategy, employee voluntary redundancy programmes were established, which resulted in 1,289 employees having been made redundant as of 31st March 2016, which had an impact on the employee per thousand water and sewage connection rate. The expenses related to these programmes were completely provided for in 2015.

The billing-loss indicator, which represents the relationship between the volume of water billed and that distributed, continued below 30%. When

measured in litres per connection per day, the relationship between the volume of water consumed and distributed was 216.60 l/connection/day in 2015, compared to 230.84 l/connection/day in 2014. This represents a 6% decrease, brought about by actions taken such as the reduction in the time taken to resolve leakages, due to the water shortages experienced. The following table illustrates the performance of some operational and commercial indicators:

ITEM	UNIT	2015	2015 x 2014	2014	2013	2014 X 2013
		Employees/connections (A+E) ¹	empl./thousand connections	1,83	-6,63%	1,96
Billing loss rate ²	%	29,31	0,07%	29,29	29,7	-1,38%

1 - COPASA + COPANOR data.

2 - Annual average.

The information on the economic-financial items is detailed in the reports "Results Release 4T15" and "Standardized Financial Statements – DFP2015 (Board of Directors' Report 2015)", which are available on the Investor Relations institutional site www.copasa.com.br/ri/.



ENVIRONMENTAL OVERVIEW



ENVIRONMENTAL MANAGEMENT

Principle of Precaution

(G4-14)

COPASA, a holder of water rights, is committed to improving the quality of life of communities via the provision of water-supply and sanitary-sewage services, as set out in its Environmental Policy, which is available at www.copasa.com.br/meioambiente.

The company complies with current legislation, seeking the environmental regularization of its undertakings and the progressive reduction of their environmental impacts, via the fulfilment of mitigatory measures whenever determined by the appropriate environmental agencies. In 2015, 48 water-catchment rights and 168 environmental licences for water and sewage works were obtained. Collectable water-flow rights of 59.67m³/s were also granted. The following table illustrates the drainage basins used by COPASA, including the respective sub-and micro-basins:

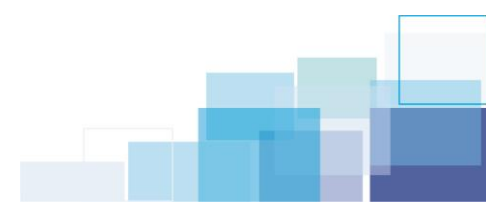
Drainage Basins used by COPASA	Volume granted (m ³ /year)	Volume collected (m ³ /year) 2015
River Buranhém	632.750	333.587
River Doce	151.071.847	88.422.193
River Grande	230.061.533	134.234.183
River Itabapoana	1.815.048	1.231.479
River Itanhém	1.261.894	311.888
River Jequitinhonha	43.639.554	24.395.901
River Jucuruçu	512.957	245.027
River Mucuri	28.014.297	14.157.046
River Paraíba do Sul	69.745.824	42.330.490
River Paranaíba	53.680.677	34.378.794
River Pardo	9.303.588	3.258.480
Rivers Piracicaba/Jaguari	6.587.309	4.870.121
River São Francisco	1.210.066.157	605.449.619
River São Mateus	4.733.027	1.097.067

As set out in the Contingencies Plan, the company has teams of trained professionals ready to act in situations of risk, such as contamination of water sources or treated water, fires in forest reserves, and operational maintenance.

The fluviometric and pluviometric monitoring (quantitative and qualitative of the raw water) of water sources used by the company to supply the public is constant. Qualitative monitoring enables the identification of any type of interference in the water source that alters the quality of the raw water, in order to take the necessary measures. This monitoring also enables adjustments to be made to the WTSs to treat the water according to the standards established by legislation. In the Metropolitan Region of Belo Horizonte, it is possible to remotely operate valves and pumps via the System Operations Centre.

Other initiatives include environmental programmes developed or support by the company, such as:

Awareness Programme: developed by the Minas Gerais State Government, its objective is to promote changes in behaviour and consequently improve the quality of life in the work environment via the implementation of selective waste collection, a reduction in electricity consumption, a



reduction in the consumption of water and its sensible use, and lower waste generation. Detachment Fair: promoted by the programme, this event encourages employees and internal service providers to donate items in good condition and of no further use at home, and later exchange these or acquire other objects.

Sewage Hunt Programme: aims to identify and eliminate improper discharge of sewage in rivers and streams, directing them to the ETs and consequently improving the quality of the water resources.

Chuí Programme: promotes visits of primary school pupils from public and private education to the COPASA units around the state, promoting knowledge of the water treatment processes, from water catchment to distribution, as well as sewage treatment. The visitors also educated on hygiene, sensible water consumption and preservation. The Chuí Programme has been running for 20 years and welcomed more than 2 million people, amongst pupils and teaching professionals.

COPASA in the River Paraopeba Basin: developed in partnership with the German government via the Kreditanstalt für Wiederaufbau (KfW) Development Bank, which supports climate and environmental protection initiatives. In 2015, activities involved 30 water sources in 27 municipalities, which saw the erection of 90.4 thousand metres of fencing at various springs; the recovery of gullies; the construction of 1,192 containment basins; and the supply of 109 drinking troughs for cattle. Talks on environmental education were also given in schools, communities and municipal town halls.

Cultivating Good Water Programme (CAB): adopted by the Minas Gerais State Government and COPASA is a member of the work group. Other important institutions are also expected to be involved: Minas Gerais Electricity Company (CEMIG), Assistance and Rural Extension Company of the State of Minas Gerais, State Environment Foundation, State Forest Institute, Mineiro Agriculture Institute, Mineiro Water Management Institute, and various state secretariats. The CAB was developed by the company Itaipu Binacional and recognized by the United Nations as the world's best water-resource management policy in 2015. In essence, the CAB enables bodies from different levels of government work in an integrated manner to recover the quantity and quality of water, considering its many uses.

Water-Source Protection Programme: the main objectives are the recovery of degraded areas and the protections of springs and their riparian vegetation. Present in 264 municipalities, good results have been achieved in terms of guaranteeing continuity of water supply to the population.

Non-Domestic Effluent Reception and Control Programme: industrial effluents represent a threat to the environment and traditional sewage treatment processes. COPASA works with companies to adapt their effluents before discharging them into the network, thus enabling their treatment alongside domestic sewage. Approximately 40% of the companies registered in this programme are contractually obliged to present the results of the self-monitoring of their effluents, which are classified according to the polluting potential and risk to the conventional domestic-effluent treatment processes.

Drainage Basin Committees (G4-16)

COPASA has representatives on all 36 of the existing state drainage basins committees in Minas Gerais and on six federal committees. The committees govern the water resource system in their respective areas and have a deliberative and regulatory role. In terms of water management, their goal is to promote the technical and economic-financial viability of investment programmes and the consolidation of the urban and regional structuring policies, targeting the sustainable development of the respective basins.

Total Water Captured Per Source (G4-EN8)

In 2015, of the total volume of water that passed through COPASA systems, 85.9% was captured from surface sources, 10.9% from underground sources and 3.2% from mixed sources.

Affected Water Sources (G4-EN9)

The company's planning regarding water source usage, via water rights, is long term in nature and takes into account the population growth forecasts for the locations where it is responsible for supplying water. The prolonged drought which hit the Southeast region of Brazil particularly badly, led to a reduction in the volume of many water sources used by the company. In some regions, rainwater volumes fell almost 60%.

Due to the need to maintain minimum volumes for the catchment of water for public supply, the company opted, in some cases, to use new water supply sources, mainly deep wells. Operational adjustments were also carried out, alternating the supply of water to areas, as a way of minimizing the population's unease.

COPASA doesn't recycle water in its processes. Nevertheless, the WTSs (ETAs) of the River Manso and River das Velhas systems, located in the Metropolitan Region of Belo Horizonte, treat the waste from the water treatment process and recirculate the treated liquid effluent, thus enabling its reuse in processes. In the River Manso System, the resulting water from the treatment of the WTS's (ETAs) waste is recirculated to the entry channel of the treatments station, enabling its reuse. In the Rio das Velhas System, part of the treated water is discharged upstream and is treated again with the raw water from the source. (G4-EN10)

Biodiversity

COPASA maintains approximately 25 thousand hectares of protected areas, which are regularly monitored. The majority of these areas are located in the Metropolitan Region of Belo Horizonte. These reserves, characterized by Mata Atlântica and Cerrado vegetation, hold a diversity of fauna and flora, including species which are under threat of extinctions, as indicated in the Red Book of the Fauna Under Threat of Extinction in Minas Gerais and the List of Flora Under Threat of Extinction in Minas Gerais.

