Environmental and Social Review Summary (ESRS)
SABESP: Accelerating Universal Sanitation In São Paulo With Brazil's First Blue A/B Structure

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1. General Project Information and Overview of IDB Invest's Review Scope

This transaction consists of a business loan to Companhia de Saneamento Básico do Estado de São Paulo S.A. ("Sabesp," the "Company," or the "Client") to finance USD 200 MM in investments to achieve sewer universalization goals, including expand sewage collection and treatment service coverage from 85% of the population in 2024 to 90% by 2029 (the "Project"), and extend services to an additional 3 million people in the State of São Paulo, Brazil. The funds will be used to optimize and expand sewage collection and treatment with the construction of new Sewage Treatment Plants ("STPs") and the implementation of new sewer systems, as well as collectors and interceptors.

The Environmental and Social Due Diligence ("ESDD") process included a review of pertinent environmental, social, and occupational health, safety, and security data provided by Sabesp, including their: i) sustainability policies; ii) corporate environmental management system; ii) human resources policies and health, safety, and security practices; and iii) environmental, social, and health, safety, and security management procedures in compliance with Brazilian legislation and good international practices.

Sabesp is an old client[1] of the IDB Group and their environmental and social ("E&S") performance has been classified as satisfactory based on the various supervision and monitoring activities conducted in recent years.

2. Environmental and Social Classification and Rationale

In accordance with IDB Invest's Environmental and Social Sustainability Policy (ESSP), the Project was classified under Category B as the risks and impacts that it will generate are considered to be of low to medium intensity and may be mitigated with available and feasible measures for implementation in the context of the proposed transaction. The main environmental risks and impacts include: i) release of effluents, ii) potential impacts related to improper management of environmental, social, and occupational health, safety, and security aspects by subcontractors; iii) noise emissions, impacts on local traffic, particulate matter emissions (dust); iv) generation or

[1] In 2022, IDB Invest granted a business loan to Sabesp (https://www.idbinvest.org/es/proyectos/sabesp-tiete-river-depollution-project-phase-iv) to partly finance investments related to the Tietê IV Clean-up Program (expanding and optimizing the sewer network – with the construction of approximately 200 km of sewer lines and 160 km of interceptors/trunk sewers – and increasing capacity at sewage treatment plants); in 2023, as a continuation of the Tietê Program, new financing was approved (https://idbinvest.org/en/news-media/sabesp-idb-invest-proparco-help-400000-brazilian-households-get-clean-water-sanitation) for further steps in universalizing basic sanitation and bringing new sewer connections to approximately 400 thousand households.

handling of hazardous materials, including chemicals used at STPs; v) solid waste generation, particularly during construction, and in the operation (such as sludge and classified materials generated at STPs); and vi) disturbances in neighboring communities caused by construction and operation at STPs.

The Performance Standards ("PS") triggered by the Project are: PS1 – Environmental and Social Risk and Impact Assessment and Management; PS2 – Labor and Working Conditions; PS3 – Resource Efficiency and Pollution Prevention; and PS4 – Community Health, Safety, and Security.

3. Environmental and Social Context

3.1 General Characteristics of the Project Site

In June 2020, Federal Law No. 14,026 updated the Basic Sanitation Legal Framework (previously published in 2007), defining basic sanitation universalization goals and making the National Water and Basic Sanitation Agency ("ANA," in the Portuguese acronym) responsible for issuing reference standards for the industry. In response to the Federal Law, the State of São Paulo adopted State Law No. 17,383/2021, which created four Regional Water and Sewer Units (URAEs, in the Portuguese acronym): Southeast, Central, East, and North. About three years later, in May 2024, Sabesp signed a concession agreement with URAE-1 Southeast, covering 371 cities operated by the Company in the State.[2]

Brazil faces one of the largest sanitation gaps in the world. In 2024, more than 32 million Brazilians had no access to safe drinking water and approximately 90 million did not have access to sewers, representing 15% and 42% of the population, respectively (Instituto Trata Brasil, 2024[3]). The State of São Paulo, though more advanced than other regions, still deals with significant gaps, particularly in peri-urban and low-income areas.

Most subprojects to be implemented will be located in urban or peri-urban areas with strong anthropic intervention, which is normally of little biodiversity significance, and do not intercept areas that are protected or of international interest.

3.2 Contextual Risks

Cities in São Paulo State face growing contextual risks associated with climate changes, environmental and social vulnerability, and structural inequalities. The main challenges include extreme events, such as intense rains, floods, and landslides, which affect occupied urban areas and coastal regions. Soil erosion and squatter settlements on hills increase exposure to disasters, while prolonged droughts jeopardize water safety and agricultural production.

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[2] Available at: https://api.mziq.com/mzfilemanager/v2/d/9e47ee51-f833-4a23-af98-2bac9e54e0b3/99ffc873-5445-f5e3-cde4-ce2680be5d8a?origin=1

[3] Available at: https://tratabrasil.org.br/painel-saneamento-brasil/

Environmental and social vulnerability is increased by factors such as uncontrolled urban growth, basic sanitation deficit, and low-income population concentration in risk areas. Generally, cities on the São Paulo State coast have sectors with high and very high vulnerability due to the overlap of social fragility and areas vulnerable to landslides. In the São Paulo Macrometropolis, small towns with low adaptation capacity face institutional and financial barriers to implement resilience policies.[4]

In addition, pressure on strategic wellsprings and ecosystem degradation reduce the capacity to address climate changes, thus increasing risks to public health and urban infrastructure. The lack of robust alert systems and integrated planning increases socioeconomic impacts, requiring coordination between local policies and State and national strategies.

4. Environmental Risks and Impacts and Proposed Mitigation and Offset Measures

4.1 Environmental Risk and Impact Assessment and Management

4.1.a Environmental and Social Assessment and Management System

Sabesp applies ISO 14001 Standard (environmental management system) to a limited number of certified plants and uses their own environmental management model, known as SGA-Sabesp, at the other plants and systems. This model includes similar requirements and processes but is not focused on certification. The model was developed to accelerate the adaptation of SGA and facilitate the incorporation of environmental management tools in the operational routine.

In 2009, Sabesp began a corporate program to gradually implement environmental management at sewage treatment plants ("STPs") and water treatment plants ("WTPs") based on ISO 14001 guidelines.[5] The program's goal is to improve operations and processes at treatment plants to enhance efficiency and environmental performance in order to minimize accidents and environmental liabilities. Currently, Sabesp has 35 ISO 14001 certified plants and, in the last four years, implemented the system in more than 183 plants, for a total of 741 units with SGA-SABESP, representing 87% of WTPs and STPs in operation.