In order to maintain the quality of the biodiversity and protect the natural heritage found in these reserves, COPASA develops activities such as: crackdown on illegal fishing and hunting; the creation and maintenance of firebreaks across the reserves; monitoring of surface and underground water sources; educational environmental campaigns on deforestation, fires and other subjects for the populations surrounding these areas.

COPASA also has specific responsibilities in managing state parks and ecological stations. More information is available at www.copasa.com.br link Meio Ambiente. (G4-EN11/G4-EN13/G4-EN14)

The main biodiversity impact of COPASA's products and services is the improper discharge into water courses of sewage collection systems that aren't connected to a treatment station. In an attempt to correct this situation, which originated by way of practices established prior to current legislation, the company has made significant investments into expanding the collection and treatment of sewage.



The Arrudas and Onça ETs, located in the MRBH, enable the treatment of 99% of the sewage generated by the capital of Minas Gerais, Belo Horizonte. The effluent returned to the receiving body improved the quality of the water in the River das Velhas and, consequently, also that of the River São Francisco, of which it is a tributary. Fish, such as mandis, piaus, matrinxã, traíra, dourados, amongst others, have been seen again in the MRBH, proving that these species, which had until now only been seen throughout the River São Francisco, have once again found suitable conditions to procreate almost 500km away.

To minimize environmental impacts, the company also pays close attention the efficiency of the ETs, in particular two points: the organic load - Biodynamic Demand for Oxygen - in the treatment of sewage, which fell on average by 85% in 2015; and the monitoring of its effluents via daily analyses, thus ensuring the appropriate quality for discharging into the receiving bodies. **(G4-EN12/G4-EN27)**

Effluents and Waste

The company has two types of water disposal. The first type is the effluent of the sanitary waste systems. When these have ETs, the residual water from treatment returns to the receiving body, ensuring that current legislation is met. The second is the residual water from the WTs (ETAs), arising from the washing of the decanters and filters. In accordance with current legislation, the company has been installing Waste Treatment Units (UTRs), in which this effluent is reused or returned to the receiving body. **(G4- EN22)**

No significant leaks of fuel, chemical products or other dangerous products transported and used by COPASA were recorded in the period. In 2015, the company recorded 130 thousand cases of sewage leaks and refluxes, which required maintenance teams to solve the problem.

The number of water leaks was 430 thousand in 2015. In order to reduce the response time for leaks in the water supply networks, the Drip Hunt Programme (Caça Gotas Programme) was set up to stem and correct occurrences in the least time possible. In six months, the time for fixing leaks in the municipality of Belo Horizonte fell 52%, decreasing from approximately 9 hours to 4 hours and 18 minutes. **(G4-EN24)**

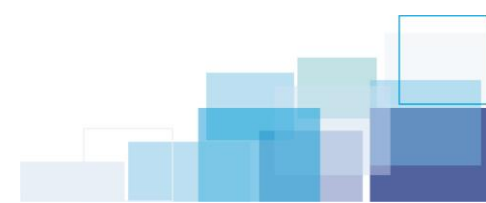
ENERGY EFFICIENCY

COPASA monitors and controls the quantity of electrical energy to be purchased and self-generated, as well as energy efficiency. This includes the control and resolution of real and apparent water losses, which represents the main opportunity to reduce the specific consumption of electrical energy. This work has generated gains via the standardization of actions to reduce electrical-energy and water-loss costs, as well as taking advantage of self-generation opportunities of the energy available in the sewage treatment processes and water damns.

**Consumption of Energy within the Organization (kWh)
(G4-EN3)**

The self-generation values indicated in the table below refer to the sum of the last twelve months as of December in each of the respective years. In 2013, the company initiated the regular operation of ETE Arrudas' thermoelectric plant, meeting approximately 50% of the ETE's energy requirements. The thermoelectric plant has the capacity to produce 2.4 megawatts. The heat resulting from the production of electrical energy in the turbines is used to heat the sludge used in the anaerobic reaction and increase the efficiency of the bio-digesters, which accelerates the process and increase the station's current treatment capacity.

The following table indicates the energy consumption over the last three years:



ITEM	2015	2014	2013
Acquired (thousand)	817.676	878.939	864.756
Self-generated (thousand)	6.040	7.135	8.587

Energy Intensity (G4-EN5)

The Energy Intensity - EI (IE) indicator expresses the quantity of electrical energy used in each of COPASA's processes: Water Supply System - WSS (SAA), Sanitary Sewage System - SSS (SES), Administrative System – AS (ADM); in relation to the respective number of connections in their water and sewage processes. In the case of the administrative process, it refers to the quantity of water process connections.

The values indicated in the table below refer to the moving average of the last twelve months as of the month of December in each of the respective years. The Energy Not Converted into Result (ENCR) indicator expresses the quantity of electrical energy added to the volume of Water Not Converted into Revenue - WNCR (ENCR): volume of the water lost plus the volume of water used in the practices and routines of the operational and commercial processes. The EI (IE) expresses the total amount of electrical energy consumed in the operational and administrative processes in relation to the total quantity of water connections per day. The company can therefore corporately monitor the efficiency and effectiveness of the energy efficiency actions implemented within the internal processes.

Year	WNCR L/ connection/day	SAA	WSS EI kWh/ conec./day	SSS	ADS	COPASA
		ENCR kWh/ conec./day		SSS EI kWh/ conec./day	ADS EI kWh/ conec./day	COPASA EI kWh/ conec./day
2015	216,60	0,1793	0,5211	0,03065	0,0057	0,5575
2014	230,85	0,1983	0,5777	0,05043	0,0083	0,6187
2013	236,48	0,2012	0,5909	0,04042	0,0095	0,6242

Reduction in Energy Consumption (G4-EN6)

The values shown for reduction in energy consumption per year are a result of the difference between the COPASA EI (IE) for the current and previous year. The greater the reduction (positive), the more energy efficient the company is, in other words, it is using less energy to perform the same processes.

Year	COPASA EI kWh/conec./day
2015	0,05661
2014	0,01320
2013	-0,00560
Reduction	0,0650



CLIMATE CHANGE

COPASA produces a Greenhouse Gas (GEE) Inventory, which adopts the Greenhouse Gas Protocol (GHG) methodology and indexes defined by the IPCC, US EPA, MCTI/Brazil and DEFRA. The gases monitored are CO₂, CH₄ and N₂O. The electrical energy emission factors are considered to be those defined by the Ministry of Science, Technology and Information, which vary according to the use of the various sources of energy used during the year. The company doesn't produce, import or export substances that destroy the ozone layer (SDO). Neither does it generate significant emissions of NO_x, SO_x, POP, COV, HAP or MP. There has been no reduction in emissions since 2009. **(G4-EN19 / G4-EN20 / G4-EN21)**

The company maintains a Climate Committee to manage the Prevention of Impacts Caused by Climate Change and Variability Policy (Comitê Clima), as well as the Prevention of Impacts Caused by Climate Change and Variability Programme. In order to mitigate the generation of these gases and/or deal with the impacts of climate change, the company has implemented and participated in initiatives related to the issue, such as the Belo Horizonte City Council Municipal Committee on Climate Change and Ecoefficiency; Ethos Institute Climate Forum; Mineiro Forum on Sustainable Production and Consumption; Car Share Programme; Blue Fleet Programme; and other energy efficiency projects.

The company is a member of the Voluntary Registration of Annual Greenhouse Gas Emission of Enterprises in the State of Minas Gerais Programme and the Carbon Disclosure Project (CDP). In preparing the inventories, the base year chosen was 2009, as this was the year the first COPASA GHG (GEE) survey was done. In 2014, the method used to calculate emissions was revised and updated, and retroactively applied to all previous years, including 2009. This retroactive calculation permitted comparisons to be made years and the monitoring of the historical evolution of GHG (GEE) emissions.