The SGA, which seeks to improve operating procedures and practices, particularly those related to managing effluents, solid waste, chemicals, odors, and noise, routines to maintain applicable legal documentation updated (management of renewal deadlines and compliance with conditions that govern environmental licenses and concessions of water use rights), also includes actions to improve

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4 SILVA, R. M.; TORRES, H. G.; ALVES, H. Vulnerabilidade socioambiental nas três principais regiões metropolitanas da Macrometrópole Paulista: uma análise de indicadores socioambientais. Ambiente & Sociedade, v. 23, e02461, 2020. Available at: <https://www.scielo.br/j/asoc>. Accessed on: Dec. 8, 2025.

2. MARQUES, C.; NUNES, L. H.; SILVA, R. M. Risco e vulnerabilidade socioambiental nas cidades do litoral do estado de São Paulo, Brasil, no contexto das mudanças climáticas. Revista Brasileira de Geografia Física, v. 14, n. 2, p. 512-528, 2021. Available at: <https://www.researchgate.net/publication/risco_vulnerabilidade_litoral_SP>. Accessed on: Dec. 8, 2025.

3. NUNES, L. H.; MARQUES, C. Crescimento urbano e áreas de risco no litoral norte de São Paulo. Revista Brasileira de Estudos Urbanos e Regionais, v. 22, n. 1, p. 45-62, 2020. Available at: <https://www.anpur.org.br/rbeur>. Accessed on: Dec. 8, 2025.

5 The ISO 14001 standard specifies the requirements for an Environmental Management System and allows an organization to develop a structure to protect the environment and respond promptly to changes in environmental conditions.

the infrastructure at facilities as part of continuous improvement and pollution prevention, which also contributes to greater operational safety.

In addition to procedures and actions that are part of corporate environmental management, the Company also adopts environmental management mechanisms for construction work, control mechanisms, and actions focused on Occupational Health, Safety and Security and stakeholder engagement. The "Construction Management Planning (PGO, in the Portuguese acronym) Guide" document establishes guidelines for Sabesp subcontractors to develop plans that ensure technical quality, legal compliance, and environmental and social responsibility in construction work implementation. The PGO must be submitted before activities begin and must be approved by Sabesp. It is part of programs focused on environmental, social, road, and workplace safety management. Monitoring is conducted through monthly reports, checklists, and environmental and social impact matrices.

Sabesp also has a Health, Safety, and Security Management System Manual with corporate guidelines to ensure safe workplaces in line with the ISO 45001 standard and current legislation. It defines the responsibilities of upper management, managers, employees, and contractors, strengthening a culture of prevention and continuous improvement. Structured under the PDCA[6] method, the manual is organized according to four pillars (excellence for contractors, legal compliance, proactive culture, and wellbeing), is part of the Risk Management Program (PGR, in the Portuguese acronym), and the Occupational Health Medical Control Program (PCMSO, in the Portuguese acronym), internal audits, and effective communication mechanisms, and establishes processes for operational control, change management, emergency response, and performance evaluation.

4.1.b Policy

The goal of Sabesp's Institutional Environmental Policy is to ensure strategic alignment with environmental best practices based on continuous improvement, impact mitigation, and legal compliance. The policy establishes guidelines to define responsibilities in environmental management and promote continuous improvement of products, processes, and services, thus ensuring environmental quality. The main guidelines include: integrated actions considering economic, social, and environmental dimensions; sustainable use of natural resources; protecting and recovering wellsprings; implementing an environmental management system; encouraging eco-efficiency and preventing pollution; incorporating environmental criteria in all activities; dialogue with stakeholders; promoting sanitary and environmental education; qualifying vendors based on environmental criteria; and compliance with current legislation.

In addition, Sabesp has adopted a Sustainability and Climate Change Policy that: i) contains guidelines to incorporate environmental, social, and economic aspects to corporate strategy, considering the sustainable development goals ("SDGs") and best practices; ii) prioritizes universalization of sanitation, efficient natural resource management and strengthening water resilience in the context of climate changes; iii) includes actions to reduce greenhouse gas ("GHG") emissions; iv) promotes the circular economy and biodiversity conservation; v) focuses on

[6] The PDCA (Plan-Do-Check-Act) Method is a management cycle for continuous improvement, meaning Plan, Do, Check, and Act.

promoting a transparent relationship with stakeholders, diversity, inclusion, and positive social impact; and vi) provides for sustainable governance, continuous risk assessment, and communication of results through periodic reports.

4.1.c Identification of Risks and Impacts

As part of their Environmental Management System, Sabesp has an Environmental Aspects and Impacts Survey ("LAIA," in the Portuguese acronym) process for each plant, which is developed based on the treatment process units.

The environmental impact assessment methodology used in the survey applies a systematic approach that considers all process steps, activities, products, and services in the operations. For each identified aspect, potential or real impacts are analyzed and existing control measures are taken into account. The aspect is characterization and risks and impacts are classified based on criteria such as condition (normal, abnormal, or emergency), type of intervention (direct or indirect), and situation (real or potential). Then, a significance matrix is applied considering four factors (probability and frequency, severity, scope, and public image) and attributing values that yield a final score that defines the significance of impacts and risks on three levels (low, moderate, or critical).

In addition to the qualitative analysis, the methodology incorporates monitoring tools and control measures for each aspect, thus ensuring traceability and compliance with applicable legislation. The process is complemented by emergency plans for critical situations and by normative instruments. This integrated approach allows environmental impacts and risks to be identified and evaluated, and prioritizes preventive and corrective actions to ensure continuous improvement.

4.1.c.i Direct and Indirect Impacts and Risks

Impacts and risks are related to construction and operation activities at STPs and include, among others: risks associated to changes in water and soil quality as a result of leaks; untreated sewage overflows and seepage along steps such as screening, grit removal, distribution boxes, aeration and sedimentation ponds, disinfection, and sludge dewatering; solid and percolated waste generation (screened materials, sand, and sludge); vector proliferation potential; nuisance to the neighborhood due to odor, noise, and aerosol emissions from aeration systems; emergency risks (embankment ruptures, electric panel fires or explosions, and power failures or intense rains that may cause non-compliant effluents); chemical consumption and leaks (e.g., hypochlorite and polymers); risks in transporting supplies (leaks, black smoke emissions); generation of GHG emissions.

In Maintenance, Monitoring, and General Services activities, impacts are mostly in: waste generation and management and use of natural resources; electric and electronic waste generation (particularly light bulbs) and materials contaminated by oils and lubricants; spills associated with mechanical and construction activities (paints, solvents, splashes, and packaging, including cases with asbestos); production of lab waste (plastic, paper, reagents, batteries), wash water effluents, water and power consumption and potential chemical leaks; generation of administrative waste (paper, plastic, metals, electronics); fuel and plant waste handling; production of household wastewater; and generation of cleaning product packaging, and used PPE.

4.1.c.ii Alternative Location Analysis

In order to evaluate available options in advance, avoid or minimize potential impacts related to involuntary resettlement, economic displacement, loss of biodiversity and damages to cultural heritage, Sabesp will develop a Preliminary Analysis of Alternatives Procedure, which will be implemented before a decision is made on the location of new assets, including new treatment plants.