(G4-22)

The emissions of the gases in question are calculated annually in tCO₂eq (tons of carbon dioxide equivalent) and were calculated from the following sources:

Scope 1 - Direct Emissions: sewage collected, treated and non-treated fractions, including the sludge generated during treatment; fuel consumption of stationary vehicles and equipment.

Scope 2 - Indirect Emissions: electrical energy consumption.

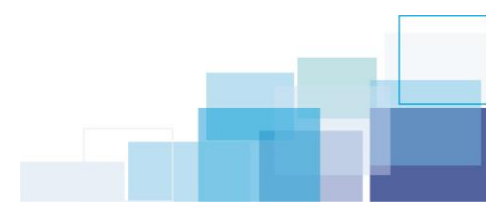
Scope 3 - Other Indirect Emissions: employee business trips via air transport.

GHG (GEE) Capture: tree planted by the company for the recovery of riparian vegetation.

In order to calculate the emissions in CO₂eq (Carbon Dioxide Equivalent), the values in the following table were used for the Global Warming Potential – GWP.

<i>GWP Values</i>	
GHG	GWP
CO ₂	1
CH ₄	25
N ₂ O	298

Source: GHG ProtocolBrazil



The following table presents the evolution of direct GHG emissions, indirect GHG emissions arising from energy acquisition, and other indirect GHG emissions, for the period 2013 to 2015:

	2013	2014	2015
Scope 1 tCO ₂ eq (thousand)	523,88	571,16	621,07
Biogenic emissions tCO ₂ eq (thousand)	1,57	1,72	2,25
Scope 2 tCO ₂ eq	82,98	119,83	102,23
Scope 3 tCO ₂ eq (thousand)	0,31167	0,13002	0,05159

(G4-EN15 / G4-EN16 / G4-EN17)

The intensity indicator used for the annual comparison of emissions was kgCO₂/economy, which includes more of the gases generated by the company. The metric used is of physical nature, which comprises the company's total number of micro-measurement units. The index includes the company's total annual emissions, including the three scopes.

The following table present the evolution of the intensity of GHG emissions for the period 2013 to 2015:

Index Year	kgCO ₂ eq/economy no.
2013	79,10
2014	81,89
2015	88,86

(G4- EN18)

Consolidation of the emissions data in tons of CO₂eq for the year 2015 shows that 83.7% of the emissions originate from sewage collection, electrical energy consumption was responsible for 14.1%, fossil fuel consumption 2.2%, and air transport for employee business trips 0.01% of the emissions. The GHG emission intensity rate, defined as the Reference Index by the State Environment Foundation of Minas Gerais, is the quotient of the total emissions in tCO₂eq by the total volume of sewage collected, in m³.



SOCIAL OVERVIEW

COPASA AND ITS EMPLOYEES

The company strives to understand the needs and expectations of its employees, above all, via organizational climate surveys. The last survey revealed a favourability index of 75.3% and the sense of importance and pride in working for the company. The result was higher than the market average of 65.2%, which was the result of a survey carried out in medium and large companies in Minas Gerais during the same period.

Staff

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

Item	2015	2014	2013
Employees	11.986	12.540	11.864
Intake	168	1.048	767
Reintegrated Employees	3	5	1
Dismissals ¹	708	348	490
Disability Retirements	16	29	23

¹ This number includes employees let go as part of the voluntary redundancy programmes.

The following table shows the relationship of employees by category, the relative participation of these groups and total employees with indefinite duration contracts.

Category	2015		2014		2013	
	Quantity	%	Quantity	%	Quantity	%
Senior	962	8,03	1.019	8,13	1.034	8,9
Technician (operational or administrative)	2.332	19,46	2.492	19,87	2.334	20,1
Operational	7.834	65,36	8.137	64,89	7.282	62,7
Administrative support	858	7,16	892	7,11	961	8,3
Total	11.986	100,00	12.540	100,00	11.611	100,0

The below table shows employee distribution by region of Minas Gerais and by gender, for 2015:

Area/Gender	Men	Women	Total	%
Metropolitan Region of Belo Horizonte	4.118	710	4.828	40,28
Rest of Minas Gerais	6.732	426	7158	59,72
Total	10.850	1.136	11.986	100,00

The following data indicates employee distributions per age group and gender:



Age group	2015	
	Men	Women
To 18 a 35	2.850	239
To 36 a 45	3.324	287
To 46 a 60	4.282	577
Over 60	394	33
Total	10.850	1.136

The following table shows employee turnover by gender, age group and region of the state of Minas Gerais in 2015:

ITEM	Men (%)	Women (%)	Total (%)
	3,48	5,01	8,49
Age Group (years)			
Under 30	0,47	0,42	0,89
30 to 50	0,68	0,76	1,43
Over 50	2,33	3,83	6,17
Region			
Metropolitan Region of Belo Horizonte	1,40	3,62	5,02
Rest of Minas Gerais	2,09	1,39	3,48

Valorisation of Diversity

To ensure guarantee equal opportunities, impartiality and justice, the company encourages inclusive practices. In accordance with the twenty-sixth clause, single paragraph, of the 2015/2017 Collective Work Agreement, in the event of a draw in internal selection processes, preference is given the female and black candidates, in this order. Civil-service examination rules state 10% of positions in each post must be reserved for people with special needs and the company has sought to adapt its installations to offer unrestricted access to people with special needs. The company also promotes respect for religious diversity, allowing masses, services and other events in its internal area.

Since 2003, homosexual employees can include their companions as dependents in the COPASA Employee Health Assistance Association (Copass Saúde) and the company has anticipated the implementation of the National Agency of Supplementary Health's normative precedent nº 12/2010.

The below table shows remuneration by gender in 2015. In COPASA, any professional that assumes a certain position will receive the same salary, as what determines the value of the activity is the position/speciality and not the gender or race of the person occupying the post.

Salary Band - MS ¹	Men		Women	
	Quantity	%	Quantity	%
1 to 4	8.048	74,18	313	27,55
5 to 9	1.998	18,41	511	44,98
10 a 14	400	3,69	177	15,58
15 to 19	118	1,09	68	5,99
20 to 24	117	1,08	45	3,96
25 or more	169	1,56	22	1,94
Total	10.850	100,00	1.136	100,00

¹SM - minimum salary in December 2015 (R\$788.00) (G4-LA13).

The following table shows the distribution of the Executive Board, Board of Directors and Audit Committee by genre and age group:

ITEM (years)	Women	Men	Total
Executive Board	Under 30	0	0
	30 to 50	1	3
	Over 50	0	4
Board of Directors	Under 30	0	0
	30 to 50	1	2
	Over 50	0	6
Audit Committee	Under 30	0	0
	30 a 50	3	0
	Over 50	0	2

(G4-LA12)

The following table illustrates the distribution of employees by gender and race. Declaration of race is done by the employees themselves. According to the IBGE, Pardo is one of the five "colour or race" groups that comprise the Brazilian population, alongside white, black, yellow and indigenous. The term pardo is the most commonly used to refer to mixed-race Brazilians.

ITEM	2015			2014			2013		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
White	774	5.846	6.620	829	6.138	6.967	820	5.959	6.779
Yellow	6	55	61	6	56	62	5	44	49
Pardo ²	305	3.899	4.204	327	4.035	4.362	305	3.698	4.003
Black	51	1.042	1.093	51	1.090	1.141	47	981	1.028
Indigenous	0	8	8	0	8	8	0	5	5
Total	1.136	10.850	11.986	1.213	11.327	12.540	1.177	10.687	11.864

The following table shows the total and intake rates of employees by age group, gender and region for the State of Minas Gerais in 2015.

Age Group	Men	Women	Total
Under 30	68	9	77
30 to 50	67	6	73
Over 50	12	6	18
Total	147	21	168
Region Metropolitan Region of			
Belo Horizonte	41	15	56
Rest of Minas Gerais	106	6	112
Total	147	21	168

(G4-LA1)

Below is employee remuneration by race:

Especificação – SM ¹	Black		Pardos		White		Other races		Total employees
	Number	%	Number	%	Number	%	Number	%	
1 to 4	896	82,0	3.188	75,8	4.219	63,7	58	84,1	8.361
5 to 9	157	14,4	801	19,1	1.541	23,3	10	14,5	2.509
10 to 14	27	2,5	150	3,6	399	6,0	1	1,4	577
15 to 19	3	0,3	20	0,5	163	2,5	0	0,0	186
20 to 24	8	0,7	23	0,5	131	2,0	0	0,0	162
25 or more	2	0,2	22	0,5	167	2,5	0	0,0	191
All	1.093	100	4.204	100	6.620	100	69	100	11.986

SM¹ - minimum salary in December 2015 (R\$788.00)

In 2015, the lowest salary paid by COPASA was 37.4% higher than the minimum national salary (R\$788.00). Only 6.9% of company employees fall in this group.

(G4-EC5)

Opportunities for all

The selection and hiring of employees is done via obligatory civil service examinations, which are widely announced in the press and online. In exceptional circumstances, the company can recruit internally. The performance of the workforce is continually evaluated, both individually and by team, in compliance with the company's People Management Policy, which also provides for professional growth.

The total and percentage of employees who have received performance and career-development analyses per gender and job category are indicated in the following table. In 2015, due to alterations in the organizational structure, performance evaluations were only carried out in the first semester.

ITEM		2015		2014		2013	
		Number	%	Number	%	Number	%
Women	Administrative Support	56	0,94%	151	1,2	147	1,24
Men		392	6,59%	739	5,89	736	6,2
Women	Management	20	0,34%	47	0,37	47	0,4
Men		50	0,84%	176	1,4	177	1,49
Women	Operational	90	1,51%	129	1,03	89	0,75
Men		3.440	57,87%	8.008	63,86	7.433	62,65
Women	Senior (administration and operational)	182	3,06%	273	2,18	262	2,21
Men		367	6,17%	525	4,19	531	4,47
Women	Technician (administration and operational)	317	5,33%	613	4,89	632	5,33
Men		1.030	17,33%	1.879	14,98	1.810	15,26
Total		5.944	100	11.418	100	11.864	100

(G4-LA11)

The following table provides a summary of employee training and development for the last three years:

ITEM	2015	2014	2013
Investment in professional development (R\$)	560.175,67	1.623.344,58	1.912.468,39
Number of participants (unit)	21.222	35.826	40.071
Number of hours of professional development (H))	255.853,57	401.273	433.864
Average hours per employee (H)	21,34	33,43	37,4

The company also hires interns and apprentices. The below table indicates total opportunities and training hours, as well as the average training load in hours, per job category and gender, in 2015:

ITEM	Employees			Training Opportunities			Training Hours			Average Training Hours		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Geral
Operational	132	7.702	7.834	291	10.097	10.388	7.327	159.333	166.659	55,5	20,7	21,3
Senior Technical and Operational Support	104	312	416	529	1.052	1.581	4.790	9.315	14.104	46,1	29,9	33,9
Operational Technician	62	806	868	192	1.784	1.976	1.630	19.731	21.360	26,3	24,5	24,6
Administration	135	723	858	216	1.176	1.392	1.512	15.619	17.131	11,2	21,6	20
Senior Administration	161	221	382	743	847	1.590	5.177	4.860	10.037	32,2	22	26,3
Administrative Technician	500	964	1.464	1.245	2.107	3.352	7.197	14.585	21.782	14,4	15,1	14,9
Manager	42	122	164	251	692	943	1.258	3.522	4.779	30	28,9	29,1
Total	1.136	10.850	11.986	3.467	17.755	21.222	28.890	226.964	255.854	25,4	20,9	21,4

(G4-LA9)

COPASA's policies and procedures include actions aligned with the Universal Declaration of Human Rights, in particular with regards to training and development; for example, the right to education, safety, equality, and freedom, amongst others. Employee's rights and duties, the significance of work and the Ethical Code of Conduct are addressed in the New-Employee Integration Programme and continually in other opportunities. In 2015, 10,037 training opportunities were offered on these subjects, resulting in an approximate total training load of 73 thousand hours. **(G4-HR2)**

Remuneration by results

At COPASA, remuneration is based on the result of economic-financial viability studies and market research, adopting a variable remuneration policy, which is linked to meeting strategic-indicator goals that have an impact on the company's results. The 2015/2017 Collective Work Agreement provides for the following bonuses:

- Variable Remuneration: monthly sum rewarded to all employees according to the collective work result. From 2015, this will now be determined in a linear manner via the goal established for the adjusted EBITDA Margin indicator. It is calculated per trimester and represents 5% of the employees' salary.
- Management Performance Bonus - MPB (GDG): monthly sum rewarded to employees in positions of trust. It is calculated per trimester and represents 15% of the respective salary threshold, which is predefined for each hierarchical level. From 2015, this will now be determined in a linear manner by way of the goal established for the adjusted EBITDA Margin indicator and From
- System-Supervisor Performance Bonus – SSB (GDES): monthly sum rewarded to system supervisor employees, which is calculated according to the operational performance of the location(s) under their responsibility. It is composed of a 10% fixed part and a 5% variable part. The variable part is directly related to the achievement of goals established by the company, for each location served.
- Employee Profit Sharing – PS (PL): an annual sum rewarded to employees according to the regulation approved by the Board of Directors. The goals previously defined for calculation of the PS are assessed annually and the total sum is limited to 25% of the minimum obligatory dividends. The value calculated is distributed equally to all employees.

(G4-52)

Occupational Health and Safety

In addition to current legislation, there is a specific clause in the 2015/2017 Collective Work Agreement that deals with work health, safety and medicine, which has been signed by COPASA and employee labour unions.

All employees are represented on committees, commissions or formal health and safety groups, such as committees combatting dengue fever, and the zika and chikungunya viruses; internal accident prevention commissions; and health mediators. **(G4-LA5 / G4-LA8)**

The 76 Internal Accident Prevention Commissions – IAPCs (Cipas) provide support to work safety and medicine professionals with regards to the identification and treatment of risks related to occupational health, safety and ergonomics. In 2015, 6,015 training opportunities focused on work health and safety programmes were offered, totalling 48 thousand hours approximately and corresponding to 28.34% of the total training opportunities for the year.

COPASA outsources 24-hour access-control and physical security services, in the way of security guards at site-access points and on motorcycles. In 2015, there were 341 workers providing these services. These employees, when hired, receive training at their companies, covering subjects related to worker rights, benefits, work health and safety, and internal procedural norms. **(G4-HR7)**

The below table shows the indicators related to work-place accidents in the Metropolitan Region of Belo Horizonte and the rest of Minas Gerais state, for the last three years:

Indicator	2015		2014		2013	
	MRBH	Rest of State	MRBH	Rest of State	MRBH	Rest of State
Temporary Absence Accidents (%)	1,03	1,26	1,07	1,23	0,89	1,32
Permanent Absence Accidents (%)	0,00	0,00	0,42	0,19	0,34	0,52
Accidents resulting in fatalities (%)	0,00	0,00	0,00	0,07	0,00	0,00

(G4-LA6)

Benefits with responsibility and quality of life

The COPASA benefits programme obtained an 84% favourability rate in the list organizational climate survey. The company promotes the improvement of its employees' quality of life, striving to fulfil factors related to health, leisure and assistance, via the concession of the following benefits: special assistance; crèche allowance; special education allowance; education allowance; funeral payments; basic food basket; Christmas basket; sick-pay supplement, standard snack, health insurance (medical and dental cover); complementary pensions; group life insurance; meal/food and transport vouchers. In 2009, COPASA joined the Citizen Company Programme, as per the terms set out in law nº 11.770/2008, offering 180 days' maternity leave. In other words, in addition to the 120 days stipulated in the CLT (Work Law Consolidation) norm, the company offers 60 additional days, which provides mothers with more time to full dedicate to their new-borns.

(G4-LA2)

Through the Family Financial Planning Programme, the company informs and warns employees on the need to appropriately plan, save and administrate their expenses and salary. The Retirement Preparation Programme aims to prepare the employee for retirement, helping them to establish a productive life outside of the company workplace. In 2015, talks were given on leaving the company, which were attended by 453 employees who are currently preparing for retirement.