4.1.c.iii Cumulative Impact Analysis

The assessment of cumulative impacts resulting from the expansion and modernization of the sewer system and effluent treatment units will be conducted for each new treatment plant.

4.1.c.iv Gender Risks

As a way to prevent gender violence in the community during construction and operations, Sabesp has been developing specific educational content on the topic. Sabesp will expand the program and request that subcontractors run information campaigns directed at the workforce designated to the Project.

4.1.c.v Gender Programs

Sabesp has made progress in their diversity and inclusion journey, strengthening the commitment to value and respect diversity in internal and external environments. Sabesp launched the "Ao Lado Delas" (On Her Side) Program, reinforcing the commitment to promote diversity and gender equality and contributing to the corporate "Sabesp – Uma empresa de respeito" (A Respectful Company) value. The goal of the initiative was to expand women's psychological safety and included affirmative actions such as: exclusively female tutors in the Apprenticeship Program, creation of an affinity group in the workplace for debates and sharing content on female leadership, mandatory training on fighting moral and sexual harassment for all employees, and female mentorship program.

In 2024, there were awareness-raising and training activities such as lectures on gender equality and building healthy environments. At the same time, the internal community on diversity and inclusion in the corporate structure continued to be active in order to provide knowledge, training, and clarifications on this topic.

During the same year, Sabesp received the *Women on Boards* ("WOB") seal award, and was recognized as a company that promotes diversity and values the presence of women in upper management. Currently, 22% of Board of Directors members are women.[7]

[7] Information available at: https://api.mziq.com/mzfilemanager/v2/d/9e47ee51-f833-4a23-af98-2bac9e54e0b3/99ffc873-5445-f5e3-cde4-ce2680be5d8a?origin=1

4.1.c.vi Climate Change Exposure

In the context of Brazil's National Climate Change Adaptation Plan ("PNA," in the Portuguese acronym), investments in STPs are considered important to promote climate resilience, both in providing basic services and in urban resilience in general. By removing sewage from rivers, Sabesp significantly reduces pollution load and restores water quality, decreasing pressure on strategic wellsprings, expanding availability for different purposes, and strengthening the proper functioning of ecosystems that sustain the hydrological cycle.

Climate changes may significantly interfere in sewer and effluent-treatment systems. The increased frequency and intensity of extreme events, such as intense rains and floods, may overload sewer systems, causing overflows and contamination of bodies of water. On the other hand, prolonged drought periods reduce the availability of water for dilution and hamper biological processes in treatment systems, thus compromising efficiency. In addition, temperature variations affect microbiological activity, requiring operational adjustments. These factors increase costs, and risks to public health and environmental quality, requiring adaptive planning and resilient infrastructure.

In 2024, in order to enhance the tools available to measure impacts and results, Sabesp voluntarily adopted the *Task Force on Climate-Related Financial Disclosures* (TCFD)[8] framework report to disclose climate strategy and activities, and reviewed impacts from climate changes considering the RCP[9] emissions scenarios from the IPCC (*Intergovernmental Panel on Climate Change*). The global climate model used was HadGEM2- ES,[10] developed by the *Met Office Hadley Centre* in the United Kingdom, and the regional model was EtaINPE.[11]

In addition, Sabesp was awarded, for the second year in a row, the Gold Seal of the Brazilian GHG Protocol Program, the highest level of qualification and contribution to GHG emission mitigation. The Company established the goal of significantly reducing their own carbon footprint by 2035. The plan provides for a 41% decrease in greenhouse gas emission intensity, 43% reduction in Scope 2 emissions by self-production and use of clean energy, and 15% reduction in combined Scope 1, 2, and 3 emissions, considering the defined thresholds, in relation to 2024 levels.

4.1.d Management Programs

Sabesp seeks to manage their operations in accordance with applicable national requirements and international best practices. To this end, for system expansion activities[12], Sabesp will request legally

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8 The Task Force on Climate-Related Financial Disclosures (TCFD) framework is a set of 11 recommendations organized around four main pillars to disclose financial risks and opportunities related to climate: Governance, Strategy, Risk Management, and Metrics and Goals.

9 The RCP (Representative Concentration Pathway) scenarios from the IPCC are models that describe different paths for greenhouse gas emissions, each with a total projected radiative forcing (W/m²), which represents to what extent the ground system absorbs more energy.

10 Climate model widely used as part of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5).

11 The Eta Regional Model from INPE (National Institute of Space Research) is a **numeric weather and climate forecast model** used for regional climate studies and short to medium-term forecasts in Brazil.

12 Pursuant to Resolution SMA/SP No. 54 of 2007 (on environmental licensing and requalification of some urban companies and basic sanitation projects considered to be utilities and in the interest of society), due to their smaller size and low potential for impact, construction work related to sewer systems does not require licensing.

required environmental licenses to the State of São Paulo Environmental Agency ("Cetesb"), including the Preliminary License and the Facility License.

4.1.e Organizational Capacity and Competency

As part of their SGA, Sabesp has a corporate environmental area consisting of an environmental management superintendency. Professionals at the corporate level focus on strategic environmental and social matters, developing procedures and goals, and monitoring performance at the various operating units. For this purpose, Sabesp has specialized staff performing functions related to: (i) facilities and maintenance; (ii) human resources; (iii) occupational health, safety, and security; (iv) legal issues; (v) environmental management; (vi) quality control, including auditing, risk management, and compliance.

Implementation and maintenance of the SGA at STPs is an activity shared by the Environmental Management Superintendency ("TA," in the Portuguese acronym) and the Business Units ("UN," in the Portuguese acronym). The TA is responsible for planning and coordinating the corporate program for the progressive implementation of the SGA, critically monitoring and evaluating progress in the implementation process and maintenance of SGA-Sabesp, and submitting and validating the Corporate Program's strategy and annual goals within the Environmental Committee, among other activities. UNs, on the other hand, are responsible for the feasibility and implementation of the SGA together with the TA and for conducting the critical analysis of SGA-Sabesp.

The SGA program's strategic management is under the purview of the TA based on guidelines established by the Environmental Committee, which was created under the Institutional Environmental Policy. The committee is coordinated by the TA and has representatives from all boards and the office of the president, and the environmental law department.

For the corporate program for the gradual implementation of management systems, Sabesp has a matrix management structure with representatives from the strategic, tactical, operational levels. A Tactical Group was created to monitor the program, known as GTAT, with a representative from each UN, whose main responsibility is to serve as an interlocutor at their respective UN, to disseminate and direct information, approve documents, and organize logistics for training events and audits. In operations, there is a specific group (Operations Group – GOPE) at each UN, coordinated by the Department Manager responsible for STPs, also including for leaders more directly involved in the management at various levels of SGA implementation and maintenance activities at their units.