(G4-LA10)

Another factor that brings peace of mind to the employee is the Social Security Foundation of Minas Gerais (Fundação Libertas), a private, not-for-profit, complementary pension entity, sponsored by companies from various sectors. Of COPASA's 11,986 employees, 10,550 are participants. **(G4-EC3)**

Union Relations

Employees are mainly represented by three entities: Sindágua MG (Labour Union of the Water-Purification-and-Distribution and Sewage-Service Industries of Minas Gerais), Saemg (Administrator Union of Minas Gerais), and Senge (Engineer Union of Minas Gerais). The company maintains a professional relationship with the unions, recognizing their representation and striving to fulfil the collective work agreements signed. All employees enjoy the benefits established in these agreements, even those that are not affiliated to the syndicates.

(G4-11)

In May each year, COPASA assembles a commission to conduct discussions and negotiations with the unions on issues presented. The current Collective Work Agreement was signed for 2 years - from May 2015 to April 2017. A minimum notice period for operational changes is not stipulated in the collective agreements. The company meets the minimum period established in current legislation and those agreed with unions, whenever necessary. Potential operational changes are communicated beforehand and the minimum period varies according to the situation.

(G4-LA4)

COPASA has consolidated the practice of collective negotiation, maintaining permanent dialogue with union entities. All employees are guaranteed freedom of association. During 2015, there were no situations in which the right to free association and negotiation were impinged on. **(G4-HR4)**

COPASA AND ITS CLIENTS

Water supply and sewage collection and treatment services are charged on a tariff basis. The tariff policy used by COPASA is regulated by Arsae-MG (Regulatory Agency of Water Supply and Sanitary Sewage Services of Minas Gerais). The tariffs differ according to the category: social, residential, commercial, industrial and public - and consumption bands. Determination of the tariffs takes into account the economic-financial balance of the concessionaire and the preservation of the social aspects of the public basic-sanitation services. In addition, progressive tariffs ensure that whoever consumes more, pays more per litre. The sewage tariff for locations with collection and treatment equates to 90% of the water tariff. The sewage tariff of the locations where the sewage is only collected and not treated, corresponds to 50% of the water tariff. Tariff adjustments are made annually and previously approved and authorized by Arsae-MG.

COPASA has a diverse and extensive client base. Residential consumption is a significant parcel and equates to 71.1% of turnover, which reduces company dependency on or exposure to a certain client or group of clients. The ten biggest clients represent only 5.55% of turnover and the 50 biggest 7.24% only.

(G4-8)

There are 726 physical customer service locations (branches, local offices and operational units) throughout Minas Gerais. Customer service is also provided via telephone and online, providing information and forwarding service demands to the company's operational and commercial sectors. For this purpose, there are some relationship channels: telephone number (dial 115), a virtual agency, chat, contact page, blog, SMS, e-mail marketing, in addition to social networks. These are also used to provide information regarding interruptions to supply, works or maintenance activities.

Product and Service Responsibility

COPASA products and services are designed around their intended use and adaptations are made so that the health and safety of society is not endangered. In 2015, millions of analyses were carried out in all locations with WTSs and ETs, the results of which met the parameters required by the current legislation. The company doesn't commercialise products that are prohibited in Brazil.

The treated water that is distributed by COPASA meets all quality and drinkability parameters required by the Ministry of Health. All company WTSs are equipped to carry out physical-chemical and bacteriological analyses to confirm and maintain the quality standard of the water to be distributed to the population.

In a complete WTS, the raw water undergoes flocculation, decantation, filtration, chlorination, fluorination and pH-correction stages. Analyses are done at each of these stages in labs within the water treatment units, to evaluate the efficiency of the process, in order to meet the requirements of internal quality control and the Ministry of Health resolution nº 2.914/2011.

(G4-PR1 / G4-PR6)

COPASA's compliance percentage is 96.5%, measured by the corporate indicator Meeting Water Drinkability Standards. COPASA carries out around 1.5million analyses per month. In order guarantee and confirm that water distributed to the population is arriving at the buildings with the desired quality, COPASA also performs analyses at certain points in the network, checking that the parameters required by legislation are being met. **(G4-PR2)**

All COPASA clients receive information about the quality of the water they are consuming, in line with resolution nº 2.914/2011. The main parameters are detailed on the water bills: chlorine, colour, fluorine, total coliforms, turbidity and E. coli. On the company's website, information is provided on the basic water quality control parameters of each location where the company is present, in line with federal decree 5.440/05. Added to this quality is COPASA's water direct involvement in the fight against dental caries, by way of the addition of fluorine in the treatment processes of the company's supply systems. Bill details are also made available for clients with visual impairment, should it be in their interest.

(G4-PR3)

Client Satisfaction

(G4-PR5)

The quality of the services provided by COPASA and its customer service is measured via satisfaction surveys, and any dissatisfaction or complaints identified are dealt with. The organizational ombudsman acts as a direct communications channel between society and the company, to deal with information so as to contribute to the improvement of all services provided. A satisfaction survey regarding this service channel is therefore also periodically applied. In 2015, this survey was issued to 23% of the claimants who had contacted the ombudsman and the response rate was 19% of those surveyed.

When asked to evaluate the time taken to resolve the issue after contacting the ombudsman and the quality of the response sent, on average, 59% of the people surveyed considered these excellent/good and 82% stated they would contact the ombudsman again to solve their issues. In 2015, 59% of the complaints recorded received a reply from the ombudsman within five days.

The company ombudsman controls the complaints, specifying the type of issue. It is important to note that the ombudsman is the second instance of client contact with the company and it is used when their request was not satisfactorily forwarded via the other existing channels, whether it be the call centre (dial 115), customer service branches or online. Trained people work throughout all contact channels, analysing each issue and forwarding them to the respective unit for further action. In 2015, of the complaints registered by the ombudsman, only 0.9% were related to some type of environmental impact. **(G4-EN34)**

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COPASA AND ITS SUPPLIERS

In all of its tender processes, COPASA demands proof of compliance with labour obligations and the presentation of a declaration that no people under the age of 18 are employed in night time, dangerous or unhealthy work; and that no people under the age of 16 are employed, except as apprentices and that, in this case, they are at least 14 years old, in accordance with the Federal Constitution and Law 8.666/93. In line with Law 12.440/2011 and Law 8.666/1993, presentation of a Labour Debt Clearance Certificate is requested. This also helps to prevent the hiring for companies that employ people in degrading or forced work.

These documents are verified in the qualification phase of the tender process by the Bids and Auction Commissions. In 2015, 5,535 contracts were awarded in the bid, unenforceability and price-registration formats to meet cost, investment and organic growth demands. **(G4-HR1 / G4-HR5)**

By way of the Operational Laboratory, COPASA promotes the training and recycling of outsourced teams, through the courses "Commencement of operational activities for new employees" and "Training and recycling of standard water-connection assembly".

Included in the contracts signed with service providers are the requisites for adopting institutional values and principles, with the objective of involving and committing the suppliers to company guidelines. The values and principles are linked to agility, quality, maintenance of COPASA's image, employee safety, and the sustainable use of the environment.

To ensure that these contractual requirements are met, the undertakings are subjected to daily and/or weekly inspections, depending on the size of the project. In an effort to involve and commit the service providers to COPASA'S organizational values and principles, specific events, such as talks focused on socio-environmental responsibility, staff health, and safety in the workplace; are held with the participation of employees from the contracted companies.

In 2015, COPASA had 52,035 active suppliers registered, 6,555 in the official register and 45,480 for small purchases. The main products and services that comprise the immediate supply chain are: pipes and connections; chemical products; hydrometers; electrical energy and/or engineering services. **(G4-12)** COPASA acquired approximately R\$51 million of materials and products for use in the water-treatment and sanitary-sewage processes. The below table identifies the main inputs used in the company's operational processes (non-renewable materials):



ITEM	Quantity	Unit
Fluorosilicic Acid	2.873.525	Litro
Hydrated Lime	3.216	Tonelada
Iron Chloride	6.908.000	Litro
Liquid Aluminium Sulphate	14.707.987	Litro
Liquid Chlorine in bulk	1.585	Tonelada
Big-bag Virgin Lime	1.685	Tonelada
Ferrous Sulphate Chlorate	5.202.400	Litros
Wet Activated Carbon	25	Tonelada
Calcium Hypochlorite	727	Tonelada
Hydrated Lime in bulk	5.402	Tonelada
Liquid Chlorine	8.283	Cylinders (50kg)
Solid Aluminium Sulphate	1.323	Tonelada

(G4-EN1)

COPASA AND THE COMMUNITY

Universal Access to Basic Sanitation

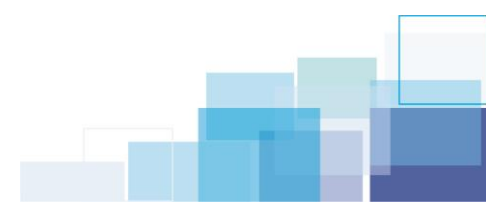
Patronage: philanthropic entities registered in the ‘Count On Us Programme’ can benefit from the monthly collections from individuals and legal entities, through COPASA's waste/sewage bills. In December 2015, the programme had 420 registered institutions.