Matters related to Occupational Health, Safety, and Security (OHSS) are handled by OHSS coordinators who report to the UN's Human Resources Department. In some cases, environmental and OHSS management are delegated to OHSS technical staff or, more commonly, through the assignment of such responsibilities to operational employees. The implementation of social responsibility activities also has the support, at the local level, of communication coordinators with the assistance of operational managers.

4.1.f Emergency Preparedness and Response

Sabesp adopts a clear approach for emergency preparedness and response, in accordance with applicable federal, state, and local standards in matters of fire safety, chemicals, and first aid. The Emergency Response Plan is consistent with regulatory and technical standards, such as NR-1, and Fire Department instructions, as well as applicable Brazilian Association of Technical Standards (ABNT, in the Portuguese acronym) standards.

The fundamental principles include mandatory training and development for all staff, contractors, and visitors, as well as immediate reporting of any incident to the Operations and Control Center ("COC," in the Portuguese acronym), the Fire Brigade, and internal security. The brigade's intervention is central, with defined responsibilities of fighting early fires, evacuation, and first aid. The Company is committed to maintaining emergency equipment always accessible, with proper identification and in perfect working order (conducting periodic inspections for this purpose), conducts drills regularly, and updates the plan according to lessons learned.

The plan itself covers several critical scenarios, such as serious personal injuries, fires, explosions, accidents in confined spaces, electric shocks, cave-ins, drownings, venomous animal bites, chemical or chlorine leaks, pond and pipe breaches, among others. For each situation, it establishes specific procedures, persons responsible, and essential care. The document underlines the importance of integrating external organizations, such as the Fire Department, Emergency Mobile Care Service (SAMU, in the Portuguese acronym), and Civil Defense, and adopting inclusive measures for persons with disability.

4.1.g Monitoring and Review

In accordance with Sabesp's Environmental Management Manual, after the System is implemented, the continuous maintenance phase begins in order to ensure plants and systems' legal compliance and environmental performance. The plan considers that licenses and authorizations have expiration dates, monitoring may vary over time, and changes in legislation or the process require adjustments. Therefore, there are planned activities such as developing and executing an action plan, monitoring and drills, infrastructure maintenance, LAIA revision, on-demand training, and periodic audits.

In the execution phase, the action plan used during implementation is maintained and updated every four months to include corrective actions and improvement opportunities identified in critical analyses, emergency drills, audits, and routine monitoring of effluents, flow, noise, and odor. The manual requires that mandatory documents (licenses, concessions, CADRI, SWMP, etc.) be verified and that the LAIA be revised whenever there are significant changes in the process or the infrastructure. This verification is conducted by annually applying an Environmental Compliance Verification Checklist ("VCA," in the Portuguese acronym) and conducting an internal audit to evaluate both compliance with legislation and the effectiveness of the SGA components. The results from these verifications are discussed in critical analysis meetings and converted into corrective actions that are soon included in an action plan, thus ensuring the system's continuous improvement.

4.1.h Stakeholder Engagement

Sabesp, as a utility, has a broad spectrum of stakeholders, including clients (users), shareholders, financiers, vendors, civil society organizations, workers, representatives from regulatory agencies and unions, the press, and many others.

The Company works comprehensively in communication and stakeholder engagement. And, in addition to the public consulted specifically to define the content of their communications and internal and external engagement, they conduct sector studies to assess their position and topics that are relevant to companies, both Brazilian and foreign, in the industry, as well as stakeholders' demands and interests. As a result of this process, Sabesp has adopted an engagement plan that covers the following elements: i) information campaigns and project presentations to residents near the construction site; ii) dissemination of channels for suggestions, questions, and complaints; iii) schedule of meetings with and visits to neighboring and affected communities, indicating activities to be pursued with each group; and iv) monitoring and evaluation reports.

To this end, the main engagement activities underway at this time are focused on the following topics: (i) promoting universal access to water and sewer services; (ii) development of local communities; (iii) water security; (iv) corporate governance and ethics; (v) effluent and waste management; (vi) economic or financial performance; (vii) ecological efficiency of operations; (viii) loss of water during distribution; and (ix) personnel management.

4.1.h.i Stakeholder Analysis and Engagement Plan

In order to strengthen the relationship with strategic stakeholders, mitigate regulatory and reputational risks, and support the goal of universal sanitation by 2029, Sabesp has a Stakeholder Engagement Plan based on a diagnostic of institutional relations, interviews, and a mapping of expectations from key groups[13], which generated a series of guidelines for integrated communication and the definition of responsibilities organized around four phases: diagnostic and planning, relationship and positioning, structuring the area and processes, and execution with continuous monitoring.

The plan establishes: i) activities such as technical visits, meetings with local governments, integration with regulatory agencies, and participation in strategic events, with a frequency that varies according to the relevance of the cities, from quarterly gatherings for strategic cities to half-yearly meetings for consolidated cities; ii) initiatives to monitor legislation daily; iii) real-time alerts; iv) periodic reports; and v) performance indicators (number of strategic meetings and events, stakeholder satisfaction, keeping to schedules, and reactivation of legislative interest groups).

4.1.h.ii Dissemination of Information

[13] The stakeholder mapping is based on criteria such as impact, influence, and engagement level, grouping them around four pillars: government, universalization, sustainability, and sector/civil society entities. For each stakeholder, individualized approach letters ("CARTs," in the Portuguese acronym) were developed with objectives, key messages, and talking points, and recorded in the "Relaciona Sabesp" (Sabesp Relationship) system.

Sabesp issues reports on activities related to Sabesp through different channels, including in-person events and social media. Periodically, the Company also produces videos[14] and other materials to showcase main past and current activities.

The Relaciona Program (which will begin operations in July 2025) is part of Sabesp's Institutional Relationship Plan and is one type of relationship created for management, monitoring, and meeting institutional demands, serving as a repository and support tool to organize and record all interactions with stakeholders.

4.1.h.iii Informed Consultation and Participation

In the second half of 2025, the engagement plan evolved into a strategic activity, expanding the participation in national and international events[15] and intensifying the engagement with key actors. Sabesp also works actively on the industry's regulatory agenda, collaborating with institutions such as the State of São Paulo Utility Regulatory Agency ("ARSESP," in the Portuguese acronym), the Piracicaba, Capivari, and Jundiaí River Basin Sanitation Service Regulatory Agency ("ARES-PCJ," in the Portuguese acronym), and the ANA in developing standards and guidelines to improve basic sanitation services. The Company's participation occurs through public consultations, hearings, workgroups, and public calls from the agencies, offering technical and operational expertise to ensure that regulations fulfill industry needs. In addition, the Company contributes to the creation of new standards through Regulatory Agendas, through letters to or meetings with regulatory agencies.

4.1.h.iv Indigenous Peoples

Due to the nature of the construction work, the probability that they may generate negative impacts on indigenous communities is not material. However, for new STPs, the Company will conduct a specific analysis to confirm this situation.

4.1.h.v Private Sector Responsibilities According to the Stakeholder Engagement Conducted by the Government

The stakeholder engagement process will be conducted directly by the Company with government intervention.

4.1.i External Communication and Grievance Mechanisms

[14] Company videos may be seen at https://www.youtube.com/c/SabespCia/videos

[15] These include Conexões Saneamento in August, the Sabesp/Fenasan AE Technical Conference in September, and a presence at COP 30, in November, in addition to the AESBE National Universalization Seminar. The agenda included 20 to 40 monthly interactions with cities, as well as specific meetings with strategic pillars, thus ensuring that priority is given to critical topics

Since 2007, Sabesp publishes annual sustainability reports[16] based on the Global Reporting Initiative[17] methodology, with quantitative and qualitative descriptions of environmental and social risks and impacts related to the Company's operations. In addition, it also has a channel to receive complaints,[18] which is available to all direct employees, contractors, and any stakeholder, and ensures that information is kept confidential and grievances are kept anonymous.

In addition to this channel, and in the context of the Stakeholder Engagement Plan, the Company implements information campaigns and showcases activities undertaken in the respective cities.

4.1.i.i Communications with the External Public

In the first half of 2025, Sabesp defined an institutional relationship agenda. The activities began with events related to the legislative sanitation agenda in March, followed by the Brazilian Sanitation Engineering Association (ABES, in the Portuguese acronym) Conference in May, and attendance at the international environmental technology fair (IFAT, in the Portuguese acronym) in Brazil. At the same time, there were institutional workshops focused on anticipating licenses and accelerating construction, as well as meetings with local governments and regulatory agencies. The agenda included meetings with the relationship pillars defined in the plan – government, universalization, sustainability, and industry entities – totaling hundreds of interactions with cities and local leaderships.

In addition, Sabesp developed the Communication Plan to Address Water Scarcity to inform the population about preventive and contingency measures adopted by the Company due to the drought and the low level at the wellsprings. The narrative sought to explain the pressure drop at night, underline the importance of the water tank in minimizing impacts, and encourage the mindful use of water.

Other activities include sending messages by e-mail, SMS, and WhatsApp to registered clients, including communications in bills, updating information on Sabesp's digital channels, producing explanatory videos and infographics, and launching advertisement campaigns on radios and digital media. The press office issued three releases with broad media coverages, including interviews on TV, radio, and portals, in more than 900 publications. There was also a strong presence in social media, with more than 470 posts reaching more than 9 million people, as well as internal communications to engage staff as information multipliers.

4.1.i.ii Grievance Mechanism for Affected Communities

Sabesp provides a Grievance Channel that is accessible to all stakeholders, allowing them to file grievances (expressed or anonymous) related to environmental and social impacts, human rights violations, suspicions of fraud, illicit acts, violations of the Code of Conduct and Integrity. The channel, operated by a third-party company to ensure independence, ensures anonymity and

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16 Available at https://site.sabesp.com.br/site/interna/Default.aspx?secaoId=93

17 The Global Reporting Initiative (GRI) is a non-profit international organization that pioneered the development of a comprehensive structure for Sustainability Reports. These documents report on good practices, sustainability standards, organization values, and a governance model.

18 Available at https://www.contatoseguro.com.br/sabesp

confidentiality and is available 24 hours a day by telephone (0800 900 8001) or on the digital platform.

Sabesp also maintains the Trust Channel, which provides counseling on ethical conduct and compliance with the Code of Conduct and internal policies, offering support and answering questions regarding proper behavior and interpersonal relationships in the workplace.

4.1.i.iii Arrangements to Address Grievances from Vulnerable Groups

The Grievance Channel provides the means to capture grievances from vulnerable groups identified in the framework for the Communication Plan on Social and Vulnerable Rates.[19]

4.1.i.iv Continuous Reporting to the Affected Communities

The Company has a permanent Ethics Committee, which is responsible for disseminating, applying, and continuously updating the Code of Conduct and Integrity, implementing required adjustments to reflect current scenarios and encouraging employees and partners' commitment to the established principles. The Committee is responsible for evaluating the results of investigations into reports received through the Grievance Channel and inquiries made on the Trust Channel, as well as reviewing, substantiating, and deliberating on submitted ethical questions. The Committee is also responsible for defining disciplinary measures to be applied to cases of moral or sexual harassment confirmed through investigative procedures undertaken after a final report is received from the Harassment Investigation Committee ("CAA," in the Portuguese acronym).

4.2 Labor and Working Conditions

4.2.a Working Conditions and Managing the Relationship with Workers

Working conditions are defined in the contracts signed by Sabesp with their employees and service providers and are consistent with the provisions of Brazilian labor legislation. The Company pays competitive salaries and offers to their employees all basic benefits guaranteed under Brazilian law, as well as additional benefits (such as access to private health insurance, life insurance, transportation and meal vouchers, and scholarships), in order to attract and retain talents and enhance their performance. Sabesp has also adopted a well structured and documented approach to managing, training, and promoting their employees. In addition, there are established termination procedures when required.

4.2.a.i Human Resources Policies and Procedures

[19] The plan, which focuses on disseminating the new Arsesp regulations to provide benefits to ensure that eligible families are informed and instructed on how to maintain or obtain the reduced rate, includes mass communication strategy through the press, social media, Sabesp's website, and advertisements in public spaces, as well as messages sent on bills, SMS, WhatsApp, and mobile service stations in communities to reach more vulnerable populations, reduce risks of losing benefits, and ensure transparency in the transition to the new regulations.

The Company has a Human Resources Policy and established procedures to recruit, train, evaluate performance, etc. Sabesp has also adopted a Code of Conduct and Integrity[20] that clearly prohibits any type of forced labor, child labor, discrimination, threat, coercion, abuse, or harassment in the workplace.

4.2.a.ii Work and Employment Conditions

Sabesp applies a formal onboarding process, whereby every new employee is received by an HR professional on their first day and introduced to the Company's mission, vision, and values, their Code of Conduct and Integrity, and their Compensation and Benefits Policy. The terms and conditions of employment are clearly defined in contracts and collective bargaining agreements to which Sabesp is subject. Labor rights, including freedom of association and collective bargaining, are protected under the Brazilian Constitution and the Consolidated Labor Laws ("CLT," in the Portuguese acronym), which are consistent with International Labor Organization ("ILO") guidelines.

In contracts related to the construction project, Sabesp conducts an analysis of subcontractor compliance with their internal standards as well as labor and social security obligations with respect to the personnel contracted to install and operate the equipment.