Fresh Water Programme (Água Doce Programme): an agreement with the government, represented by the Ministry of the Environment, through its Secretariat for Water Resources and the Urban Environment; and the state of Minas Gerais, by way of the State Secretariat for Regional Development and Urban Policy (Sedru); in which the Mineiro Institute of Water Management (IGAM) and COPASA are participants. Its objective is to recover, implement and manage desalination systems in the semi-arid region of Minas Gerais. Work involves activities focused on management, works, desalination, and socio-environmental aspects. In 2015, COPASA carried out activities related to providing access to drinking water in 105 rural communities, 49 as part of the Fresh Water Programme.

Water For All Programme (Água para Todos Programme): an agreement signed with the government, by way of the Ministry of National Integration and the State Secretariat for the Development and Integration of the North and Northeast of Minas Gerais; and involving the participation of the State of Minas Gerais, represented by the Minas Gerais State Department. The programme covers 85 municipalities and approximately 500 localities that comprise the state's semi-arid region. In 2015, 56 rural communities were provided with access to drinking water, of which 10 were indigenous communities or quilombos (ex-slave settlements). All activities in indigenous communities or quilombos are agreed to prior with the local appropriate authorities and other entities involved to ensure that the rights of these people are not violated. No human rights violations were registered during COPASA activities within these communities in 2015.

(G4-HR8)

National Water Resource Development Programme (Proágua): a partnership between COPASA, the Ministry of National Integration and IGAM. Its objective is to improve the population's quality of life, carrying out actions to expand the supply of good quality water, constructing water



supply systems and sanitary modules in Janaúba, Januária, Mato Verde and Rio Pardo de Minas, situated in the North of Minas Gerais.

Water Solidarity Programme: collects voluntary contributions from COPASA clients, directly via the water/sewage bills, to help towards the payment of outstanding debts of non-profit hospitals, duly registered in the programme.

Subsidies for Philanthropic Entities: COPASA can donate up to 0.6% of its monthly turnover to the subsidies programme, which was incorporated into the 'Count On Us Programme'. In 2015, 588 philanthropic entities benefitted from discounts on the water and sewage tariffs up to the limit of the contracted demand. For those entities registered in the 'Count On Us Programme', subsidies represent a 25% discount on the tariffs. For philanthropic hospitals in the Water Solidarity programme (Solidariedade Programme), the discount is 50%.

Social Tariff: the client must belong to a family registered in the Federal Government's Single Registry for Social Programmes and have monthly per-capita income less or equal to half of the national minimum salary. In 2015, 735 thousand residences (average/month) benefitted from the social tariff with the provision of water and 384 thousand residences (average/month) with sanitary sewage.

Education and Awareness

Integrated Environmental Action: by way of playful activities, talks, workshops, and walks, the company promotes get-togethers that aim to engage the participants on environmental topics.

Environmental Education Centre (Ceam): areas preserved by the company and used in the promotion of environmental education. Ceam Barreiro, Ceam Curvelo and Ceam ETS Arrudas are of particular note.

Education for Water Consumption: COPASA technicians give talks in industries, schools, hospitals, condominiums, public bodies and companies, addressing subjects linked to the COPASA's general activities in relation to water supply systems, sewage collection and treatment, and environmental education.

Promoting Citizenship

Missing People: the company disseminates photos of missing people on the back of the water and sewage bills.

TRUST in 6% Programme (CONFIA EM 6% Programme): enables and encourages employees to donate part of their income tax due to the Childhood and Adolescence Fund (FIA). In the 2015 campaign, 757 employees signed up to the programme and donated approximately R\$580,000, which benefitted various municipalities.

Beyond the Walls Social Contribution and Integration Programme: developed to integrate COPASA in the communities of Vilas Pedreira Prado Lopes and Senhor dos Passos, in the city of Belo Horizonte. Amongst the main activities are the Gotas da Canção Children's Choir, composed of around 50 children between the ages of 6 and 11.

Stay Alive! Programme (Fica Vivo! Programme): COPASA is a partner in this initiative, by way of the agreement signed with the State Secretariat for Social Defence and the National Service for Industrial Learning (Senai), having hired 40 youths, previously indicated by Senai, as apprentices in 2015.

Volunteer Work: COPASA employees, with the company's support, organize and carry out various volunteer actions, such as collections for personal-hygiene products and recyclable materials to give to families in need and charitable institutions, as well as Children's Day and Christmas celebrations, etc.

Story Tellers: comprises employees who specialise in the art of 'storytelling'. Fifteen presentations were made in 2015, which included: participation in the 29th Fantástico Mundo da Criança (Fantastic Children's World), 2015 Virada Cultural BH; 1st Sagrado Coração de Jesus School Book Fair, presentations in commemoration of World Water Day, in Belo Horizonte and Barbacena-MG, and World Environment Day, in the municipal council of Santos Dumont-MG; benefitting around six thousand people.

The Sustainables: a group formed of 10 employees who participate in social and cultural events, promoting campaigns on strategic issues, such as responsible water usage, in a humorous and musical manner. The scripts, outfits, make-up and musical parodies of the shows are the creations of the group's members themselves.

COPASA Choir: composed of 41 members, including employees, family members, and people from the community. Created 34 years ago, recitals in 2015 were enjoyed by a total audience of around 10 thousand people.

Encontro Mercado - Talent Show: provides employees who are musicians or singers with the opportunity to display their talents to their colleagues.

COPASA Art Gallery: located in the entrance lobby of COPASA's head office, the space is used to display plastic and visual arts, with a regular exhibition programme determined by public competition.

Internal COPASA Gallery: located in the company's head office, it promotes the artistic expression of company employees.

Annual Social Balance Sheet (G4-EC1 / G4-EN31)

Annual Social Balance Sheet / 2015



Company: Companhia de Saneamento de Minas Gerais - COPASA MG

1 - Basis of Calculation	2015 Value (thousand reais)			2014 Value (thousand reais)		
Net Revenue - water and sewage (NR) ¹	3.144.181			3.132.154		
Total Net Revenue ²	3.810.713			4.110.455		
Operational Result (OR)	28.944			432.640		
Gross Payroll (GP)	1.338.355			1.085.758		
2 - Social Internal Indicators	Value (thousand)	% of GP	% of NR	Value (thousand)	% of GP	% of NR
Food	150.315	11,23%	4,78%	134.548	12,39%	4,30%
Compulsory Social Contributions	318.083	23,77%	10,12%	239.846	22,09%	7,66%
Private Pension	37.775	2,82%	1,20%	38.008	3,50%	1,21%
Health	41.857	3,13%	1,33%	50.342	4,64%	1,61%
Work Health and Safety	2.510	0,19%	0,08%	7.813	0,72%	0,25%
Education	2.992	0,22%	0,10%	3.125	0,29%	0,10%
Culture	393	0,03%	0,01%	223	0,02%	0,01%
Professional Training and Development	652	0,05%	0,02%	1.623	0,15%	0,05%
Crèches or Crèche Allowance	961	0,07%	0,03%	850	0,08%	0,03%
Profit or Results Sharing	0	0,00%	0,00%	19.868	1,83%	0,63%
Other	12.348	0,92%	0,39%	12.414	1,14%	0,40%