4.2.a.iii Labor Unions

Sabesp has of policy of engagement with unions and undertakes collective bargaining negotiations in a transparent manner. Currently, approximately 65% of workers are unionized, most in the Water, Sewer, and Environment Workers Union of the State of São Paulo ("Sintaema," in the Portuguese acronym), the Sanitation Workers Unions ("Sintus," in the Portuguese acronym), the Engineers Union of the Sate of São Paulo ("SEESP," in the Portuguese acronym), and the Industrial Technicians Union ("SINTEC," in the Portuguese acronym). The Company does not restrict participation in unions, complies with collective bargaining agreements, and respects labor laws.

Relations with union ensure an active participation of representatives in collective bargaining negotiations and guarantee job security for union delegates while agreements are in effect. In addition, even non-unionized employees have their working conditions governed by the provisions established under collective agreements.

4.2.a.iv Nondiscrimination and Equal Opportunities

Sabesp has made progress in their Diversity and Inclusion Journey, enhancing the value of diversity as a strategic guideline to promote human capital wellbeing and development. In 2024, awareness-raising and training activities were conducted with five lectures addressing relevant topics, such as gender equality and empowerment of women, neurodiversity in the workplace, building healthy environments, positive masculinity, and inclusion of persons with disability.

4.2.a.v Staff Reduction

[20] Available at https://site.sabesp.com.br/site/interna/Default.aspx?secaoId=174

The project has no plans for sudden personnel reductions.

4.2.a.vi Grievance Mechanism

Sabesp's Grievance and Complaint Mechanism provides three formal channels to receive reports: (i) Customer Service System ("SAC2"); (ii) a telephone line ("Fale Conosco" – Talk to Us) that accepts anonymous reports and is administered by a specialized third-party company (Contato Seguro); (iii) e-mail and official Sabesp pages in social media (LinkedIn, Facebook, and Instagram). These channels are broadly disseminated to internal stakeholders on murals and posters and by email, and to external stakeholders through the website and Sabesp's social media.

Reports received through the Fale Conosco telephone line are logged and systematically organized on a platform. Flows of calls received, handling of comments, time elapsed before a report is addressed and a manager is assigned responsibility are established in an internal policy.

4.2.b Protecting the Workforce

Contracts between Sabesp and their employees are consistent with local labor legislation and cover, among other aspects, length of a workday, work schedule, overtime, paid rest days, minimum compensation, benefits, bonuses mandated by law and minimum occupational health, safety and security requirements. These aspects are also evaluated when subcontracting tasks and services.

4.2.b.i Child and Forced Labor

The Company has a Human Resources Policy and established procedures to recruit, train, evaluate performance, etc. Sabesp has also adopted a Code of Conduct and Integrity[21] that clearly prohibits any type of forced labor, child labor, discrimination, threat, coercion, abuse, or harassment in the workplace.

4.2.c Occupational Health, Safety, and Security

Sabesp's Risk Management Program ("PGR") identifies occupational risks through the risk inventory, based on Homogeneous Exposure Groups ("HEGs"), and defines control measures and corrective actions in specific plans. Along these lines, the Occupational Health Medical Control Program ("PCMSO," in the Portuguese acronym) informs management of these risks. The Company encourages employees to report non-compliant conditions to the Specialized Safety Engineering and Occupational Medicine Service (SESMT, in the Portuguese acronym), the Internal Accident Prevention Committee (CIPA, in the Portuguese acronym) or through the internal system, ensuring non-retaliation. Occurrences are categorized, reviewed, and addressed with corrective and preventive action plans under the responsibility of management and with technical support from the Health, Safety, and Security team.

All accidents and near accidents are investigated internally with the participation of the parties involved and CIPA's review during regular meetings. This process ensures the identification of causes

[21] Available at https://site.sabesp.com.br/site/interna/Default.aspx?secaoId=174

and the implementation of measures to prevent recurrences, thus strengthening Sabesp's commitment to continuous improvement in occupational health, safety, and security. To this end, in 2024, Sabesp logged 103 work accidents with employees, representing a 12% reduction in relation to the previous year. The workplace injury rate was 3.96%, lower than the 5.08% rate registered in 2023. As to accidents with mandatory report, there was an 18.3% decrease, from 142 to 116 cases.

4.2.d Provisions for persons with disabilities

Sabesp has made progress in their Diversity and Inclusion Journey, enhancing the value of diversity as a strategic guideline to promote human capital wellbeing and development. In 2024, there were awareness-raising and training activities with five lectures on relevant topics, such as neurodiversity in the workplace, building healthy environments, and inclusion of persons with disability.

4.2.e Third-Party Workers

Contracts between Sabesp and their contractors include clauses that require compliance with internal standards and current legislation on environmental, labor, and health, safety, and security matters in the workplace, such as applicable local, State, and Federal provisions. These requirements that must be met before activities begin and are subject to inspection approval.

4.2.f Supply Chain

To approve a vendor, the Company applies criteria such as prohibition of child labor, declaration of non-use of labor analogous to forced labor, compliance with social taxes and labor obligations, as well as verification of technical and economic-financial qualification, including compliance with specific procedures related to occupational health, safety, and security for construction and service contractors.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

In recent years, Sabesp has tried to improve their operations in terms of resource efficiency and has encouraged the adoption and dissemination of new technological solutions. The Company has a dedicated budget for projects in Research, Technology Development, and Innovation (RD&I), which includes the following thematic development lines: i) improvement of processes to build and operate water and sewer systems; ii) water and sewage treatment solutions; iii) asset control and management; iv) renewable energy generation processes; v) energy efficiency; vi) technologies for relationship with users; vii) circular economy projects; and viii) loss reduction and ways to recover waste.

The Company also bets on operational and technological efficiency, modernizing collection, treatment, and distribution systems, using automation, and monitoring to reduce losses and enhance energy efficiency. Other opportunities include sustainable energy generation from renewable sources, such as solar and biogas, nature-based solutions, such as reforestation and basin

protection, and new business models focused on industrial reuse and waste management. Sabesp also seeks access to green financing to make resilient and innovative projects feasible.

The Company's Water Supply Master Plan incorporated future climate scenario analyses based on global and regional models to assess impacts on flows and ensure water security in the São Paulo Metropolitan Region. It is in this context that Sabesp created the Distributed Generation Program – Photovoltaic Energy. This technology has been validated through a pilot project at the Mogi Mirim STP, where Sabesp started to operate the first energy solar generation system in the Brazilian sanitation industry, providing 30% of the power required for sewage treatment.

4.3.a.i Greenhouse Gases

On an annual basis, Sabesp measures greenhouse gas (GHG) emissions based on inventories within a Corporate GHG Emission Management Program that also promotes awareness-raising activities related to climate matters and encourages GHG emission reduction actions in operations. These initiatives are in line with the responsibilities established under State Policy on Climate Change guidelines and requirements.

In 2024, Sabesp registered 2,388,681.43 tCO_2e in total greenhouse gas emissions. Of this total, 1,765,045.87 tCO_2e refer to Scope 1; 157,515.80 tCO_2e to Scope 2, and 466,119.77 tCO_2e to Scope 3. Sewage collection and treatment activities, included under Scope 1, continued to be the main sources of emissions, representing 72.8% of the total. The increased emission factor of the National Interconnected System ("SIN") and in electricity consumption impacted indirect emissions under Scope 2. Under Scope 3, there was an expansion in the accounting of the Purchased Goods and Services, resulting in more emissions in this category.

4.3.a.ii Water Consumption

Created in 1996 in partnership with the Polytechnic School of the University of São Paulo and the IPT, the Rational Water Use Program ("PURA," in the Portuguese acronym) seeks to promote mindful consumption and reduce waste through technology and behavioral changes. Its goals include raising awareness among people regarding the value of water, extending the life of wellsprings, reducing sewage treatment costs, and reducing consumption of electricity and inputs. In 2024, 3,106 clients in the São Paulo Metropolitan Region participating in the program saved more than 353 thousand m^3 of water as a result of activities such as lectures, campaigns, and guidance to change consumption patterns.

PURA also conducts detailed surveys of water use, identifies leaks, and recommends repairs and replacement of equipment with saver devices such as faucets with aerators, which can reduce consumption by up to 75%. In addition, Federal government entities, State secretariats, and local governments that join the program are entitled to a 25% reduction in rates in relation to the regular public category, encouraging participation and expanding the initiative's positive impacts.

4.3.b Pollution Prevention

Generally, Sabesp uses technologies that are recognized for treating water and sanitary effluents and ensure proper treatment standards when adequately operated. In order to minimize environmental impacts from sanitation projects, Sabesp has adopted an integrated environmental strategy based on their Environmental Policy, which determines that construction, operation, and decommissioning be planned to include preventive measures (implementation of odor and gas treatment and acoustic treatment at facilities with noise level), waste management, environmental monitoring, and recovery of deactivated areas. Thus, for example, sludge resulting from treatment must have a minimum of 22% of solid content and adequate minimum conditions for transportation and be disposed of in landfills properly licensed for this purpose; and treated effluent must be released downstream from the water intake.

In order to manage possible nuisances for the population during operations, Sabesp has procedures to monitor odor (PE-AMBIENTAL 0012) and noise (PE-AMBIENTAL 0011), which establish guidelines to identify, measure, and control environmental impacts at treatment plants, ensuring compliance with standards and prevention of nuisances to the neighborhood. Odor is monitored on a quarterly basis or when complaints are filed, with a definition of external points and the application of corrective measures such as cleanup, aeration, and use of chemicals. Noise is monitored annually or when there are changes in the process, complaints, or legal requirements, using calibrated equipment and comparing the measured levels to standard criteria. Both procedures include systematic recording, analysis of results, and implementation of corrective measures to ensure mitigation of impacts and continuous improvement in environmental management.

4.3.b.i Waste

Waste is identified and classified based on local standards[22] and transported by licensed companies with the mandatory issuance of a Waste Transportation Manifest ("MTR," in the Portuguese acronym) for external moves and compliance with legal requirements for hazardous materials. Disposal prioritizes reuse and recycling, ensuring that disposal facilities have legal documentation and issue Final Disposal Certificates ("CDF," in the Portuguese acronym).

Currently, Sabesp has three procedures to guide solid waste management: i) Inventory of Solid Waste (FE-AMBIENTAL0009), which details solid waste generated at Sabesp units (type, date, disposed quantity, measurement unit, receiver, and observations) and considers an extensive list of waste, such as STP sludge, chemical packaging, used oil, light bulbs, batteries, scrap metal, construction and laboratory waste, ensuring traceability and control for adequate disposal consistently with environmental standards; ii) CADRI Solid Waste Control (FE-AMBIENTAL0014), a procedure that, as required by CETESB, is used to monitor waste requiring a Certificate of Movement of Waste of Environmental Interest ("CADRI," in the Portuguese acronym) and records information such as plant, period, person responsible, CADRI number, type of waste, disposal, authorized and year-to-date quantity, ensuring that moved volumes are within authorized limits and in compliance with legislation; and iii) Solid Waste Management (PE-AMBIENTAL0010), which provides guidelines to manage solid waste at Sabesp (identification, classification, collection, packing, storage, transportation, treatment, and final disposal), establishes rules such as the mandatory use of a

[22] ABNT NBR 10.004, CONAMA 307/2002, and IN IBAMA 14/2021 and IN IBAMA 10/2023, in the context of the National Solid Waste Policy ("PNRS," in the Portuguese acronym).

Waste Transportation Manifest ("MTR," in the Portuguese acronym), the issuance of a Declaration of Movement ("DMR," in the Portuguese acronym), and a CADRI request for waste of environmental interest, provides guidance regarding units' responsibilities, management hierarchy (non-generation, reduction, reuse, treatment, and disposal), legal requirements, adequate infrastructure, and development of a Solid Waste Management Plan (SWMP), ensuring compliance with environmental standards and operational safety.

Sabesp develops innovative initiatives to reuse waste and generate clean energy at their STPs. Therefore, for example: the Barueri STP, the largest in South America, tests technologies such as plasma gasification to convert sludge into glass waste for use in construction and pyrolysis to produce Biochar, which sequesters carbon and has agricultural use; at the Franca STP, biogas is converted into biomethane for adapted vehicles, replacing fossil fuels, while composting generates sustainable agricultural inputs.

Since 2018, the Company has been producing the Sabesfértil organic fertilizer in Botucatu and implemented projects such as anaerobic pond covering at the Lins STP, reducing greenhouse gas emissions by approximately 40%. These practices, in line with the circular economy, are being expanded to other units, such as Suzano and ABC, promoting the recovery of resources and climate mitigation.

4.3.b.ii Hazardous Material Management

The purpose of environmental management of chemicals is to ensure safe and sustainable practices at all stages: acquisition, transportation, storage, handling, and disposal of generated waste in accordance with legislation and ISO 14001 guidelines. Each unit maintains an up-to-date inventory of chemicals used, also ensuring the availability of Safety Data Sheets (SDS) for all hazardous materials.

Acquisition meets legal and contractual requirements; storage occurs in adequate locations, with infrastructure that is compatible with the risk, including waterproof floor, contention systems, ventilation, clear labeling of recipients, emergency kits, and fire equipment; handling follows guidance from the internal procedures with mandatory use of PPEs and procedures to contain spills, ensuring proper waste disposal in accordance with specific standards; transportation of hazardous chemicals is compliant with current legislation, with proper vehicles, qualified drivers, and required documentation, risk labels, emergency card, and transportation envelope; waste and packaging are discarded in an environmentally proper manner, prioritizing the return to the supplier when contractually required, and characterization of expired products as waste for proper handling.