Total - Internal Social Indicators	567.886	42,43%	18,06%	508.660	46,85%	16,24%
3 - External Social Indicators	Value (thousand)	% of OR	% of NR	Value (thousand)	% of OR	% of NR
Education	924	3,19%	0,03%	1.754	0,41%	0,06%
Culture	298	1,03%	0,01%	3.759	0,87%	0,12%
Health and Sanitation	338.467	1169,39%	10,76%	358.849	82,94%	11,46%
Sport	54	0,19%	0,00%	841	0,19%	0,03%
Other	845	2,92%	0,03%	440	0,10%	0,01%
Total Contributions to Society	340.588	1176,71%	10,83%	365.643	84,51%	11,67%
Taxes (excluding social contributions)	220.930	763,30%	7,03%	366.529	84,72%	11,70%
Total - External Social Indicators	561.518	1940,02%	17,86%	732.172	169,23%	23,38%
4 - Environmental Indicators	Value (thousand)	% of OR	% of NR	Value (thousand)	% of OR	% of NR
Investments related to the production/operation of the company	90.746	313,52%	2,89%	423.444	97,87%	13,52%
Investments in external programmes and/or projects	23.391	80,81%	0,74%	13.267	3,07%	0,42%
Total Environmental Investments	114.137	394,34%	3,63%	436.711	100,94%	13,94%
In terms of the establishment of annual goals to minimize waste and consumption during production/operations in general, and increasing efficiency in the use of natural resources:	(X) no goals set () meets 51 to 75% () meets 0 to 50% () meets 76 to 100%					
5 - Staff Indicators	2015			2014		
Number of employees at year end	11.986			12.540		
Number of employees hired during the period	168			1.048		
Number of outsourced employees 3	1.183			1.150		
Number of interns	35			228		
Number of employees over 45 years old	5.286			5.469		
Number of women working at the company	1.136			1.213		
% of leadership positions held by women	23,49%			20,70%		
Number of black people working at the company	5.297			5.503		
% of leadership positions held by black people	17,07%			15,42%		
Number of people with disabilities or special needs	539			547		
6 - Important Information on Corporate Citizenship Practices	2015			Goals for 2016		
Ration between the highest and lowest salary in the company	22,79			ND		
Total number of work accidents	275			275		
The social and environmental projects developed by the company were determined by:	() Senior Management	(X) Senior Management and Management	() All Employees	() Senior Management	(X) Senior Management and Management	() All Employees
Work health and safety standards were defined by:	() doesn't get involved	(x) complies with ILO (OIT) rules	() encourages and complies with ILO (OIT) rules	() won't get involved	(x) will comply with ILO (OIT) rules	() will encourage and comply with ILO (OIT) rules
In terms of union freedom, the right to collective negotiation and internal representation of the workers, the company:	() doesn't get involved	(x) complies with ILO (OIT) rules	() encourages and complies with ILO (OIT) rules	() won't get involved	(x) will comply with ILO (OIT) rules	() will encourage and comply with ILO (OIT) rules
The private pension plan includes:	() Senior Management	() Senior Management and Management	(x) All Employees	() Senior Management	() Senior Management and Management	(x) All Employees

Profit or results sharing plans benefit:	<input type="checkbox"/> Senior Management	<input type="checkbox"/> Senior Management and Management	<input checked="" type="checkbox"/> All Employees	<input type="checkbox"/> Senior Management	<input type="checkbox"/> Senior Management and Management	<input checked="" type="checkbox"/> All Employees
In choosing suppliers, the same ethical, social and environmental responsibility standards are adopted by the company:	<input type="checkbox"/> are not considered	<input type="checkbox"/> are suggested	<input checked="" type="checkbox"/> are demanded	<input type="checkbox"/> will not be considered	<input type="checkbox"/> will be suggested	<input checked="" type="checkbox"/> will be demanded
With regards to employee participation in volunteer work programmes, the company:	<input type="checkbox"/> doesn't get involved	<input checked="" type="checkbox"/> support	<input type="checkbox"/> organises and encourages	<input type="checkbox"/> won't get involved	<input checked="" type="checkbox"/> will support	<input type="checkbox"/> will organize and encourage
Total number of consumer complaints and criticisms filed:	With the company: 1,023,810	with the Consumer Protection Agency (Procon): 93	with courts: 1,771	with the company: 1,001,710	with the Consumer Protection Agency (Procon): 84	with courts: 1,736
% of complaints and criticisms dealt with or resolved:	with the company: 100%	with the Consumer Protection Agency (Procon): 100%	with courts: 87.64%	with the company: 100%	with the Consumer Protection Agency (Procon): 100%	with courts: 90.00%
Total value added to distribute (R\$ thousand):	In 2015: 2,019,327			In 2014: 2,058,949		
Distribution of Value Added (DVA):	20.78% government 0.40% shareholders -0.98% retained		56.45% employees 23.35% third-parties		27.00% government 4.93% shareholders 10.25% retained	

7 - Other Information

CNPJ 17.281.106/0001-03, sector: sanitation.

For clarification of any information declared: Social Responsibility and Mobilization Department, telephone 55 31 3250-1719, email dvrs@copasa.com.br. COPASA doesn't employ child or slave labour, is not involved with the prostitution or exploitation of children or adolescents, and is not involved in corruption.

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

1 - The report considers the amount of Net Revenue arising from the company's core activities, i.e. water supply and sanitary sewage services, for the calculation of the indicators. Revenue from construction from the conversion to IFRS is not considered.

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

3 - The number of outsourced employees is estimated based on the workforce allocated to service contracts, as COPASA doesn't directly hire third-party workers.



ABOUT THE REPORT



PARAMETERS USED FOR THE REPORT

Since 2005, COPASA has annually published its economic, social and environmental results in a single document. This report is for the year 2015 and for the sixth consecutive year, the Global Reporting Initiative (GRI) guidelines were adopted and saw the company reach the Core Application Level of the G4 Guidelines. The financial statements were audited by Pricewaterhouse Coopers Independent Auditors.

(G4-28 / G4-29 / G4-30 / G4-32)

The controlling company's consolidated financial statements for 2015 were prepared and presented according to the accounting practices adopted in Brazil, which include the pronouncements of the Accounting Pronouncements Committee (CPCs), and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). These statements include company operations and those of three subsidiaries: COPASA Águas Minerais de Minas S.A.; COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A - COPANOR; COPASA Serviços de Irrigação S.A.

(G4-17)

In this edition, the company sought to better fulfil the GRI indicators, in order to cover all aspects of sustainability. The following principles were adopted in the preparation of this report: Sustainability context, Materiality, Completeness, Balance, Comparability, Exactitude, Timeliness, Clarity and Reliability.

(G4-18 / G4-23)

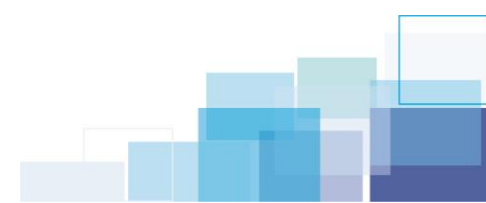
Materiality directs communication to the issues of most interest to the publics with which the company relates. In 2015, COPASA carried out a materiality analysis to identify the sustainability issues of most importance to its business and stakeholders, based on the documents indicated in the following table:

(G4-24 / G4-25 / G4-26 / G4-27)

Stakeholders	Documentos analisados
Shareholders Clients Employees Suppliers Society	Social Statute Reference Form Legal and Regulatory Constraints Ethos Indicators for Sustainable and Responsible Business Corporate Sustainability Index – CSI (ISE) Risk Matrix Organizational Climate Survey Annual Internal Ombudsman Report Board Report

The results of the analysis reveal the following material questions: **(G4-19)**

- ✓ Expansion of socio-environmental responsibility projects and actions
- ✓ Improvement of environmental education
- ✓ Compliance with the requirements of government and regulatory bodies
- ✓ Availability and quality of products and services



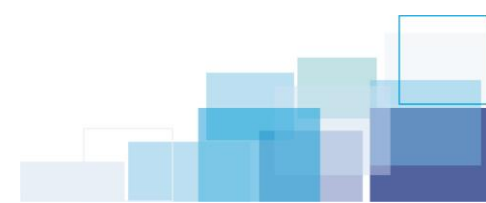
- ✓ Water resource scarcity
- ✓ Optimization of the operational and financial results
- ✓ Preservation of natural resources
- ✓ Relationships with stakeholders
- ✓ Tariff revision
- ✓ Universalisation of basic sanitation services
- ✓ Valorisation of sanitary sewage services

GRI CONTENT INDEX

Indication		Observacion	Page
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability		04
Perfil Organizacional			
G4-3	Report the name of the organization		06
G4-4	Report the primary brands, products and services.		06
G4-5	Report the location of the organization's headquarters.		06
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.		06, 08
G4-7	Report the nature of ownership and legal form.		06
G4-8	Report the markets served.		15, 35
G4-9	Report the scale of the organization.		15, 28
G4-10	a. Report the total number of employees by employment contract and gender; b. Report the total number of permanent employees by employment type and gender; c. Report the total workforce by employees and supervised workers and by gender; d. Report the total workforce by region and gender; e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors; f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).		28
G4-11	Report the percentage of total employees covered by collective bargaining agreements.		35
G4-12	Describe the organization's supply chain		37
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Nothing happened in 2015.	

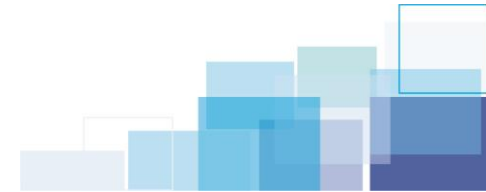


Commitments to External Initiatives			
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		20
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	COPASA is not a signatory to any commitments of this nature.	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body; participates in projects or committees; provides substantive funding beyond routine membership dues; views membership as strategic.		09, 21
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents; b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		44
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries; b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.		44
G4-19	List all the material Aspects identified in the process for defining report content.		44
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		16, 25
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		44
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.		07, 44
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.		44
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.		44





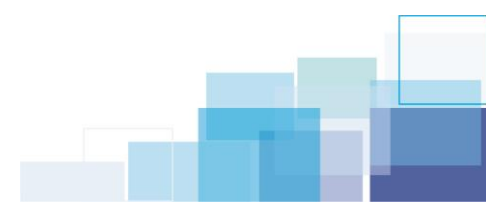
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		44
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.		44
G4-29	Date of most recent previous report (if any).		44
G4-30	Reporting cycle (such as annual, biennial).		44
G4-31	Provide the contact point for questions regarding the report or its contents.		55
GRI Content Index			
G4-32	a. Report the 'in accordance' option the organization has chosen; b. Report the GRI Content Index for the chosen option; c. Present the reference to the External Assurance Report, if the report has been externally assured. Although GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.		44
Assurance			
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report; b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided; c. Report the relationship between the organization and the assurance providers; d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	The report was not submitted for external assurance.	
GOVERNANCE			
The governance structure and its composition			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		9
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).		10



G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: cross-board membership; cross-shareholding with suppliers and other stakeholders; existence of controlling shareholder and/or shareholder agreement; related party disclosures.		10
Remuneration and Incentives			
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: fixed pay and variable pay: performance-based pay, equity-based pay (stock or stock options), bonuses, deferred or vested shares; sign-on bonuses or recruitment incentive payments; termination payments; clawbacks; retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees; b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.		10
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.		33
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Does not apply	
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Does not apply	
Ethics and Integrity			



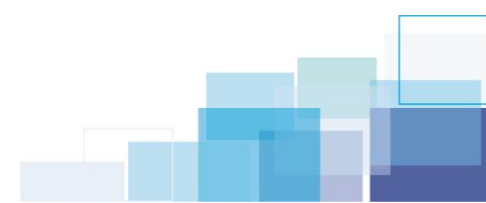
G4-56	Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and ethics.		11
G4-57	Report the internal and external mechanisms adopted by the organization for seeking advice on ethical and lawful behaviour, such as relationship channels (e.g. Organizational Ombudsman).		11
ECONOMIC			
Economic performance			
G4-EC1	Direct economic value generated and distributed.		13, 40
G4-EC3	Coverage of the organization's defined benefit plan obligations		35
Market Presence			
G4-EC5	Ratios of entry level wage by gender compared to local minimum wage at significant locations of operation		31
Indirect Economic Impacts			
G4-EC7	Development and impact of infrastructure investments and services supported.		14
ENVIRONMENTAL			
Materials			
G4-EN1	Materials used by weight or volume.		38
Energy			
G4-EN3	Energy consumption within the organization.		23
G4-EN5	Energy intensity		24
G4-EN6	Reduction of energy consumption.		24
Water			
G4-EN8	Total water withdrawal by source.		22
G4-EN9	Water sources significantly affected by withdrawal of water.		22
G4-EN10	Percentage and total volume of water recycled and reused.		22
Biodiversity			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		22



G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		23
G4-EN13	Habitats protected or restored.		22
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		22
Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).		26
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).		26
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		26
G4-EN18	Greenhouse gas (GHG) emission intensity		26
G4-EN19	Reduction of greenhouse gas (GHG) emissions.		25
G4-EN20	Emissions of ozone-depleting substances (ODS).		25
G4-EN21	NOx, SOx, and other significant air emissions.		25
Effluents and Waste			
G4-EN22	Total water discharge by quality and destination		23
G4-EN24	Total number and volume of significant spills		23
Products and Services			
G4-EN27	Extent of the mitigation of environmental impacts of products and services.		23
Transport			
Overall			
G4-EN31	Total environmental protection expenditures and investments by type.		40
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.		37
SOCIAL			
LABOUR PRACTICES AND DECENT WORK			
Employment			
G4-LA1	Total number and rates of new employee hired and employee turnover by age group, gender and region.		28, 31

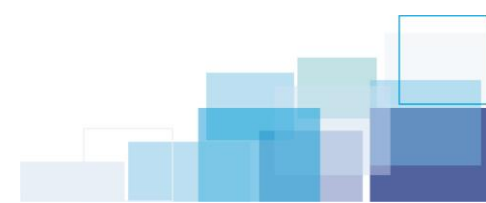


G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		34
Labour Relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	A minimum notice period for operational changes is not stipulated in the collective agreements. Any operational changes are communicated beforehand and the minimum period varies according to the situation.	35
Occupational Health and Safety			
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes. Type and rates of injury, occupational diseases, lost days, and absenteeism; and total number of work-related fatalities, by region and by gender		34
G4-LA6	Type and rates of injury, occupational diseases, lost days, and absenteeism; and total number of work-related fatalities, by region and by gender		34
G4-LA8	Health and safety topics covered in formal agreements with trade unions.		34
Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.		33
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		35
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.		32
Diversity and Equal Opportunities			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		30
Equal Remuneration for Men and Women			



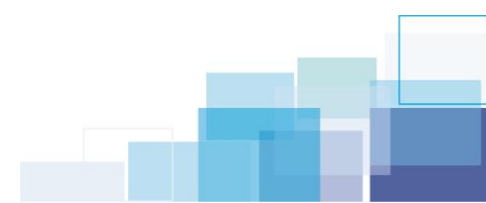


G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		30
HUMAN RIGHTS			
Investment			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		37
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		33
Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	No discrimination incidents were registered by COPASA in 2015.	
Freedom of Association and Collective Bargaining			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	No operation was identified with a significant risk to the right to exercise freedom of association and collective bargaining.	35
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.		37
Security Practices			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.		34
Indigenous and Traditional People's Rights			
G4-HR8	Total number of incidents of violations involving rights of indigenous and traditional people and actions taken in this regard.	No cases involving the violation of indigenous rights were registered by COPASA in 2015.	38
SOCIETY			
Anti-Corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.		10





G4-SO4	Communication and training on anti-corruption policies and procedures.		11
G4-SO5	Confirmed incidents of corruption and actions taken		10
Public Policy			
G4-SO6	Total value of contributions to political parties and politicians by country and recipient/beneficiary.	COPASA is prohibited from making any type of financial contribution to politicians, political parties or related institutions.	
PRODUCT RESPONSIBILITY			
Customer Health and Safety			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.		36
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.		36
Product and Service Labelling			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant categories subject to such requirements.		36
G4-PR5	Results of surveys measuring customer satisfaction.		36
Marketing Communications			
G4-PR6	Sale of banned or disputed products.		36
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	There were no non-compliance incidents related to codes and legislation regarding advertising, promotion and sponsorship in 2015.	
Compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		7



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Disclaimer

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