Currently Sabesp has two guidance documents to manage hazardous materials: i) Inventory of Chemicals (FE-AMBIENTAL0008), which is used to record and control chemicals present at Sabesp units, indicating information such as product name, estimated monthly quantity, measurement unit and use location, ensuring traceability, compliance with environmental standards, and supporting safe management of chemicals; and ii) Environmental Management of Chemicals (PE-AMBIENTAL0009), which establishes guidelines for environmental management of chemicals, including acquisition, transportation, storage, handling, and disposal of waste, in accordance with legal requirements and ISO 14001 standards; defines areas' responsibilities, Safety Data Sheets

(SDS) requirements, criteria for compatibility and contention, use of PPEs, emergency control, and mandatory documentation for transportation; and, with respect to the return of packaging, proper waste disposal and creation of an inventory, ensuring operational safety and environmental impact prevention.

4.3.b.iii Use and Management of Pesticides

There is no planned use of pesticides by Sabesp.

4.4 Community Health, Safety, and Security

4.4.a Community Health, Safety, and Security

During the construction phase, potential risks and impacts to neighboring communities will be mitigated by environmental and social programs included in the Management Plan, to be developed and implemented by the contractors. At night, when work stops, the job site perimeter will be marked and isolated, and any opening or excavation will be temporarily covered to avoid community member and pedestrian falls.

Sabesp will also submit a Road Safety Plan to map intervention areas, uses, and existing public equipment, as well as impacts on traffic, and traffic disruptions that construction may cause. Impact mitigation measures, monitoring field activities, and monitoring results will be elements of the Plan.

Most jobs will be filled by city and region residents. Thus, in both cases, there will not be a need for lodgings and it will not overburden the host communities nor present a risk of external disease vectors. In addition, expansion and improvement of basic sanitation as a result of the project under evaluation will reduce the population's risk of exposure to illnesses.

In order to prevent gender violence cases in the community during construction and operation, Sabesp will develop specific educational content and require that subcontractors conduct information campaigns for the workforce allocated to the projects.

4.4.a.i Infrastructure and Equipment Preparation and Safety

Sabesp has a program to regulate non-domestic sewage collection and treatment using their infrastructure to process commercial and industrial effluents, septic tanks, grease boxes, and landfill leachate. This waste is taken to the Treatment Plants through the public system or in trucks, ensuring proper disposal and avoiding pollution in bodies of water, in accordance with current legislation. In the São Paulo Metropolitan Region, the operation is implemented in partnership with Attend Environmental, which receives it by truck and pre-treats it before it is released into the public system, in accordance with legal standards.

4.4.a.ii Management and safety of Hazardous Materials

The environmental management of chemicals at Sabesp ensures safe and sustainable practices at all stages – acquisition, transportation, storage, handling, and disposal – in accordance with

legislation and ISO 14001 guidelines. Each unit maintains an up-to-date inventory and Safety Data Sheets ("SDS") for hazardous materials, ensuring adequate infrastructure, use of PPEs, emergency control, and proper waste disposal. Transportation follows legal standards with mandatory documentation and safe routes, while packaging and waste are discarded in an environmentally proper manner, with return to supplier as the preferred method. This process is guided by two documents: the Inventory of Chemicals (FE-AMBIENTAL0008) and the Environmental Management Procedure (PE-AMBIENTAL0009), which establish guidelines, responsibilities, and requirements to prevent environmental impacts and ensure operational safety.

4.4.a.iii Ecosystem Services

Sabesp carries out the Córrego Limpo (Clean Stream) Program, created in 2007 in partnership with the City Government of São Paulo, to clean up and revitalize urban streams, promoting health and quality of life in neighboring communities. The initiative is based on a collaborative governance model, involving residents in environmental education activities to prevent the improper disposal of garbage and sewage, while City Government handles clean-up, removal of rubble, and reurbanization of areas. Sabesp is responsible for mapping, maintaining, and expanding sewer lines, carrying out construction, and monitoring water quality, ensuring integration between society and environment.

4.4.a.iv Community Exposure to Diseases

The Pró-Conexão (Pro-Connection) Program, known as "Se Liga na Rede" (Connect to the System), was launched in 2012 by Sabesp in partnership with the State Government of São Paulo to subsidize vulnerable families' home construction work for connection to the public sewer system. This initiative seeks to eliminate improper sewage disposal, promoting proper sanitary conditions and contributing to the preservation of urban rivers and streams.

In ensuring access to the sewer system, the program significantly reduces the risks to health, decreasing the incidence of diarrhea, hepatitis, and worm infections, which are frequently associated with lack of basic sanitation. In addition to improving the quality of life of families, the action enhances environmental protection and public health, creating a safer and more sustainable environment for all.

4.4.a.v Emergency Preparedness and Response

Based on the Emergency Response Plan, the identified external risks include events that may directly impact the safety of operations and people, such as fires, explosions, chemical leaks, road accidents, landslides, cave-ins, and floods, as well as environmental emergencies involving waste spill or treatment pond breaches. These scenarios require immediate communications with external entities, such as the Fire Department, Civil Defense, SAMU, and CETESB, as well as preventive measures to avoid impacts on neighboring areas, communities, and water resources. Proximity to hospitals, access roads, and vulnerability points are also considered to ensure a rapid and effective response.

4.4.b Security Staff

The project will not employ armed security guards at STP locations and sewer systems. The security teams will focus on access control and response to any emergencies.

4.5 Acquisition of Land and Involuntary Resettlement

The project will not cause any physical or economic displacement of the population. The existing systems' land consist mostly of public lots without residents or Sabesp's operational areas, where the Company already has operations. However, should Sabesp need land involving expropriation and compensation, the Company, in addition to following guidelines in local legislation, will develop and implement an involuntary resettlement plan that guarantees that future conditions for the population to be resettled are equal to or better than those before resettlement.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Project will be implemented in urban and rural areas previously modified by anthropic activities, and no significant impacts on biodiversity or living natural resources are expected. In addition, no interaction with critical habitats is expected nor with biologically or ecologically sensitive areas. However, if any risk or specific need is identified, Sabesp will develop and implement a Biodiversity Action Plan to ensure null net loss of biodiversity in the case of natural habitats and net gain of biodiversity, in the case of critical habitats.

4.7 Indigenous Peoples

The Project will be implemented in urban and rural areas previously modified by anthropic activities, and the presence of indigenous peoples or traditional communities that may be affected is not expected. In addition, no interaction with legally recognized territories or culturally sensitive areas is expected.

4.8 Cultural Heritage

The Project will be implemented in urban and rural areas previously modified by anthropic activities, and the presence of tangible or intangible cultural heritage that may be affected is not expected. However, Sabesp will develop and adopt a procedure for unexpected finds.

5. Local Access to Project Documentation

Documentation related to the Project may be found at www.sabesp.com.br.